

Power Finance & Risk

The weekly issue from **Power Intelligence**

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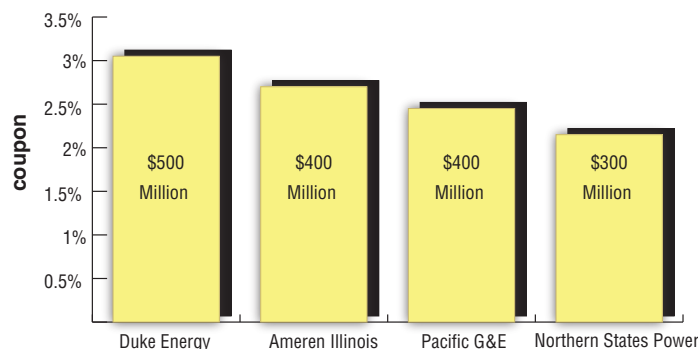
Utilities Flood Bond Mart

Utilities have clicked into overdrive in the bond market in recent weeks with five issuing just under \$3 billion in bonds on Aug. 13 alone. All in, the month to-date has already seen around \$6 billion in utility issuances in the U.S. —many at record low coupons— outstripping the \$4 billion booked for the whole of July.

Nicholas Bijur, v.p. and treasurer at **Pacific Gas & Electric** in San Francisco, says the company moved up a planned issuance and increased the amount to \$750 million from \$500 million due to the favorable market conditions. “The last two months for utilities have seen a lack of bond supplies, which led to a pent up investor demand. Utilities also benefit from a flight to safety and overall volatility in the market. It is kind of a perfect storm at the

(continued on page 7)

10-Year Bond Pricing in August



Source: Power Intelligence

WestLB Senior Staffers Exit; Plan New Shop

Tom Murray, global head of energy at WestLB, and **Michael Panteloganis**, managing director of energy, are leaving. Along with **Ralph Cho**, former executive director of syndications ([PI 8/14](#)), the officials are exploring setting up an advisory shop, a standalone energy fund or a bolt-on to an existing manager. Murray says the team may also consider transferring to another large institution and re-establishing the WestLB platform there.

(continued on page 8)

THE BUZZ

Low power prices continue to take a toll on generation in many parts of the country as consumer demand remains lackluster. Coal-fired generation has taken a profound hit, and while gas-fired plants are not immune

For PI's take on these stories and the market, see page 2.

First Reserve Scopes Longview Reworking

First Reserve has been talking to lenders about amending the Longview plant debt structure, which could involve covenants changes, maturity extensions or replacing some debt with equity. Low power prices and delays ramping up the mostly coal-fired merchant project early this year have strained cash flow, bankers say. The broad talks are a way to “get more runway” for the plant, says one investment banker, before credit facilities and term loans start maturing.

There are two term loans totaling about \$955 million and revolvers and credit facilities attached to **Longview Intermediate Holdings**, which owns Longview Power, along with the coal mine that supplies the power facility and a water treatment facility.

Longview has a roughly \$500 million senior secured term

(continued on page 8)

Scholtz Moves to BTMU

Ralph Scholtz, former head of LatAm project finance at **BNP Paribas**, will start at **Bank of Tokyo-Mitsubishi** next month.

See story, page 5

New Project Finance Loans

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

See Deal Book, page 4

Generation Sale DATABASE

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

See calendar, page 3

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THE BUZZ

they have been somewhat insulated as power producers ramp them up to take advantage of low natural gas prices. The strain on coal-fired cash flows is evident as **FirstEnergy** recently announced it would cut back on how often it ran the 2.233 GW WH Sammis coal-fired plant because in the current market, it's an uneconomic choice. **Longview Power**, too, is trying to find its footing as a mostly merchant, clean coal plant in an area where power demand has dwindled and gas easily sets the market price.

For the better part of a year, Northern California was saturated with biomass generation owners, such as **Covanta** and **Constellation Energy**, running quiet sales to exit their holdings (PI, [12/21](#) & [1/5](#)). Several of those assets have come off the market as **IHI Corp.**, a Tokyo-based engineering firm, bought out **Exelon's** stakes in a portfolio of five biomass- and coal-fired plants in California that had been a western outpost of Constellation. The shop has taken on the Constellation team that oversaw the plants—one of which is the subject of an ongoing initiative to use sorghum as a feedstock—as part of an effort to establish a generation fleet in the U.S.

