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Calpine Pulls QF Auction

Calpine has pulled plans to divest its qualifying facility operation, claiming it now has strong enough balance sheet to nix the sale process.

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In The News

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CENTRICA PREPS U.S. GENERATION PUSH, EYES AEP LONE STAR PLANTS

Centrica, the U.K.'s largest power and gas supplier, is looking to make a push into the U.S. generation market and is eyeing a portfolio of power plants being shopped by **American Electric Power**. Wall Street bankers say Centrica recently placed an indicative bid on at least part of the 12-plant 4.5 GW AEP portfolio and has made it through to a second round of bidding. AEP put the Texan portfolio up for sale in July (PFR, 8/4).

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LENDERS PLOT 2 GW SALE OF NEG PLANTS, LINE UP LEHMAN ...

Lenders that funded **PG&E National Energy Group**'s 840 MW Lake Road Generating facility and 1,121 MW La Paloma Generating plant are planning to put the merchant power plants up for sale and have lined up **Lehman Brothers** to run a seperate auction for each plant, according to a banker in the syndicate. Calls to officials at Lehman were not returned by press time.

NEG has for some time signaled it cannot make the necessary $604.5 million equity

(continued on page 11)

... AS NEG RETAINS LAZARD TO DIVEST NEW ENGLAND BUSINESS

PG&E National Energy Group is employing **Lazard Frères** to sell a portfolio of six power plants in Massachusetts and Rhode Island. Prospective bidders say they've been approached by Lazard and told a sale memorandum will be circulated this autumn. Lazard is preparing a reorganization plan allowing the divestitures that will shortly be filed with NEG's bankruptcy judge, add the prospective bidders. Calls the **Andrew Curtis**, director at Lazard working on

(continued on page 12)

EXELON PUTS CHICAGO DISTRICT HEATING BIZ UP FOR SALE

Exelon has put its Chicago district heating/cooling business on the block and appointed **Dresdner Kleinwort Wasserstein** to advise on the sale. The system is the largest of its kind in the world, according to Exelon's Web site. An official at one of the six plants that are up for sale referred calls to **Jonathan Ledden**, a banker at DrKW in Chicago responsible for the sale process, who did not return calls.

The portfolio consists of the State, Adams, Franklin, Van Buren, Columbus and

(continued on page 11)

At Press Time

Mirant Debt Rallies On PPA Rejection Move

Mirant Corp.'s bank debt was being quoted higher last week with some market participants attributing the rise to news that the bankrupt power company has filed a motion with its bankruptcy court to cancel an out-of-the-money offtake contract it has in place with Washington, D.C.-based **Pepco**. Mirant is also seeking to renegotiate the terms of two out-of-the-money power supply contracts with Pepco. Traders told *PFR* sister publication *Loan Market Week* that Mirant's '03 bank paper was being quoted at 45-46, the '04 at 45 1/2-47 and the '05 at 68-70, with these prices up about four points from pre-Labor Day ranges.

Boutique Looks To Build Energy Group, Expand M&A Team

Chanin Capital Partners, a boutique investment bank headquartered in Los Angeles, is looking to build an energy practice and expand its seven-person mergers & acquisitions team by hiring senior bankers.

The firm is looking for a senior banker to be located on either the West Coast or New York to build an energy group that will be focused on restructurings, says **Lisa Gonzalez**, spokeswoman. She declined to say how large the group could grow, but notes the firm is initially looking for only one senior banker.

Richard Morgner, head of Chanin's M&A team, says the firm wants to hire one senior banker for the West Coast to complement the team that is based in New York. Morgner says he has had to travel there many times this year to meet with clients and believes it would be more efficient to have a banker based there to work on deals. "I'll probably leave millions of frequent flyer miles behind when I die," Morgner quips.

Confident Calpine Aborts QF Auction

Calpine has taken 10 qualifying facilities off the auction block following the partial sale of it 150 MW Auburndale cogeneration plant to **ArcLight Capital Partners**, claiming it now has a strong enough balance sheet to nix the sale process.

"We have put the majority of our plan in place to boost liquidity," says **Ron Walter**, executive v.p. of development at Calpine, explaining why it does not need to divest any more of its QF portfolio, scattered across California, the Mid-Atlantic, New York and Illinois, that was being auctioned by **Citigroup**.

Walter says Calpine will conduct some "minor transactions" in the future, but none would involve selling QFs.

James Macias, executive v.p. and head of commercial operations at San Jose, Calif.-based Calpine, says the sale of a 70% stake in Auburndale for $86 million last week was appropriate, but the company was generally seeing low-ball bids on its assets. "We got an attractive deal from ArcLight," says Macias, "but that's probably the last one." He adds Calpine has successfully tapped the capital markets over the last six months which has negated the need to sell assets.

Robert Turner, a director at ArcLight, says Calpine will continue to operate the Auburndale plant and thereby maintain its strategic presence in Florida. "We do finance and they run plants," he says. "This deal is good for them and it's good for us."

