

power finance & risk

The exclusive source for power financing and trading news

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GE Signs Up For Garden State Garbage Deal

GE Structured Finance has bought a 90% stake in a 21 MW plant powered by landfill gases. The Middlesex County, N.J., facility went operational in 2001 and is one of the largest waste gas-fired generation facilities in the U.S.

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SHELL, GOLDMAN SACHS TO LINK UP FOR WIND GENERATION

Shell WindEnergy is bringing in Goldman Sachs as an equity partner for a non-recourse loan that will refinance a portfolio of three wind projects in California and Wyoming. The \$130 million financing would be the first multi-asset loan financing in the U.S. wind farm sector, which to date has focused on large single-asset deals. One banker adds Shell is always looking for joint-venture partners in its wind operations because as a matter of corporate strategy it likes to have partners in each business. Calls and e-mails to Shell and Goldman's press offices were not returned.

The financing, which is set to emerge within the next two months, is penciled in for a 15-year maturity and Fortis Capital has been given the lead mandate. **Paul Naumann**,

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WORENKLEIN-LED GROUP SEEN IN POLE POSITION FOR NEG CONN. PLANT

A group of investors led by former Société Générale global head of project finance, **Jay Worenklein**, is believed to be leading the chase to acquire an 840 MW distressed merchant plant in Killingly, Conn. Worenklein's outfit, **US Power Generating Co.**, has the backing of several external investors in its effort to acquire the Lake Road plant. Worenklein declined comment.

Washington, D.C.-based boutique **Competitive Power Ventures** also bid for Lake Road but is believed to have dropped out of the auction. **Doug Egan**, CPV's president and ceo, did not return a call.

Lake Road was developed by the former **PG&E National Energy Group**, which subsequently filed for Chapter 11 bankruptcy protection. The natural gas and fuel oil-

(continued on page 8)

DEUTSCHE BANK BUYS ENRON TRADE CLAIMS

Deutsche Bank won an auction of approximately \$220 million in **Enron Power Marketing Inc. (EPMI)** trade claims sold last week by the **Connecticut Resources Recovery Authority (CRRA)**, a semi-public agency that handles trash for the state, according to *PFR* sister publication *Loan Market Week*. Five bidders participated and the cover bid was around the 49 5/8 context, market participants said.

CRRA lost approximately \$220 million on this failed contract with Enron and decided to put the claim for sale in the market, a spokesman explained. The waste company has decided not to wait for the end of the bankruptcy process to get a settlement for the claim, he said, adding "We are trying to maximize our return." The expected bankruptcy settlement for the claim was \$82.7 million. "We sold the claim at a substantial premium," he added.

The EPMI claims were guaranteed by the parent **Enron Corp.** The claims have

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



At Press Time

Brascan Beefs Up Trading With Merrill Hire

Canadian real estate and power generation company Brascan has hired **Vincent Francoeur**, a power trader at **Merrill Lynch** in New York, in the new position of managing director-trading in Gatineau, Québec. The hire follows an expansion of the company's energy trading operation over the last year and comes on the heels of its recent decision to acquire a 769 MW portfolio of hydroelectric plants in New York state from **Reliant Energy**.

The company's focus remains on hedging and asset optimization in its mainly hydro 2,600 MW generation portfolio, according to **Richard Bordeleau**, v.p.-trading & marketing. He notes that Brascan's Gatineau operation has grown to 120, including some 25 in trading, from 60 staff last year. Francoeur referred calls to Bordeleau.

UBS Oil Trading Head Exits

Robin Eves, managing director of oil trading at UBS in Stamford, Conn., has resigned. Eves, who was responsible for crude and refined products trading, is thought to be looking for a role that includes a more active role in trading and less managerial responsibility, according to an official familiar with the move. Eves, who could not be reached, has a long track record in energy trading, including a stint as global head of refined products trading at Enron.

At UBS, the crude trading department will report to **Mike Grigsby**, head of west region trading, until a replacement is announced, according to an e-mail sent to *PFR* by **Kris Kagel**, a spokesman in New York.

Power Utility Plans To Issue \$125 Million In Bonds

Public Service Electric and Gas (PSEG) plans to issue \$125 million in transition bonds in October or November. **Joseph Fichera**, ceo of **Saber Partners**, which is advising the state of New Jersey in the deal, said the group of underwriters has not yet been decided, but that it will be a small group. "The decision will be made jointly by the company and by the state of New Jersey," he said.