The third quarter has seen a steady shuffle of bankers coming and going. **Steve Cheng**, managing director and co-head of global project finance at **Credit Suisse**, may have been the trendsetter with his exit early in the year ([PI, 3/14](#)). His departure was followed by a troika of CS bankers, including **Ray Wood**, former head of alternative energy and **Gavin Wolfe**, former vice chairman of investment banking and co-chairman of power and renewables, heading to **Bank of America**.

Despite these moves, and others, the departure of **Ralph Scholtz**, head Latin America project finance for **BNP Paribas**, still came as a shock to some bankers, with one pointing to Scholtz's 15-year history with the French bank. Scholtz is landing at **Bank of Tokyo Mitsubishi**, where he will operate in a similar capacity to his old position, but in a role that is new for the Japanese bank (see story, page 5). Financiers say the move is emblematic of BTMU's aim to increase its activity in the region. Whether the bank, which has earned a reputation as a game-changer due to its capacity to extend longer tenors and lower pricing than its European peers, will have the same role in Latin America project finance deals has yet to be seen.

TELL US WHAT YOU THINK!

Do you have questions, comments or criticisms about a story that appeared in **PFR**? Should we be covering more or less of a given area? The staff of **PFR** is committed as ever to evolving with the markets and we welcome your feedback.

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GENERATION AUCTION & SALE CALENDAR

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

Seller	Assets	Location	Advisor	Status/Comments
ArcLight, Olympus Power, John Hancock, Atlantic Power Corp.	Delta Person (140 MW Gas Peaker)	Albuquerque, N.M.	Fieldstone Private Capital Group	The sale launched in the last 10 days (PI, 8/20).
Bicent Power	BIV Generation (147 MW CCGT) Colorado Power Partners (90 MW CCGT)	Brush, Colo. Brush, Colo.		A unit of Xcel is buying the facilities (PI, 8/13).
EQT Infrastructure Fund, Fortistar	Midland (1.56 GW Gas Cogen)	Midland, Mich.	Credit Suisse, Royal Bank of Canada	Teasers went out this month (PI, 7/23).
Edison Mission Group	Homer City (1.884 GW Coal)	Homer City, Pa.	Barclays	Looking to exit the facility as its lessee (PI, 3/12).
Energy Investors Funds	Rathdrum (275 MW Gas-fired) Plains End 1 & 2 (228.6 MW Gas-fired) Stakes (245 MW Cottage Grove Gas-fired) Stakes (249 MW Whitewater Gas-fired)	Rathdrum, Idaho Arvada, Colo. Cottage Grove, Minn. Whitewater, Wis.	Scotiabank	Teasers went out late in the week of 7/31 (PI, 8/6).
Exelon	Stakes (140 MW Biomass, Coal)	California	No advisor	Japanese engineering firm IHI Corp. is buying Exelon's stakes totaling 70 MW in five plants (see story, page 6).
Exelon	Brandon Shores (1,273 MW Coal) H.A. Wagner (976 MW Coal) C.P. Crane (399 MW Coal)	Anne Arundel Co., Md. Anne Arundel Co., Md. Baltimore Co., Md.	Citigroup, Goldman Sachs	Riverstone is buying the plants for \$400M, will look to finance (PI, 8/20)
GDF Suez Energy North America	Hot Spring (746 MW CCGT)	Malvern, Ark.	UBS	Arkansas Electric Co-Op has reached an agreement with the state over the fuel agreement; on track to finalize purchase (PI, 8/6).