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EDITORIAL
TOM LAMONT Editor
STEVE MURRAY Deputy Editor
VICTOR KREMER Executive Editor [London] (44 20) 7303-1748
WILL AINGER Managing Editor [London] (44 20) 7303-1735
PETER THOMPSON Senior Reporter [Chicago] (773) 525-6978
NINA SOVICH Associate Reporter [New York] (212) 224-3226
ARADHNA DAYAL Hong Kong Bureau Chief (852) 2912-8009
STANLEY WILSON Washington Bureau Chief (202) 393-0728
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JANA BRENNING, KIERON BLACK Sketch Artists

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PUBLISHING
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ADVERTISING
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GROUP SUBSCRIPTIONS/ELECTRONIC LICENSES
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REPRINTS
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Calpine Reportedly Looks At Lease Financing

San Jose, Calif.-based Calpine is reportedly eyeing a lease-backed deal to finance the completion of the 600 MW Rocky Mountain Energy Center that it's building near Hudson, Colo. Project financiers have been puzzling over the form of financing as the IPP had been talking about closing a deal this month, but no details of a bank loan have been circulated (PFR, 8/19). Calls to **Katherine Potter**, spokeswoman at Calpine, were not returned by press time.

One financier close to Calpine says a leasing transaction is now in the cards, though he had no further details on the structure. The target size of the financing is $270 million for the combined-cycle gas-fired plant that is due online next June. It has a 10-year base-load contract with **Xcel Energy**'s **Public Service Co. of Colorado**.

NEG Four Pack Sale Enters Final Round

The lender-led auction of four merchant plants developed by **PG&E National Energy Group** has entered a second and final round with bidders whittled down to a handful of interested parties. One market watcher says agent bank **Société Générale**, which is representing the lender syndicate, and **The Blackstone Group**, which is running the "Four Pack" auction, are keeping bidder names under wraps. However, he says they have told the lending syndicate there have been indicative bids covering all four plants' entire debt load. We're looking at a recovery rate of 100 cents on the dollar, notes the market watcher. Calls to **Raffiq Nathoo**, senior managing director at Blackstone, were not returned.

The Four Pack portfolio comprises the operational 360 MW Millennium plant in Charlton, Mass., and three facilities expected to be completed this fall: a 1,080 MW plant in Athens, N.Y., a 1,170 MW project in Covert, Mich., and the 1,092 MW Harquahala facility in Tonopah, Ariz. NEG financed the plants via a $1.46 billion non-recourse loan but was unable to make the required equity injection into the structure because of its parlous financial state which eventually forced it into Chapter 11 bankruptcy protection (PFR, 6/16). The plants have yet to be handed back to the banks, but one observer notes it is the lending group which is driving the timing and that complex tax issues between NEG and its former parent PG&E are stalling the handover.

Market officials say lenders are targeting a sale by year-end, but add there is still a lot of work to be completed. A second round of bidding that includes detailed due diligence is now underway, and this affords interested parties the first chance to get a serious look at the Four Pack's detailed financial numbers and operational reports.

Wachovia Hires Morgan Alumnus

Charlotte, N.C.-based **Wachovia Securities** has hired **Ricardo Valeriano** as v.p. in its corporate finance-focused energy group. He joins Sept. 8. Valeriano was most recently an energy banker at **J.P. Morgan**. He left the Wall Street firm last winter.

Wachovia's energy group comprises two directors and a managing director and has not made any other recent hires, says a Wachovia official. **Brian Tate**, managing director, did not return calls.

BHP Hires EDFT Marketer

BHP Billiton has hired **Robert Groves**, head of European natural gas origination at **EDF Trading** in London, in a similar position, say market watchers. He joins the company this week in The Hague, the Netherlands, and reports to **Rudy Dautel**, head of gas trading, says spokesman **Matt Taylor**. Groves was between posts last week and could not be reached for comment.

Melbourne-based **BHP**, one of the world's largest mining and natural resource concerns, began building a European power and natural gas trading desk roughly a year back and hired former **Enron** trader **Paul Adair** to spearhead the effort out of BHP's European commodities trading floor in The Hague (PFR, 9/16).

Groves joined EDFT as a energy marketer in 2001 after a four-year stint in both marketing and asset development at **Enron Europe** in London.

Tractebel Launches Trigen Auction

First round bids are due tomorrow for a package of seven district heating plants and the 150 MW Grace Ferry generation plant in Philadelphia being auctioned by **Tractebel North America**'s **Trigen Energy**. A prospective bidder says **Bank of America** is auctioning the portfolio as a package and expects around $600 million for the sale.

Chicago-based **Private Power**, which has a joint venture with **American Securities Capital Partners**, will bid on the portfolio, says CFO **William Rockford**. Other likely bidders include **GE Structured Finance** and **Constellation Energy**, say market watchers.

The Trigen portfolio includes district heating plants that service over 1,000 office buildings in Philadelphia, Baltimore, St. Louis and Trenton, among other cities, and Grace Ferry, which is connected to a steam loop.

Kansas Co-op Preps Wind Farm Financing

Hays, Kan.-based cooperative **Sunflower Electric Power** will seek financing for the construction of a roughly $120 million, 100 MW wind farm in Wichita County once Federal legislators enact a new energy bill. An official involved in the project says Sunflower is holding back from inking financing until uncertainty surrounding future wind farm tax credits is resolved. Calls to **Bob Johnson**, director at Sunflower, were not returned.