The company is currently working with the state to obtain a financing order—a document that will guarantee that the bonds will be given a triple-A rating, and ensure that they will be paid. The order would allow the state to raise electricity rates when necessary to service the bonds, according to Fichera.

PSEG did its first securitization associated with New Jersey's transition into an unregulated market in January of 2001, issuing \$2.525 billion in bonds. **Lehman Brothers** led the sale. Since then, there have been close to \$125 million in additional costs associated with deregulation. "The state law on basic generation services permits us to securitize those costs as well, and doing so will result in savings for the rate-payers, and that's why we're pursuing it," said **Morton Plawner**, PSEG's treasurer.

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Institutional Investor NEWS
INTELLIGENCE FIRST

Chicago Shop Hunts Down First Deal

Insight Energy, a Chicago-based niche acquisition player, is looking to bag its first generation deal. "We've got a number of irons in the fire," says **Jeff Grundman**, coo. "We hope to announce something imminently." At the same time, he adds the shop has been pipped at the post when close to closing in the past so there is no guarantee any of the deals will get done. He declined to comment on the specific deals. The firm is still focused on the smaller CHP and co-generation end of the market. "We're not out there looking for 700 MW [plants]," he reflects.

The firm was formed in 2002 by a group of ex-**Rolls-Royce Power Ventures** staffers. It landed \$100 million in equity capital from **Warburg Pincus**, making it one of the few of the new breed of acquisition start-ups to actually have investors on board (PFR, 4/1/03). Grundman says the agreement with Warburg is no longer in place, though the firms continue to work together. There are several investors lined up for specific deals. "If you have the right opportunities there are investors out there," he adds. One industry official says the arrangement with Warburg was wound down early this year as it became clear potential acquisition returns were not going to meet the private equity shop's targets.

Colo. Coop Eyes Federal Funding For 1GW Coal Project

Tri-State Generation and Transmission Association, the wholesale power cooperative based in Westminster, Colo., is looking at tapping **Rural Utilities Service** funding for a circa 1,000 MW coal-fired facility it is looking at developing in eastern Colorado. The plant is needed because of forecast load growth. The targeted 2008 in-service date gives enough lead time to go through the RUS financing approval process for rural coops, says **Mack McLennan**, v.p. at Tri-State.

Ahead of the RUS application, Tri-State recently fired up an RFP for outside players to pitch alternatives to the coop's plan. McLennan says this is required by the RUS, but it also gives Tri-State a sense of the competitiveness of its own plan. He says the coop is not disclosing the cost of its plan as it doesn't want to distort the RFP process. Proposals from outsiders are due in November and Tri-State expects to unveil the results in March next year.

Last fall, Tri-State made its bond market debut with a \$760 million offering of 30- and 10-year bonds to fund the

400 MW Springerville coal-fired plant in Arizona (PFR, 10/21). McLennan says RUS funding was not an option for that project as the timeline was too tight. Federal funding is preferred because it's cheaper. "It's generally a rate issue," he says.

Goldman Adds Ex-NRG Finance Staffer

Goldman Sachs has hired **Nazar Massouh** a former finance and asset development staffer at **NRG Energy**. Industry officials say at NRG, and most recently **Beal Bank** unit **CSG Investments**, Massouh's expertise lay in credit analysis and power asset valuation. His new role at Goldman could not be ascertained. No number is listed for Massouh at Goldman as yet and a spokesman at the firm did not respond to questions. Calls to CSG officials were not returned. Massouh could not be reached.

Massouh stayed with NRG during its initial steps into bankruptcy before joining Beal Bank last fall. The Dallas-based privately held bank has carved out a significant niche for itself in asset-backed power lending. One banker says Massouh became well known in lending circles on the back of his work with NRG's Finco transaction, which financed construction of several merchant facilities. Given his expertise it would make sense for Goldman to deploy him on the generation asset acquisition side of its business, the banker adds.

Marathon Lands Enron Wind Director

Marathon Capital, a boutique advisor focused on power and renewables, has hired **Eddie Moses**, an ex-director of corporate finance at **Enron Wind**. Moses joins as a director and will be part of the team focused on all facets of debt and equity structuring, says **Tom White**, managing director at Marathon. Moses could not be reached for comment.