GSO Capital, Starwood Energy, Tyr Energy	Vaca Dixon (49 MW Peaker) Panoche (49 MW Peaker) Border (49 MW) Enterprise (49 MW)	Vacaville, Calif. Firebaugh, Calif. San Diego, Calif. Escondido	Scotiabank	Teasers are out (PI, 7/3).
GSO Capital, Strategic Value Partners	San Joaquin (48 MW)	Lathrop, Calif.		San Joaquin, from Bicent, is part of the CalPeak sale (PI, 7/3).
Gamesa Energy USA	Pocahontas (80 MW Wind) Sandy Ridge (50 MW Wind) Senate (150 MW Wind) Minonk (200 MW Wind)	Pocahontas County, Iowa Blair County, Pa. Texas Illinois	JPMorgan	Algonquin Power & Utilities has a controlling interest in the four projects.
Harbert Power	Hanford (95 MW Gas-fired) Henrietta (97 MW Gas-fired) Tracy (314 MW Gas-fired)	Kings County, Calif. Kings County, Calif. Stockton, Calif.	Morgan Stanley, Merit Capital Advisors	July 13 pegged for first round bids (PI, 7/3).
IPR-GDF Suez Energy North America	Various (287 MW Wind)	Various, Canada	CIBC	GDF has tagged CIBC on the sale (PI, 6/25).
Iberdrola Renewables	Various (wind, solar)	Various	JPMorgan, Blackstone	The Spain-based parent is driving the sale of 700 MW of spinning wind plus wind, solar development assets (PI, 7/16).
Iberdrola Renewables	Klamath (636 MW CoGen)	Klamath Falls, Ore.	Royal Bank of Canada	First round bids are in (PI, 6/4).
LS Power	Blythe (507 MW CCGT)	Blythe, Calif.	Credit Suisse	LS is looking to flip the plant it bought in a portfolio in the fall
Luminus Management, CarVal Investors, Fortress Investment Group	Bosque (507 MW Gas)	Laguna Park, Texas	Bank of America	Bidders are in due diligence (PI, 6/18).
MACH Gen	Harquahala (1 GW Gas)	Maricopa County, Ariz.	Goldman Sachs	The facility has drawn utility eyes (PI, 7/16)).
NRG Solar	CVSR (250 MW Solar PV)	San Luis Obispo County, Calif.	Credit Suisse, Morgan Stanley	NRG is out talking to potential investors (PI, 3/5).
Olympus Power, John Hancock	Stakes (123 MW Michigan Power Cogen)	Ludington, Mich.	TBA	ArcLight is buying out what it doesn't already own in the facility (PI, 8/20).
Olympus Power, Metalmark Capital	Brooklyn Navy Yard (Stake, 286 MW Gas-fired)	Brooklyn, N.Y.	Credit Suisse	High competition for the facility as management presentations get underway (PI, 7/27).
Perennial Power	Mid-Georgia (300 MW Cogen)	Kathleen, Ga.	Fieldstone Private Capital Group	Consortium is set to ink the deal soon; Georgia Power declined first right of refusal (PI, 8/20).
Rockland Capital, John Hancock Life Insurance and Atlantic Power Corp.	Gregory Power Partners (400 MW CCGT Cogen)	Gregory, Texas	TBA	Rockland has been listening to pitches from prospective advisors (PI, 8/13).
Sempra Energy	50% Stake (156 MW Wind development)	Baja California Norte, Mexico	TBA	BP Wind taking an equal stake as Sempra looks to finance the project (see story, page 6).
Starwood Energy	Neptune (65-mile Transmission)	Sayreville, N.J. to Long Island, N.Y.	Barclays	Recently hired Barclays to run the sale (PI, 6/11).
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial County, Calif	Royal Bank of Canada	Tenaska is looking to bring in a minority owner that has tax appetite (PI, 6/4).
Western Wind Energy Corp.	Windstar (120 MW Wind) Windridge (4.5 MW Wind) Mesa (30 MW Wind) Kingman (10.5 MW Wind, Solar) Yabucoa (30 MW Solar)	California California Arizona Puerto Rico	Rothschild, PI Financial	Recently mandated co-advisors to sell itself (PI, 8/20).