"A lot of people are waiting to see whether [federal] tax credits are extended," says **Tom Fair**, a development official at **Renewable Energy Services,** which is building the Sunflower wind farm. He adds, "We can't start the final phase of financing until we see that outcome."

Miller notes that the tax credit issue is winding its way through both chambers of Congress as part of the latest energy bill. Both the House and Senate versions of the energy bill extend present tax credits, and Miller expects the provision to be passed.

Miller declined to comment on how the coop will finance the wind farm beyond saying it's still in negotiations with banks. He also declined to comment on the deal's price tag. A banker familiar with project estimates that the farm will cost around $120 million to complete. "This is no small deal for a rural co-op," adds the banker.

Edison Restructuring Pitch Seen Surfacing Next Month

Edison Mission Energy is expected to bring a detailed debt restructuring plan to lenders in mid to late October, assuming its gets a waiver for a $275 million loan facility that matures Sept. 16. The unregulated arm of Rosemead, Calif.-based **Edison International** is grappling with maturities topping $1 billion, principally at subsidiaries **Edison Mission Midwest Holdings** and a related unit **Mission Energy Holding Co**.

A hardball approach from the parent has several creditors worried the unit may ultimately file for bankruptcy (PFR, 8/10). Edison International officials have made clear they are against injecting new equity to support the debt.

Lenders say the extension on the $275 million loan appears likely, but after that it's guesswork about what the end game will be. "It's difficult to predict when there is nothing on the table," one lender reflects. The key loans are a $911 million facility falling due in December (PFR, 6/9) with a further $808 million coming due 12 months later.

Edison Mission Midwest is the parent of Midwest Generation, a Chicago-based unit running a 11,171 MW generation portfolio acquired from **Commonwealth Edison**.

Constellation Appoints New Trading Chief, Following Departures

Constellation Power Source, one of the most active U.S. electricity trading shops, has promoted **Max Duckworth**, a power trader, to run its energy trading desk, following the departure of incumbent chief **Darren Lobdell** last month.

Lobdell was one of three energy traders to leave the Baltimore-based merchant energy firm last month. Lobdell left Aug. 14 and was quickly followed by **Scott Mackle**, power options trader, on Aug. 18 and **Kayvan Malek**, gas trader, on Aug. 20.

One market watcher says Lobdell resigned to take time out from the industry. "He's done pretty well at Constellation and can afford to take time out." Lobdell could not be reached for comment.

Mackle's onerous weekly commute from his home in Boston to Baltimore prompted him to quit Constellation after three years at the firm and look for work nearer to home, says the market watcher. Mackle declined to comment.

Malek, reached at home, says he left Constellation on amicable terms, declining to elaborate on the reasons for his departure.

CenterPoint Taps B Loan Mart

CenterPoint Energy will launch a new $1 billion B loan at a meeting Wednesday, as part of a broader loan restructuring package that will pay off a bank term-loan component of a high interest $2.85 billion package set up earlier this year. "[Banks] who want to get out, can get out. People are not being forced to stay," one banker says. Precise pricing on the B loan could not be ascertained, but one banker says its around one third lower than the old deal.

The other leg of the restructuring is to reduce pricing and extend the tenor of a $1.35 billion revolver. The moves are a reflection that the Houston player has been able to almost freely access the fixed-income market since setting up the original loan. "It's a real vote of confidence," says one financier of the turnaround in lender sentiment.

The original revolver and the existing bank term loan were due to expire in 2005 and the new deals will have a three-year maturity, effectively extending the loan portfolio by one year. Bank lenders will be bought out of the original $2.35 billion term loan, which after capital market issues has already been paid down to $1.35 billion, and the new B loan will replace it.

Lead arrangers on the loans are **J.P. Morgan Chase** and **Citibank**.

Corporate Strategies

PSE&G Swoops After Rating Affirmation

Public Service Electric and Gas pulled the trigger on a $300 million 10-year note offering early last Wednesday following the completion of a review by **Standard & Poor's** and an announcement that it was re-affirming PSE&G's BBB rating.

Mark Kahrer, assistant treasurer in Newark, N.J., says the 5.375% deal refinances an already matured $150 million 8 7/8% bond series and also takes down some commercial paper. PSEG waited before refinancing the maturing bond series so it could get the S&P review out of the way, says Kahrer. The wait also allowed PSE&G to profit from low short-term rates relative to the long end of the yield curve, he adds.

Banc One Capital Markets, **BNP Paribas**, **Credit Suisse First Boston** and **Deutsche Bank** were the joint leads on the deal. Kahrer says in addition to a tight 80 basis point spread over comparable Treasuries, PSE&G was particularly pleased with the turn around time on the deal. A half hour after launching the deal Wednesday morning, the underwriters' order books were full and the deal was ready to price. "The traders had focus, the bond sales guys had focus," enthuses Kahrer. The four firms got the call to lead because of the strength of their debt desks and also because they give credit support to the company, he adds.

Nebraska Utility Issues Debt For New Plant

Columbus, Neb.-based **Nebraska Public Power District** will issue $205 million in long-term bonds next week to pay down existing debt and raise new capital to fund the completion of the 229 MW Beatrice Power Station.