The firm has been active in several renewable deals, including an advisory role for the seller in a recent **GE Structured Finance** acquisition (see story, page 4). **Richard Brandt**, another managing director, says Moses' hire signals the firm's intent to build up in wind. "We firmly believe that in the near term, regardless of election results, the wind PTC's will be restored," he explains, referring to the lapsed federal tax breaks that underpin much of the U.S. wind generation market.

Moses joins from **Clipper Wind Power**, a Santa Barbara, Calif., wind turbine manufacturer and project developer.

Dresdner Hires Rothschild Trader

Dresdner Kleinwort Wasserstein has hired a second former NM Rothschild oil trader as it looks to build a London-based energy trading operation. Mark Rogers joins in the middle of next month as an associate, says spokeswoman, Rowan Staines. DrKW also recently hired Rothschild's Franck-Eric Fischer, as a director (PFR, 8/23).

The investment bank last month hired Neil Rothwell from RWE Trading as managing director and head of commodities to establish the business. Rothwell is set to join in mid October, according to Staines.

RWE Hires Former Goldman Marketer

Douglas McLeish, a former Goldman Sachs power marketer, is set to resurface at RWE Npower, the retail arm of RWE's U.K. utility operations. Market watchers says McLeish will work alongside Mark Allen, head of commerce and risk, a unit that matches the company's retail load with available power from its wholesale energy affiliate, RWE Trading. McLeish is set to start early this month. Calls to Allen and the company's press office were not returned. McLeish could not be reached for comment.

McLeish left Goldman Sach last fall (PFR, 11/18).

GE Buys Into Garden State Landfill Gas Facility

GE Structured Finance has bought into a plant fired by waste gases from three landfills in Middlesex County, N.J. The 21 MW unit was developed by National Energy Resource Co., which was looking to monetize some of its investment, says Adam Greene, managing director at Marathon Capital in New York, which advised National Energy on the sale. GE came in as a limited partner and bought a 90% stake, with National Energy retaining the residual 10%. Greene declined to disclose the purchase price, citing a client preference.

The plant went operational in 2001 and has a 25-year PPA with the Middlesex County Utilities Authority. It utilizes gas from the ILR, Edison and Middlesex County Landfills giving it unique scale, according to Greene. Most landfill-related plants are in the single digit megawatt range. "This is one of the largest landfill projects in the U.S.," adds Tom White, another managing director with Marathon.

A now-defunct unit of PSEG provided construction funding for the plant, which cost around \$27 million, says Greene. National Energy later tapped United Capital in 2002 for \$35 million in longer-term debt.

Corporate Strategies

Alabama Utility Opts For Diversity With Floaters

Southern Co. utility Alabama Power is refinancing a senior fixed-rate note that's set to mature next month with floating-rate paper to diversify its debt portfolio and take advantage of low interest rates. "We don't have any [floating debt, so] we thought we would pick up a piece here," explains Jim Stough, manager of finance. The \$250 million floating-rate note offering was priced at 19 basis points over LIBOR and matures in August, 2009. Stough says the company plans to enjoy lower short-term interest rates for the near future instead of being locked into a fixed-rate issue priced further out along the yield curve.

Stough says the five-year maturity will neatly fill a gap in the maturities in Alabama Power's portfolio. The floaters refinance approximately \$250 million in senior notes that matured Aug. 15. The new issue was underwritten by BNY Capital Markets, Goldman Sachs and Wachovia Securities.

PPL Unit Flips Debt Out Of Financing Shell

PPL Energy Supply has tapped the bond mart for \$300 million in 5.4% notes and will use the proceeds to retire a \$320 million 7 3/4% issue at affiliate PPL Capital Funding. The switch is part of a plan by PPL Corp.'s unregulated business to retire debt at PPL Capital and tie capital closer to business units. "They're really just shifting debt within the corporation," says Rob Hornick, credit analyst at Fitch Ratings. Calls to Dan McCarthy, a spokesman at PPL in Allentown, Pa., were not returned by press time.

PPL Capital was set up to finance the initial build up of unregulated operations, Hornick says. These now include generation in the U.S., and operations in the U.K. and Latin America, he adds. Management plans to retire some \$1.3 billion of PPL Capital debt over the next five years with a combination of PPL Energy Supply debt and internal cash. The aim is to have more efficient allocation of capital and clearer cost of capital, he notes.