New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail hffletcher@powerintelligence.com.

PROJECT FINANCE DEAL BOOK

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES Gener	Cochrane (532 MW Coal)	Chile	TBA	TBA	\$1B	TBA	Sponsor taps HSBC as financial advisor ahead of deal and eyes equity (PI, 6/11).
	Alta Maipo (531 MW Hydro)	Chile	TBA	TBA	TBA	TBA	IFC, IDB and OPIC are participating in multilateral tranche. Sponsor also talking to commercial lenders (PI, 7/2).
AES Solar, 8minutenergy Renewables	Mount Signal (200 MW Solar PV)	Imperial Valley, Calif.	TBA	TBA	\$700M	TBA	Mandates expected soon (PI, 5/21).
BP, Sempra	Flat Ridge 2 (419 MW Wind)	Wichita, Kan.	Banco Santander, Bank of Tokyo-Mitsubishi, Prudential Financial	TBA	\$500-600M	TBA	The deal will hit the market next month. Structure will include bonds (PI, 8/10)
BrightSource	Rio Mesa (500 MW Solar)	Riverside County, Calif.	TBA	TBA	TBA	TBA	Sponsor expected to seek funding for projects in 2012.
	Hidden Hills (500 MW Solar)	Hidden Hills, Calif.	TBA	TBA	TBA	TBA	
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound,	Barclays	TBA	TBA	TBA	Financing to be re-ignited (PI, 4/16).
Cogentrix	Portsmouth (110 MW Coal)	Portsmouth, Va.	RBC, Scotia	Refi	\$120M	5-yr	Sponsor tags RBC to lead refi, with Scotia as co-lead (PI, 5/7).
Competitive Power Ventures	St. Charles (650 MW Gas)	Charles County, Md.	TBA	TBA	\$500M		Sponsor talking with banks for a club deal (PI, 7/9).
Dalkia Canada, Fengate Capital	Ft. St. James (33 MW Biomass)	Ft. St. James, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
	Merritt (33 MW Biomass)	Merritt, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
Diamond Generating Corp.	Mariposa (200 MW Gas)	Alameda County, Calif.	SMBC, DZ, CoBank, Sumitomo Trust	TBA	\$150M	10-yr	Sponsor mandates four lenders (PI, 5/14).
Duke Energy Renewables	Los Vientos (402 MW Wind)	Willacy County, Texas	TBA	TBA	TBA	7-yr	Sponsor looking for pricing below 250 bps over LIBOR. (PI, 8/17).
Energy Investors Funds	Pio Pico (300MW Gas)	San Diego County, Calif.	TBA	TBA	\$300M	TBA	Sponsor has a favorable reputation with lenders (PI, 7/23)
Finavera Wind Energy	Wildmare (77 MW Wind)	Peace River, B.C.	TBA	TBA	\$160M	TBA	Sponsor targets financing, likely from life insurance companies (PI, 4/2).
GCL Solar	Various (77 MW PV)	Puerto Rico	Union Bank, WestLB	TBA	\$200M	TBA	Deal to wrap this week (PI, 5/28).
► Inkia Energy	Unidentified (500 MW Hydro)	Cerro del Aguila, Peru	BCP, SACE, BBVA, HSBC, Scotia, SocGen, SMBC	TBA	\$600M	12-yr	Deal wraps (see story, page 5).
InterGen	Unidentified (Gas Pipeline)	Zacatecas, Mexico	TBA	TBA	\$200M	TBA	Sponsor considering club deal (PI, 6/11).
LS Power	Unidentified (100 MW Solar)	California	TBA	TBA	\$100M	TBA	Sponsor seeking funding (PI 7/23).
Odebrecht	Chaglia (406 MW Hydro)	Peru	BNP Paribas	Term	\$650M	17.5-yr, 20-yr	Pricing set at roughly 350 over LIBOR (PI, 7/9).
► Panda Power Funds	Sherman (500 MW Gas)	Sherman, Texas	Goldman Sachs, Credit Suisse	Construction	\$520M	Const. + 4-yrs	The package is being floated at LIBOR + 800 bps with a floor of 150. (See story, page 5).
Pattern Energy	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	TBA	Mini-Perm	\$400M	C+ 7-yr	Sponsor targets \$400 million financing; 10 lenders eye deal (PI, 5/14).
Ridgeline Energy	Meadow Creek (120 MW Wind)	Bonneville County, Idaho	TBA	TBA	\$180-200M	TBA	Sponsor discusses financing with lenders, equity with Diamond Generating Corp. (PI, 5/28).
Rockland Capital, Broadway Electric Co.	Mass Solar (Solar PV)	Massachusetts	TBA	TBA	\$200M	TBA	Sponsors talking to four lenders about financing (PI, 5/14).
Sempra U.S. Gas & Power	Copper Mountain 2 (92 MW PV)	Boulder City, Nev.	TBA	TBA	\$130M	18-yr	Deal wraps, priced at LIBOR + 250 bps (PI, 7/2).
Solarpack	Various (22 MW Solar PV)	Tacna and Moquegua, Peru	TBA	TBA	\$120M	20-yr	Sponsor is talking to lenders for funds for two projects (PI, 4/30).
Standardkessel, Green Energy Team	Unidentified (6.7 MW Biomass)	Koloa, Hawaii	TBA	TBA	TBA	TBA	WestLB exits deal; sponsor tap another bank as lead (PI, 5/21).

► New or updated listing

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PROJECT FINANCE

Panda Sherman Pricing Details Emerge

Goldman Sachs and **Credit Suisse** recently launched a \$353.7 million financing package for **Panda Power Funds'** combined cycle project in Sherman, Texas. The package consists of a \$323.4 million term loan and a \$30.3 million synthetic letter of credit.