Ron Asche, NPPD's treasurer, says the new bonds will replace $75 million in short-term construction notes that fall due in December and raise additional money to finish the gas-fired peaking plant. "Beatrice should cost $195 million in total," says Asche. Any surplus capital from the bond offering will be used to service debt and pay bond underwriting fees.

The municipal utility has yet to assign the bonds either a tenor or coupon, says Asche, though he anticipates varying maturities ranging between three and 30 years. The longer-dated paper also will have a 10-year call option. "We will issue serial bonds that mature in different years, starting in 2006, that retire some principal every year," Asche says, adding the final structure will be determined this week when underwriter **Bear Stearns** looks to place the deal.

Asche expects the Beatrice plant to come on line late next year or early 2005. "It's designed to support our base load," he explains, "but we wouldn't be averse to selling [excess power] into the market should the opportunity arise." He adds that the utility, which serves roughly 800,000 customers in Nebraska, has a load growth rate of 1.5% to 2% a year and the company already is exploring new energy sources for 2009 and beyond.

Middle East & North Africa

Oman Project Draws Interest

Some 11 IPPs and power plant construction contractors have submitted interest to develop Oman's 500 MW and 30 million gallons per day Sohar power and water desalination project, says an officials involved in the tender process. He adds Oman's Ministry of Electricity and Water will likely send out requests for proposals to a shortlist of prequalified bidders later this month.

The initial international roster includes **AES**, **International Power**, **Marubeni**, **Mitsui Corp**, **Sumitomo Corp**, **Tractebel** and **TotalFinaElf**, says one prospective bidder. He adds Iranian developer **Mapna** also has expressed an interest.

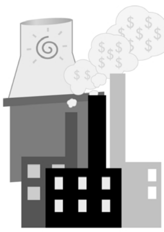
The Omani government and its advisors **Société Générale** and **Denton Wilde Sapte** launched a tender process in July (PFR, 8/4). The Omani authorities want to press ahead smartly with the project and a shortlist of bidders could be announced by year-end, says one official.

Standard, GIB Raise Middle East Private Equity Fund

Standard Bank and **Gulf International Bank** are raising a $300 million private equity fund to invest in Middle Eastern power projects. An official close to the fund says the banks' hope to seal financing shortly and have the fund up and running within four to five months. **Simon Morgan**, head of private equity at Standard Bank in London, declined to comment.

International independent power producers' interest in funding new power and water desalination projects in the Middle East has waned over the past two years and this is creating opportunities for private equity to step in to the breach in partnership with experienced developers, notes the official.

Within the past two years several European and U.S. IPPs, notably **CMS Energy**, **InterGen** and **EDF International**, have pulled back from bidding on new Middle East power projects, leaving only a small handful of players willing to invest capital in new deals.



Generation Auction & Sale Calendar

*Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call **Will Ainger**, managing editor, at (44-20) 7303-1735 or e-mail wainger@euromoneyplc.com.*