The new notes carry a 10-year maturity were priced at 99.658 in a deal co-lead managed by Barclays Capital, Citigroup Global Markets and Morgan Stanley & Co. The PPL Capital medium-term notes were due April next year.

Fitch, which assigned the notes a BBB plus rating, has a negative outlook on PPL Energy Supply. This is due to a long-term supply contract with affiliate PPL Electric Utilities and other contractual commitments, which is expected to generate 80% of PPL Energy Supply's gross margin over the next five years.

Viewpoint

The Emergence Of Financial Players In Energy Trading

Speculative energy trading has a strong future but it will not be the traditional utilities and energy merchants that will underpin the market. While much of the energy industry has returned to the relative safety of trading around assets and marketing activities, energy markets have become characterized across all energy commodities by increasing prices and price volatilities. Oil markets are booming and were not impacted by the collapse of **Enron** and, as a result of geopolitical issues, the relative weakness of the U.S. dollar and other supply/demand factors, higher prices are sustainable with increased price volatilities set to be the norm.

The future for North American natural gas is similar because supply and production declines have also resulted in higher sustainable prices and increased price volatilities. Robust coal demand has brought price volatility to that market as well. Indeed, more than 90 new coal plants are in line for construction in the U.S. as the attractiveness of natural gas as a fuel source declines.

Electric power continues to exhibit tremendous price volatility. These factors are driving a charge by hedge funds into the energy business.

Hedge funds are being drawn to these markets by a combination of heightened price volatility and the availability of experienced trading talent. With more than 100 hedge funds already playing or set to play in commodities, these funds are primed to bring more risk capital to bear in the energy markets. They also bring sophistication, liquidity, the risk culture and trading acumen to bear on energy markets and have access to readily available experienced trading resources that were let go by the mega energy merchants.

While new hedge funds are being created specifically to exploit energy trading opportunities, larger hedge funds are also entering or planning to enter energy markets. Complementing them are investment banks with superior trading talent, strong balance sheets and a global footprint.

Energy is a \$2 trillion financial market and a \$4 trillion physical market. While financially-settled derivatives usually trade six-to-20 times the physical market, energy is a long way from market maturation. Thus, energy markets are ripe for further commoditization. Only in the global crude oil markets does the ration between physical and financial trading approach the level that is common in other commodity markets.

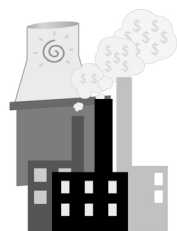
The new breed of energy traders is interested in crude oil, natural gas, coal and green energy markets. But the highly regional nature of the global power market, combined with unmanageably high price volatility, continues to make electricity an unattractive sector for hedge funds and investment banks, although they are now dabbling in these markets.

Evidence of financial players' influence is the 55% growth in open interest on Nymex crude, heating oil and gasoline contracts over the last year and the more violent and volatile intra-day trading swings during recent months. In effect, the pricing of oil has become dominated by the futures prices on Nymex, and hedge funds are now a permanent feature of the market.

The emergence of hedge funds as energy commodity traders suggests that energy trading will re-emerge, bringing increased liquidity, more sophisticated financial instruments and risk management approaches/strategies after two difficult years. The impact on traditional energy trading commodity trading firms will be to increase volatility and counterparty credit risk while increasing risk management sophistication. It also suggests traditional energy companies, from producers to local distribution companies, will become more marginalized, especially in the physical market. But it also ought to increase the availability of hedging opportunities as the markets become more liquid. There is considerable room for growth of energy commodity trading across the complex.

The new speculative energy trading market is a two-tiered market in which existing hedge funds are attracted by the volatility of oil, natural gas and coal prices and new hedge funds are being created specifically to trade in energy markets. They are bringing added price volatility, unpredictability and employ size as a major trading tool beyond the short-term. The added liquidity in oil futures is a harbinger of things to come as energy markets become more volatile and increasingly dominated by financial players.

This week's Viewpoint was written by Peter Fusaro, ceo of Global Change Associates, and Gary Vasey, v.p.-trading & risk management at UtiliPoint International. They are writing a study on the "Hedge Funds' Entry Into Energy Trading Markets". For more information, call Peter Fusaro at 212 316 0223.