The package is being floated at LIBOR plus 800 basis points with a 150 bps LIBOR floor, says a deal watcher. The original issue discount is 98 and the tenor is construction plus four years. Goldman is lead left. **Ares Management** is documentation agent. Commitments are

FAST FACT

► The package is being floated at LIBOR plus 800 basis points with a 150 bps LIBOR floor.

due Sept. 7.

The term loan is pitched 50 bps higher than the \$85 million bank loan in the Temple financing and well under the L+1000 on that B loan ([PI, 7/23](#)). Pricing could be flexed if lenders want pricing nearer the B loan, industry officials say.

Some financiers remain wary of merchant deals like the \$520 million, 758 MW Sherman project, even in Texas where demand is more robust, says a senior banker whose team passed on taking a ticket for that reason.

Bank spokespeople declined to comment. Panda spokesmen in Dallas declined comment.

Inkia Wraps Peru Hydro Deal

Lima, Peru-based **Inkia Energy** has wrapped a roughly \$530 million deal backing its 400 MW Cerro del Aguila project near Huancavelica, Peru. **Banco de Crédito del Perú**, **BBVA**, **HSBC**, **Scotia Capital**, **Société Générale** and **Sumitomo Mitsui Banking Corp.** participated in the deal, which wrapped Aug. 17.

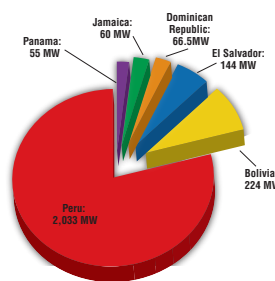
Tel Aviv-based **Israel Corporation**, Inkia's largest shareholder, is providing a \$65 million guarantee for the loan. The facility priced at LIBOR plus 500 basis points and has a 12-year tenor. Italian export credit agency **Servizi Assicurativi del Commercio Estero** also

participated in the deal, though the nature of that entity's role

could not be immediately learned. Officials and spokespeople for SACE, Inkia and Israel Corporation and the banks did not respond to calls or e-mails.

An affiliate of Italian construction company **Astaldi** is building the project along with Lima, Peru-based construction conglomerate **Graña y Montero**. Government-backed **Electroperú** will buy 200 MW from Cerro del Aguila over 15 years with remaining generation to be sold into the merchant market ([PI, 3/15](#)).

Inkia Projects By Country



Source: Power Intelligence via Inkia Energy

PEOPLE & FIRMS

Rabo Picks Up UniCredit Banker

Gregory Hutton, v.p. for project finance in the power and environment team at UniCredit in New York, has joined Rabobank as an executive director of renewable energy and infrastructure finance in the Americas.

Hutton will likely report to **Thomas Emmons**, managing director and head of renewable energy and infrastructure finance in the Americas in New York, a banker notes. Hutton and Emmons worked together at **HSH Nordbank**, where Hutton was a v.p. in the energy group from 2008 to 2010. Prior to his time at HSH, Hutton was a v.p. in project finance at **Dexia Crédit Local** for seven years.

The hire is the latest in a stream of UniCredit and HSH alum joining Rabobank. **Hee Soo Yoo**, former v.p. at HSH, and **Hemani Jadhav**, v.p. at UniCredit, also landed in the renewable energy and infrastructure group at Rabo ([PI, 7/20/2011](#)). **Tony Muoser**, former head of HSH's wind energy finance group, came to Rabobank ([PI, 8/31/2010](#)) after Emmons joined ([PI, 7/10/2009](#)).

UniCredit has been winding down its project finance operations

in New York ([PI, 1/6](#)). Emmons and spokespeople for UniCredit and Rabobank did not respond to calls or e-mails by press time. Hutton's start date could not be learned.

BTMU Picks Up Scholtz

Ralph Scholtz, the former head of Latin America project finance at **BNP Paribas**, is joining **Bank of Tokyo Mitsubishi** as head of its project finance activity in Latin America. Scholtz will report to **Jonathan Lindenberg**, head of project finance in the Americas in New York, and starts in the newly created role next month.

The hire is part of BTMU's efforts to become more active in project finance in Latin America, says a banker familiar with the region. The bank participated in a roughly \$220 million financing backing **Pattern Energy's** 115 MW El Arrayan wind project near Santiago, Chile ([PI, 4/30](#)).

Jean-Valery Patin replaced Scholtz at BNP ([PI, 7/31](#)).

Lindenberg and a spokeswoman for BTMU did not return calls. Scholtz could not be reached.