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	N/A	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal		
	El Bajio	Mexico	600 (50%)	Gas	WestLB	
	Mulberry	Fla.	120	Gas	CSFB	Set to commence sale
	Orange	Fla.	103	Gas		
	Brush II	Colo.	68	Gas		
	Thermo Cogen	Colo.	272	Gas		
American Electric Power	Barney M. Davis	Texas	697	Gas/oil	CSFB	Launched sale process in June
	E.S. Joslin	Texas	254	Gas/oil		as part of deregulation
	J.L. Bates	Texas	182	Gas/oil		of Texas market.
	Laredo	Texas	178	Gas/oil		
	Lon C. Hill	Texas	559	Gas/oil		
	Victoria	Texas	491	Gas/oil		
	La Palma	Texas	255	Gas/oil		
	Nueces Bay	Texas	559	Gas/oil		
	Coleto Creek	Texas	632	Coal		
	Oklaunion	Texas	54 (7.8%)	Coal		
	Eagle Pass	Texas	6	Hydro		
	South Texas	Texas	630 (25%)	Nuclear		
AES Barry	Barry	U.K.	250	Gas	N/A	Centrica has tabled a bid.
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
Aquila	Koma Kulshan	Wash.	14 (49.9%)	Hydro	Lehman Bros.	Launched Sale in June.
	Stockton Cogen	Calif.	60 (50%)	Coal		
	BAF Energy	Calif.	120 (23%)	Gas		
	Badger Creek	Calif.	50 (48.8%)	Gas		
	Lake Cogen	Fla.	110 (99.9%)	Gas		
	Pasco Cogen	Fla.	108 (49.9%)	Gas		
	Orlando Cogen	Fla.	126 (50%)	Gas		
	Rumford Cogen	Me.	85 (24.3)	Coal		
	Topsham	Me.	14 (50%)	Hydro		
	Selkirk Cogen	N.Y.	345 (19.9)	Gas		
	Onondaga Copgen	N.Y.	91	Gas		
	Mid-Georgia Cogen	Ga.	306 (50%)	Gas		
	Jamaica Private Power	Jamaica	65 (21.4%)	Diesel		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant Resources has option to purchase portfolio in early 2004
Cinergy	Cinergetika	Czech Rep.	230	CHP	J.P. Morgan	Ongoing.
	Energetika Chropyne	Czech Rep.	48	CHP		
	EPR Ely	U.K.	36	Straw		
	Moravske Teplamy	Czech Rep.	410	CHP		
	Pizenska Energetika	Czech Rep.	406	CHP		
	Redditch	U.K.	29	Gas		
	Teptama Otrokovice	Czech Rep.	349 (11%)	CHP		
CMS Energy	Ensenada	Argentina	128	Gas-fired	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	N/A	Looking to hire advisor.
	La Paloma	Calif.	1,121	Gas	N/A	
Duke Energy North America	Lee Energy	Ill.	640	Gas	J.P. Morgan	
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
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)	Barstrop	Texas	543 (50%)	Gas	Citigroup	Final bids due late summer.
	Bayonne	N.J.	171	Gas		
	Camden	N.J.	150	Gas		
	CDECCA	Conn.	58	Gas		
	Fulton	N.Y.	45	Gas		
	Newark Bay	N.J.	123	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Ace	Calif.	100 (48%)	Coal	Banc of America	Launched Sale in June.
	Mt Poso	Calif.	50 (16%)	Coal		
	NCA 1	Nev.	86 (50%)	Gas		
	Front Range	Colo.	480 (50%)	Gas		
	Badger Creek*	Calif.	46 (26%)	Gas		
	Bear Mt*	Calif.	45 (51%)	Gas		
	Chalk Cliff*	Calif.	45 (51%)	Gas		
	Corona*	Calif.	50 (20%)	Gas		
	Crockett*	Calif.	240 (5%)	Gas		
	Double C*	Calif.	46 (26%)	Gas		
	High Sierra*	Calif.	46 (26%)	Gas		
	Kern Front*	Calif.	46 (26%)	Gas		
	Live Oak*	Calif.	45 (51%)	Gas		
	McKittrick*	Calif.	45 (51%)	Gas		
	Cambria	Penn.	85	Coal		
	Colver	Penn.	100 (28%)	Coal		
	Gilberton	Penn.	80 (10%)	Coal		
	Panther Creek	Penn.	82 (50%)	Coal		
	Dartmouth	Mass	68	Gas		
	MassPower	Mass	252 (50%)	Gas		
	Midland Cogen	Miss.	1,500 (44%)	Gas		
	Prime	N.J.	66 (50%)	Gas		
	Mid-Georgia	Ga.	300 (50%)	Gas		
	Mulberry	Fla.	115 (46%)	Gas		
	Orange	Fla.	96 (50%)	Gas		
	Orlando	Fla.	114 (50%)	Gas		
	Vandola	Fla.	680 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan	Looking to sell by year-end.
Fife Power	Fife	U.K.	115	Coal	KPMG (Administrator)	El Paso placed plant in administration.
InterGen	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing
IVO Energy	Grangemouth	U.K.	130	Gas	-	Looking to refocus in Nordic region.
	Edenderry	Ireland	120	Peat		
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB	Ongoing.
	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		Looking for advisor to assist with sale.
	Wichita Falls	Texas	77	Gas		Looking for advisor to assist with sale.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
NRG	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
(Asia)	Flinders	Australia	760	Coal		
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		
NRG	TermoRio	Brazil	1040 (50% sake)	Gas	Deutsche Bank	Awaiting bids.
(Latin America)	COBEE	Boliva	220 (98% stake)	Hydro/Gas		
	Itiquira Energetica	Brazil	160 (98% stake)	Hydro		
	Cementos Pacasmayo	Peru	66	Hydro/Oil		
	Bulo Bulo	Bolivia	90 (60% stake)	Gas-fired		
	Cahua	Peru	45	Hydro		
NRG	CEEP	Poland	10 (10% stake)	-	Goldman Sachs	Has already sold two Eastern European plants.
(Europe)	Enfield	U.K.	380 (25%)	Gas-fired		Awaiting further bids.
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG	Big Cajun II	La.	2,400 (90%)	Coal	-	Has shortlisted three bidders.
(U.S.)	Pike	Miss.	1,192	Gas		Shaw Group to take over.
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	McClain	Okla.	500 (77%)	Gas		OG&E agreed to buy.
	Bayou Cove	La.	320	Gas		
	Sabine River	Texas	420 (50%)	Gas		
	Sterlington	La.	202	Gas		
	Mustang	Texas	485 (25%)	Gas		
	Pryor Cogen	Okla.	88 (20%)	Gas		
	Timber	Fla.	13.8	Biomass		
	Power Smith	Okla.	80 (9.6%)	Gas		
Oman (Ministry of Housing,	Rusail	Oman	730	Gas	CSFB	-
Electricity & Water)	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch &	Ongoing.
	Lakeview	Ontario	1,140	Coal	Scotia Capital	
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
PG&E National Energy Group	Bear Swamp	Mass.	599	Hydro		Ongoing.
	Masspower	Mass.	267	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
Reliant Resources	Argener	Argentina	160	CHP		
SG-led bank group	Athens	N.Y.	1,080	Gas	Blackstone	First round bids closed July 9.
(NEG developed plants)	Covert	Mass.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millenium	Mass.	360	Gas		
Tractebel North America	Ripon Cogeneration	Calif.	49	Gas	Navigant	Launched sale in May.
	San Gabriel	Calif.	41	Gas		
TXU	Lake Creek	Texas	323	Gas	Merrill Lynch	Reviewing sales strategy.
	Tradinghouse	Texas	1,340			
	River Crest	Texas	110			
	Mountain Creek	Texas	893			
	Parkdale	Texas	327			
	North Main	Texas	123			
	Monticello	Texas	1,900	Coal	Merrill Lynch	Is looking to sell an undisclosed number of
	Martin Lake	Texas	2,250			its coal assets.
	Big Brown	Texas	1,150			
	Sandow	Texas	545			
TXU Europe	Shotton	U.K.	229	CHP	PWC	Awaiting bids.