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	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	None	Ongoing.
	Ottana	Italy	140	Gas		
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.
BNP -led bank group (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Separate 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	Lee Energy	Ill.	640	Gas	J.P. Morgan	Ongoing.
	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		
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		
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		
	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	Has sold majority of QF portfolio to ArcLight.
	Prime	N.J.	66 (50%)	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	

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil		Ongoing.
	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		
EPRL	Glanford	U.K.	14	Poultry Litter	Rothschild	Ongoing.
	Thetford	U.K.	39	Poultry Litter		
	Ely	U.K.	13	Poultry Litter		
	Westfield	U.K.	10	Poultry Litter		
	Elean	U.K.	38	Straw		
Ernst & Young Corporate Finance (representing secured creditors)	Bear Swamp	Mass.	599	Hydro	E&Y	Exploring sale.
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Ongoing.
InterGen	Larkspur Energy	Calif.	90	Gas	Citi	Ongoing.
	Indigo	Calif.	135	Gas	Citi	
	El Bajio	Mexico	600 (50%)	Gas	N/A	Ongoing.
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	N/A	Sent out RFP in April.
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB BofA	Ongoing.
	Shady Hills	Fla.	474	Gas		
	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.
Nations Energy	Bayport	Texas	80	N/A		Considering liquidating the company.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Ongoing.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
	Deerfield River	Mass.	89	Hydro		
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	Frontera Power Station	Texas	477	Gas	Goldman	
	Dell Power Station	Ark.	540	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking to sell or swap.
United Utilities	Landfill Generation Portfolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set to launch sale in May.

WORENKLEIN-LED

(continued from page 1)

fired plant has since been put on the block by **Lehman Brothers** after control of the plant was handed to its lenders. **Frank Napolitano**, co-head and managing director of the global power group at Lehman in New York, did not return a call.

—*Victor Kremer*

DEUTSCHE BANK

(continued from page 1)

double dips, and since the claim is guaranteed by the parent the value doubles, a trader added. As part of the settlement, there is also an equity component. CRRA did not want equity in **PRISMA**, the name for the restructured **Enron**. "We are not in a position of playing in the equity market," the spokesman said.

Auctioning the claim also eliminates the risks, as the claims' objections process could impact their value, the spokesman said. The spokesman added that the waste company was also trying to gauge the market. "We've learned there might be a market for this type of claims," he noted. By selling the claim, CRRA could also accelerate the reception of the funds. "It could take years to get the money back from the bankruptcy process."

—*Michelle Sierra Laffitte*

SHELL, GOLDMAN

(continued from page 1)

head of project finance at Fortis in Stamford, Conn., declined comment. One industry official says the loan would refinance the 41 MW Cabazon Pass Wind Park and the 60 MW Whitewater Hill Wind Park, both of which are in the San Geronio Pass area west of Palm Springs, and the 50 MW Rock River facility in Wyoming.



Partnership arrangements in wind generation are attractive

to investors such as Goldman Sachs because of the stream of federal production tax credits that established wind farms generate. Those PTCs can be used by the financial investor to offset tax liabilities in other parts of its business, explains one financier. Financial details of the deal with Goldman could not be determined by press time.

Project financiers say the structure will be a first for the U.S. market, but they aren't expecting a flood of similar deals to follow. There are few sponsors with both a strong enough credit rating and a wind generation portfolio of sufficient size to allow them to mimic the deal, they argue.

Juno Beach, Fla.-based **FPL Energy** is one of the few in that league. The company executed the first U.S. bond deal secured against a wind portfolio last year, with a \$380 million, 144a deal (PFR, 7/29/03).

—*Peter Thompson*

Quote Of The Week

"If you have the right opportunities there are investors out there." —**Jeff Grundman**, coo at **Insight Energy**, a Chicago-based boutique, reflecting on the large amount of money chasing the limited pool of acquisition opportunities (see story, page 3).

One Year Ago In Power Finance & Risk

InterGen was looking to defer the amortization of \$1.6 billion in non-recourse debt and also push out its maturity to 2011. The IPP was offering to inject \$300 million in letter of credit guarantees to back the three merchant plant financed by the debt, which had been floundering since the collapse in spot power prices. [Bankers gave the restructuring the green light. Although the terms didn't change, getting credit approvals from the 30 banks involved in the three loan financing meant approval took several months (PFR, 1/20).]

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