MERGERS & ACQUISITIONS

Midwest Gen Bondholders Scout For Advisor

Bondholders in **Edison Mission Energy** affiliate **Midwest Generation** are in the early stages of retaining an advisor. Affiliates of **Capital Research**, **JPMorgan** and **Pacific Investment Management Co.** are leading the bondholders and are requesting pitches from firms. Although a firm has not yet been retained, industry officials say.

Midwest Generation is the lessee of two coal-fired plants in Illinois and had \$460 million outstanding on the pass through certificates, or sale leaseback debt, as of the end of 2011, according to its 10k. **Bloomberg** indicates that \$350 million is outstanding now. The senior secured notes mature in 2016 and were issued in 2000 when **PSEG Resources** and **Citigroup** became the lessors of the 1,334 MW Joliet coal-fired facility in Joliet and the 1,538 MW Powerton coal-fired plant in Pekin.



Joliet Plant

Capital Research, or CapRe, which is an

affiliate of investment manager **The Capital Group Companies**, JPMorgan and PIMCO are among the top five bondholders Midwest Generation.

The talks are in parallel to a broader restructuring at Edison Mission Energy, which is being advised by **Moelis & Co.** ([PI, 5/25](#)). EME has \$3.7 billion in unsecured debt. **Houlihan Lokey** is advising unsecured bondholders in talks with Edison Mission.

EME parent **Edison International** has said it will look to file for Chapter 11 bankruptcy protection if restructuring talks are not successful ([PI, 8/1](#)).

A Houlihan spokesman could not immediately comment while spokesmen for the lessors were not immediately available. Officials or spokespeople at the bondholders were not reached while and Edison Mission spokesman could not comment.



Powerton Plant

Sempra, BP Join Forces In Mexico

Sempra Energy is developing a 156 MW wind project in Baja California Norte, Mexico, and bringing in long-standing partner **BP Wind Energy North America** as a co-owner.

Under the agreement, BP Wind or an affiliate will own half of the Energias Sierra Juarez project in La Rumorosa.

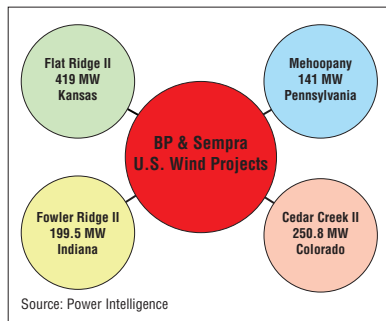
The project is just south of the U.S.-Mexico border and will be interconnected into CAISO. It will sell power to Sempra subsidiary **San Diego Gas & Electric** under a 20-year power purchase agreement that stemmed from a 2009 request for offers for generation coming online between 2010 and 2013. The transaction with BP is expected to be finalized in the fourth quarter, according to a document filed with the U.S. **Federal Energy Regulatory**

Commission.

Sempra has been talking to relationship banks about assembling a financing package for the project, industry officials say, noting that it's an interesting deal given the location of the project and where the power is being sold. The deal is being run by the Latin American teams even though it sells power into the U.S., says one financier. The identity of the banks involved and details about the financing could not be learned.

The two companies have partnered on projects in Colorado, Indiana, Kansas and Pennsylvania.

A Sempra spokeswoman declined to comment on the financial details of the project, including project financing or the stake sale to BP. A BP spokeswoman declined to comment.



Tokyo Engineering Co. Ropes Exelon Biomass Stakes

Exelon has sold stakes in a portfolio of five biomass and coal-fired plants in California to **IHI Corp.**, a Tokyo-based engineering firm. The stakes total 70 MW in facilities with an aggregate 140 MW of contracted power.

IHI bought:

- 50% of 24 MW Rio Bravo Fresno biomass facility in Fresno
- 50% of 35 MW Rio Bravo Jasmin coal-fired plant in Bakersfield
- 50% of 35 MW Rio Bravo Poso coal-fired plant in Bakersfield
- 50% of 24 MW Rio Bravo Rocklin biomass facility in Lincoln
- 45% of 22 MW Chinese Station biomass facility in Jamestown

The biomass-fired plants had been on the block since late 2011

when **Constellation Energy** reached out to prospective buyers in a quiet, self-run sale ([PI, 1/5](#)). **Covanta** co-owns Chinese Station while **North American Power Group** co-owns Rio Bravo Fresno, Rio Bravo Rocklin and the coal-fired plants.

Neither the purchase price nor whether IHI used an advisor could be learned. **Stephen Gross**, the new ceo of **IHI Power Services Corp.** who was formerly managing director of west region operations for Constellation's power generation group, was not immediately reached.