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.

Asia & Australasia

• Malaysia's **Genting** confirmed its plans to revive a bid for Australia's Loy Yang power plant and is seeking to assemble a consortium to acquire 100% of the plant (*Dow Jones*, 9/2).

Europe & Middle East

• **Scottish & Southern Energy** CFO **Gregor Alexander** will head to the U.S. this week to try to persuade disgruntled bondholders of **Midlands Electricity** to agree terms in the planned GBP1.1 billion takeover of the regional supply business. Bondholders, who are owed GBP600 million, want more than the 86 pence in the pound they have been offered and are also keen to wait longer to see if another bidder emerges (*The Times*, 9/1).

• **International Power** sees few major obstacles on its way to obtaining a controlling stake in DRAX, but doesn't expect a final deal before the end of the year (*Dow Jones*, 9/1).

• **ABB** is in talks on the sale of its 50% stake in Morocco's Jorf Lasfar power plant in a deal valued by analysts at up to $500 million. The Swiss-Swedish outfit is selling assets to cut its debt load (*Reuters*, 9/3).

• Portuguese utility **Electricidade de Portugal** aims to reduce its net debt level by around 10% in the near term through asset sales, according to CEO **Joao Talone** (*Dow Jones* 9/4).

• French construction-to-media company **Bouygues** expects to acquire **E.on**'s remaining 10.1% stake in **Bouygues Telecom** imminently, according to CEO **Martin Bouygues**. E.On sold a 5.8% stake in the French mobile phone operator to Bouygues for less than EUR400 million earlier this year. At the time Bouygues acquired the right to buy the remaining 10.1% stake between by October 2005, while E.On can force a sale from October 2005 to February 2007 (*Dow Jones* 9/4).

• Swiss-Swedish power and automation company **ABB** has won a $59 million order to upgrade and expand electric power transmission in the United Arab Emirates. The contracts, signed with the **Abu Dhabi Water and Electricity Authority**, are designed to meet the growing demand for energy in the UAE (*Dow Jones* 9/3).

Latin America

• Mexican President **Vicente Fox** has named former ruling party president and congressman **Felipe Calderon** as new energy minister, replacing **Ernesto Martens**. The reshuffle follows Fox's third state of the nation address to Congress and comes as Fox attempts to negotiate with the Congress on long-stalled reforms in the state-run energy sector (*Dow Jones* 9/3).

U.S. & Canada

• Seven class action lawsuits filed against **Duke Energy** have been dismissed. The lawsuits, filed in federal court in San Diego, alleged the company had artificially restricted power supplies and manipulated the market, forcing the state of California and its consumers to pay excessive prices for electricity. A judge dismissed them partly on jurisdictional grounds, as the **Federal Energy Regulatory Commission** has jurisdiction over setting wholesale electricity rates (*Reuters*, 8/29).

• **Raytheon** sued an indirect subsidiary of **Exelon**, as well as **BNP Paribas**, about Exelon's decision to turn over some power plant subsidiaries to its bank lenders. Raytheon said it is "seeking to protect Raytheon's rights" in connection with Exelon's Mystic and Exelon Fore River power plant projects in Massachusetts (*Dow Jones*, 8/30).

• **Reliant Resources** has agreed to pay $836,000 to settle allegations it engaged in a manipulative trading practice during the California energy crisis. The settlement agreement also says **Federal Energy Regulatory Commission** allegations that Houston-based Reliant engaged in two other types of manipulative strategies had no foundation (*Houston Chronicle*, 8/30).

• Judge **Carmen Cintron** said she would keep secret the responses of 43 companies to a **Federal Energy Regulatory Commission** order to justify profits gained from **Enron**-style trading tactics during the California energy crisis (*Reuters*, 9/2).

• **Sierra Pacific Resources** said it and its **Nevada Power** and **Sierra Pacific Power** units might find it difficult to operate outside of bankruptcy if required to pay $287 million in claims stemming from **Enron**'s bankruptcy. The court in Enron's bankruptcy case has granted Enron's power marketing unit recovery of the costs of inflated power contracts that were negotiated with Sierra Pacific during the 2000 and 2001 California energy crisis (*Dow Jones*, 9/2).

- A group of banks foreclosed on the mortgage holder of **Enron**'s headquarters in Houston, a move that paves the way for the sale of the 50-story tower. Enron will soon be vacating the building to relocate to another office in downtown Houston. The tower will be sold this fall by sealed bids under the direction of the bankruptcy court (*Houston Chronicle*, 9/2).

- **Morgan Stanley** and the **Federal Energy Regulatory Commission** have reached an agreement under which the Wall Street firm will pay $857,089 to settle charges it violated power market trading rules during the 2000-2001 Western energy crisis. Morgan Stanley doesn't admit wrongdoing in the settlement (*Dow Jones*, 9/2).

- several power players involved in the Aug. 14 blackout have sent letters to the chairman of the House Energy and Commerce Committee seeking to implicate one another, to varying degrees, in the cascading failure. The letters to committee chairman, **Billy Tauzin**, all cautioned that no conclusion could be drawn until engineers had established the sequence of events that day, but many writers apparently found that it was not too soon to make biting observations about one another (*New York Times*, 9/3).

- Gov. **Jennifer Granholm** of Michigan is expected to tell a congressional inquiry that the worst blackout in North America's history could have been averted if **FirstEnergy** had swiftly alerted other transmission line operators about its problems last month. Granholm and executives with **International Transmission Co.** point the finger at Ohio-based FirstEnergy in planned testimony (*Reuters*, 9/3).

- **Teco Energy** named **John Ramil** coo and executive v.p., as part of several senior management changes intended to restructure the power company's leadership. The company said **William Cantrell** will replace Ramil as president of its principal utility unit, **Tampa Electric**. Cantrell will remain president of the Tampa Electric's subsidiary, **Peoples Gas System** (*Dow Jones*, 9/2).

Financing Record (AUGUST 28 - SEPTEMBER 4)

Bonds

Date	Maturity	Issuer	Amount ($ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
8/29/03	7/15/06	Cia Forca e Luz Cataguazes	38.2	Market	Promissory Nts	Floats	-	NR	NR	Uniao de Bancos Brasileiros
8/29/03	1/15/08	Cia Forca e Luz Cataguazes	6.9	Market	Promissory Nts	Floats	-	NR	NR	Uniao de Bancos Brasileiros
9/1/03	9/18/08	National Grid	658.2	99.569	MTNs	4.125	-	A2	A	Banc of America/CSFB/Westdeutsche Landesbank Giro
9/2/03	4/1/14	Public Service Co of Colorado	300	99.261	Notes	5.5	103	Baa1	BBB+	Banc One Capital Markets/UBS /McDonald
9/2/03	10/1/08	Public Service Co of Colorado	275	99.88	Notes	4.375	83	Baa1	BBB+	Banc One Capital Markets/UBS /McDonald
9/3/03	1/1/14	CenterPoint Energy Houston	300	99.754	Notes	5.75	118	Baa2	BBB	Banc of America Securities/Deutsche Bank/Wachovia
9/3/03	9/1/10	CenterPoint	200	99.782	Notes	7.25	315	Ba1	BBB-	Banc of America/Deutsche Bank/Wachovia
9/3/03	9/15/13	PacifiCorp (Scottish Power)	200	99.884	Fst Mtg Bonds	5.45	88	A2	A	Banc One Capital Markets
9/3/03	9/15/08	PacifiCorp (Scottish Power)	200	99.856	Fst Mtg Bonds	4.3	75	A2	A	Banc One Capital Markets
9/3/03	9/3/13	Public Service Electric & Gas	300	99.894	MTNs	5.375	80	A3	A-	Deutsche Bank

M&A

Date Announced	Target	Target Advisors	Target Country	Acquiror	Acquiror Advisors	Acquiror Country	Deal Value($mil)
9/1/03	CIGE Service	-	Italy	ASM Brescia	Lazard	Italy	-
9/1/03	CIGE	-	Italy	ASM Brescia	-	Italy	34.051
9/1/03	Gas Orobica Service	-	Italy	ASM Brescia	Lazard	Italy	-
9/1/03	Gas Orobica	-	Italy	ASM Brescia	Lazard	Italy	-
9/2/03	Vista Midstream Solutions	-	Canada	Talisman Energy	-	Canada	93.25

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

LENDERS PLOT

(continued from page 1)

injection required under the **Citibank**-led synthetic lease financing that bankrolled construction of the plants. As a result, NEG is set to hand over the plants' keys to its creditors at the end of this month. A similar bank-led sale process is already underway for a separate cluster of NEG-sponsored assets, dubbed the Four Pack (see story, page 3).

All the creditors involved in the $480 million Lake Road and $730 million La Paloma lease-backed financings must sign off on Lehman's appointment before the Wall Street firm can take up the position, the banker says. The La Paloma transaction alone drew 29 lenders when syndicated in 2000 (PFR, 3/27/00).

While it may look strange for a firm with Citi's investment banking capabilities to hire another M&A shop to sell the two power plants, the move prevents potential conflicts of interest between Citi's lending arm and its advisory business, explains one financier. Allowing Citi to generate fee income from the sale wouldn't smell right, he adds.