An Exelon spokesman declined to comment on the purchase price.

STRATEGIES

Utilities Flood *(Continued from page 1)*

moment for utilities to enter the bond market,” Bijur says.

PG&E issued \$350 million in 30-year notes and \$400 million in 10-year notes with coupons of 2.45% and 3.75%, respectively. The issuance represents the company's largest since emerging from bankruptcy in 2004, at its lowest coupons ever. It received \$2.5 billion in offers for the bonds.

Pricing is attractive for issuers, and many followed the lead of **Xcel Energy** subsidiary **Northern States Power**, which issued \$800 million in first mortgage bonds with a coupon of 2.15% on its 10-year notes in the beginning of August ([PI, 8/14](#)). Most of the coupons on other deals have also been “within spitting distance of records for the lowest ever,” says a deal watcher, adding that these issuances have been marked by high demand with the majority of deals being at least two to three times subscribed.

The five-deal surge on Aug. 13 was led by the nation's largest utility, **Duke Energy**, which issued \$1.2 billion in five and 10-year notes. As is the case for most of the issuances, the company will use the money to refinance debt and for general corporate purposes. The coupon on Duke's five-year notes was 1.625%.

A few utilities were unable to lock in record low pricing. **Mississippi Power** had to offer a more attractive price on a \$450 million offering of 30-year notes, which closed with coupon of 4.25%. Greater existing investor exposure to **Southern Co.** affiliates may have sapped some of the demand at lower pricing, an observer says. **Ameren Illinois** issued \$400 million worth of bonds at the wider end of guidance with a 2.7% coupon. The Ameren deal had been in the pipeline for a while as it looked to fund a tender offer on previously issued corporate bonds, a banker says.

Appalachian Power, an **American Electric Power** subsidiary, issued \$275

million of one-year floating rate notes. Utilities normally look for more than one-year with bonds and only a handful of similar deals have been done like this before, says a debt capital markets banker. It priced inside guidance at LIBOR plus 0.375%. The Charleston, W. Va.-based company will use the money to pay, at maturity, the outstanding \$250 million amount of its 5.65% notes, which will mature on Aug. 15, 2013. According to filings with the **U.S. Securities and Exchange Commission**, it may also fund construction, repay advances from affiliates and replenish working capital. As of Aug. 8, the company had \$98 million in advances from affiliates outstanding.

Bankers believe that things will quiet down before picking up again after Labor Day. Officials at utilities and banks either did not respond to calls and emails or declined to comment.

—**Nicholas Stone**

August Deal Breakdowns

Company	Amount	Tenor	Coupon	Issue Price	S&P Rating	Bookrunners
Duke Energy	\$700 million	5 years	1.63%	99.671	BBB	BofA, BNP, Citigroup, Credit Suisse
Duke Energy	\$500 million	10 years	3.05%	99.616	BBB	BofA, BNP, Citigroup, Credit Suisse
Pacific Gas & Electric	\$400 million	10 years	2.45%	99.709	BBB	Barclays, Deutsche Bank, Morgan Stanley, RBS
Pacific Gas & Electric	\$350 million	30 years	3.75%	99.911	BBB	Barclays, Deutsche Bank, Morgan Stanley, RBS
Ameren Illinois	\$400 million	10 years	2.70%	99.964	BBB	Deutsche Bank, JPMorgan, RBS, Scotia, UBS
Mississippi Power	\$450 million	30 years	4.25%	99.445	A	Barclays, JPMorgan, Mizuho
Appalachian Power	\$275 million	1 year	LIBOR + 3/8%	100	BBB	Citigroup, SunTrust
Northern States Power	\$300 million	10 years	2.15%	99.848	A	JPMorgan, Wells Fargo, UBS
Northern States Power	\$500 million	30 years	3.40%	99.236	A	JPMorgan, Wells Fargo, UBS

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WestLB *(Continued from page 1)*

All options are still on the table, he says.

WestLB, the German government-owned project financing giant, is shutting down its operations as a condition of receiving government aid in 2008 ([PI, 2/9/11](#)).

Murray intended to deliver his resignation from **Portigon Financial Services**, the successor organization to WestLB, on Friday as PI went to press. Pantelagianis resigned Wednesday. Other WestLB staffers may join the effort.

The group is already setting up meetings and continues to track deals. Murray notes that they have already made some inroads with potential partners. Murray has been involved in power and energy financing for over 20 years and helped to build and manage WestLB's more than €11 billion (\$13.7 billion) portfolio, which involved over 250 loans.