The natural gas-fueled, combined-cycle La Paloma unit is 40 miles west of Bakersfield, Calif., and the natural gas and fuel oil-fired Lake Road facility is in Killingly, Conn. Both merchant plants are operational.

One consultant who has looked at La Paloma says despite the political risk in the Golden State, the tight supply situation makes the facility an attractive asset. Constrained transmission in Connecticut would also make Lake Road worthwhile to look at, he adds.

Citi has already been taking pitches from asset managers to run the plants when the handover occurs (PFR, 7/7).

—Peter Thompson

EXELON PUTS

(continued from page 1)

Randolph plants. **Linda Marsicano**, a spokeswoman at Exelon in Chicago, says Oct. 6 is the tentative deadline for first round bids, adding that the utility hopes to complete the process in the first quarter. She declined to comment on the book value of the assets.

An official familiar with the Exelon district heating/cooling business, which falls under the Exelon Thermal Technologies rubric, says the utility has been trying to quietly offload the assets for several years, but only recently launched the formal sale process. The assets have similar characteristics to qualifying facilities in that they typically have long-term offtake contracts, he adds.

The assets would be attractive to a private equity player or a utility, explains a buyside official who is not planning to place a bid. "It's a captive business," he notes. "No one is going to build a competing system," he adds.

Tractebel subsidiary **Trigen Energy** recently hired **Bank of America** to sell seven district heading plants (PFR, 7/21).

—Victor Kremer

... AS NEG

(continued from page 1)

the NEG sale, were not returned by press time.

Natalie Wymer a spokeswoman at NEG, says Lazard has been retained to advise on its restructuring under bankruptcy, but declined to confirm or deny the investment bank's role in divesting the assets.

This marks the second time NEG has put the New England portfolio on the block. NEG reportedly hired **Lehman Brothers** last winter to sell the assets (PFR, 2/10), but pulled the sale prior to filing for bankruptcy protection in July.

The portfolio consists of Bear Swamp, a 599 MW hydroelectric plant, Masspower, a 267 MW gas-fired facility, Salem Harbor, a 745 MW coal and oil-fired plant, Pittsfield, a 173 MW gas-fired plant, Brayton Point Station, a 1,599 MW coal-fuelled plant, and Manchester, a 495 MW gas-fired facility.

Bankers speculate that NEG could ask its bankruptcy judge to approve an expedited auction, under a bankruptcy court process dubbed "section 363."

One banker says Lazard is expected to launch the sale process this month. "It should't take long to get a sales memo out because those plants were already for sale before." Still, executing a sale while in bankruptcy is never an easy process, he adds.

The Bear Swamp hydro plant could prove a particularly attractive target, despite carrying some $400 million in lease-backed debt, says a prospective bidder. The Salem Harbor and Brayton Point plants are less attractive since they need to invest in expensive environmental upgrades, he says. *—Nina Sovich*

CENTRICA PREPS

(continued from page 1)

Toronto-based subsidiary **Centrica North America** also has begun assembling a power plant acquisition and portfolio management team to support its foray into generation. Earlier this month **Michael Hogan**, a partner at Boston private equity boutique **MaxEnergy**, and formerly executive managing director for Europe and the Middle East at **InterGen**, joined Centrica North America as senior v.p. In his new role, Hogan says he is responsible for managing Centrica's Canadian upstream gas assets and any power plants its buys.

And last week **Chris Thrall**, v.p. covering power plant acquisitions at Centrica in the U.K., transferred across the pond to take up a similar position in Toronto.

Hogan says Centrica North America has yet to acquire generation assets, but is looking to build a portfolio to back its power supply business in Texas, Ontario and Alberta. The first priority is to buy generation in Texas to support its roughly one million customer base. He declined comment on potential targets or the size of its warchest. **Ray McManus**, spokesman, also declined comment.

One market watcher says Centrica North America is looking to hedge some 60% of its peak power demand needs through either long-term supply contracts or outright ownership of generation, a similar model to Centrica's U.K. risk management strategy. Centrica's Texan supply business generates some 3.5 GW of peak demand, meaning Centrica could conceivably look to acquire more than 2 GW of capacity to meet its load obligations in the Lone Star State.

Most of Centrica's Texan power needs are met by an offtake contract with AEP, but this contract expires shortly, notes the market watcher.

Centrica entered the Texan supply market in 2001 under the **Energy America** brand name. Last year it acquired some 850,000 power customers million through the purchase of **CPL Retail Energy** and **WTU Retail Energy**, two supply subsidiaries of AEP. *—Will Ainger*

Quote Of The Week

"I'll probably leave millions of frequent flyer miles behind when I die."—**Richard Morgner**, *head of mergers & acquisitions at Los Angeles-based* ***Chanin Capital Partners****, commenting on his frequent flights to New York (see story, page 2).*

One Year Ago In Power Finance & Risk

DTE Energy was locked in talks with three bidders for its Michigan wires operation **International Transmission System** which had a book value of $375 million. [**Kohlberg Kravis Roberts** and **Trimaran Capital Partners** eventually won the bidding war with an all cash $610 million offer. **CIBC World Markets**, a sister operation to Trimaran, syndicated a $325 million credit facility backing the deal after the acquisition closed (PFR, 2/10).]