Project financiers at WestLB are assured employment through the end of year under the firm's break-up plan ([PI, 6/7](#)). It emerged as asset management company Portigon July 1.

—Nicholas Stone

First Reserve *(Continued from page 1)*

loan maturing in 2017 priced at LIBOR plus 575 basis points. A \$455 million term loan priced at L+250 matures in 2014 and is part of a larger package from 2011 that consists of a revolver and letter of credit. **Citigroup Global Markets** was lead on the package while **Goldman Sachs Credit Partners** was administrative and transfer agent. The identity of banks participating could not be learned.

Additionally, Longview Intermediate Holdings has \$275 million in credit facilities, of which \$189.4 million was drawn as of the end of June. It will likely turn to the facility to service debt later this year, according to analyst reports.

The plant came online in December 2011 and its first quarter operations fell below its targeted 88.4% capacity factor. The plant

Longview Intermediate Holdings Debt

Loan	Pricing	Maturity
\$500 million senior secured term loan	L+575	2017
\$455 million term loan	L+250	2014
\$62 million revolver		2013
\$38 million revolver		2014
\$100 million synthetic revolver		2014
\$25 million synthetic revolver		2014
\$50 million letter of credit deposit facility		

Source: analyst reports and industry officials

hit a 94% rate late in the second quarter, according to a **Standard & Poor's** report. It notes that ramp-up improvement is typical although it was a significant loss of cash flow. First Reserve owns 93% of the operating company; **Siemens Financial Services** hold the remaining stake.

Lenders may be

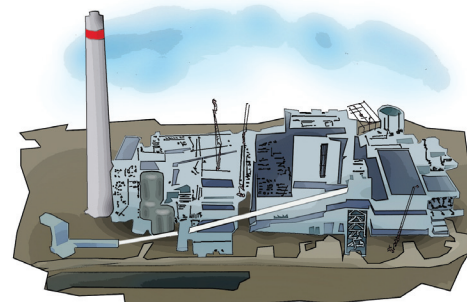
hesitant to bend given the number of restructuring and amendment changes that have been on the table in the last two years, bankers say. First Reserve failed to land an amendment in the

summer of 2010 that would have allowed bonds to be issued as a way to incrementally refinance the debt ([PI, 8/10/10](#)). The term loan maturing in 2014 is part of a package that extended and consolidated original construction financing. If the debt isn't changed then First Reserve may look to work with a restructuring advisor, says one banker.

Longview is a \$1.8 billion, 695 MW supercritical pulverized coal-fired plant in Maidsville, W.Va., that has a six-year power purchase agreement for 43% of capacity with **PPL EnergyPlus**.

A handful of funds have been making inquiries about the facility, say traders. The debt was trading around 0.85 cents on the dollar early in the week. As of Aug. 23 it was in the 0.79-0.80 range.

The plant, if it were to be put up for sale, would likely fare better than other coal-fired assets, including the 1,273 MW Brandon Shores plant in Anne



Longview

Arundel County, Md. The scrubbed facility is being bought from Exelon by a **Riverstone Holdings** subsidiary. That's because it has newer technology and a cheaper coal supply, says an industry official. The Brandon Shores plant is said to have fetched in the neighborhood of \$300 per kW in the sale—or roughly double the \$150/kW aggregate purchase price ([PI, 8/13](#)).

WestLB, Natixis, Union Bank and CIT Group participated in the original construction financing ([PI, 2/12/07](#)).

Banks spokesmen couldn't immediately comment.

—Holly Fletcher

QUOTE OF THE WEEK

"The last two months for utilities have seen a lack of bond supplies, which led to a pent up investor demand. Utilities also benefit from a flight to safety and overall volatility in the market. It is kind of a perfect storm at the moment for utilities to enter the bond market."—**Nicholas Bijur**, v.p. and treasurer at **Pacific Gas & Electric** in San Francisco, on a slew of electric utility bond issuances this month (see story, page 1).

ONE YEAR AGO

As part of the process in the bankruptcy of **AES** subsidiary **AES Thames**, the company released teasers for the sale of its 208 MW Thames coal-fired plant in Montville, Conn. **Houlihan Lokey** was advising AES. **[BTU Solutions**, a power plant refurbishment company, bought the facility for \$2.35 million in a court-run auction in December and planned to dismantle the plant and ship it to South America ([PI, 12/16](#)).]