

power finance & risk

The exclusive source for power financing and trading news

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Web Exclusive

Credit Suisse First Boston is putting in place a unit to advise rural co-operatives on financing power plant and transmission projects. The move comes as co-ops look to expand beyond their regulated service territory.

For the full story go to *PFR's* Web site (www.iipower.com)

Calpine Eyes PF Market

Calpine is looking to tap the non-recourse debt market to fund the construction of the 550 MW Otay Mesa power project in California. The IPP is looking to ink an offtake contract with **San Diego Light & Electric**.

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DUKE SEEN SHORTLISTING TRIO FOR EUROPEAN DIVESTITURE

Duke Energy has whittled down the list of suitors looking to acquire its European operation to **BHP Billiton**, **ENECO Energie** and **Gaz de France**, according to officials close to the U.S. utility. The shortlist was drawn from a nine-strong roster, including German gas utility **WINGAS**, French oil giant **TotalFinaElf** and U.K. utility **Centrica**, that made indicative bids late this summer. Neither **Petrina Fahey**, a Duke spokeswoman in London, nor officials at the shortlisted firms returned calls by press time.

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TYR ENERGY/WORENKLEIN & CPV REACH GENHOLDINGS SHORTLIST

Energy boutique **Tyr Energy**, in a joint bid with **Société Générale's** former global head of project finance, **Jacob Worenklein**, has been shortlisted to acquire the 3,360 MW **GenHoldings** merchant power portfolio, and **Competitive Power Ventures (CPV)** is reportedly also a finalist. Calls to **Brad Nordholm**, ceo of **Tyr Energy** in Kansas City, Mo., were referred to **Worenklein**, who did not respond to a voicemail message. **Doug Egan**, president and ceo of **CPV** in Silver Spring, Md., did not return calls.

(continued on page 11)

Gleich Tot

GERMAN BANK PREPS PF EXIT

Bankgesellschaft Berlin is looking to divest its portfolio of U.K. power project loans, a book comprising positions in **Enfield**, **Coryton** and **DRAX** power plant debt. **Herc Van Wyk**, a director in **BGB's** London-based lending team, says the Berlin bank is pulling out of project finance as part of a restructuring following well-publicized losses in the German property market. He declined to comment on the size of the bank's power loan positions or a likely sale date, but says **BGB** will not be rushed into a fire sale.

(continued on page 12)



CREDITORS RETAIN LEHMAN TO EXECUTE RAPID EXELON PLANT SALE

A 19-bank lender group, led by **BNP Paribas**, has hired **Lehman Brothers** to shop **Exelon's** 3,400 MW merchant generation portfolio in New England to a handful of pre-selected bidders. Although the lending group is still hammering out the terms of foreclosure on the **Exelon Boston Generation (EBG)** portfolio, market watchers say the banks are anxious to execute a quick sale. Rather than conduct a formal auction process that includes initial

(continued on page 12)

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



At Press Time

Cinergy Reportedly Wins NEG Mandate

Cinergy is believed to have won a mandate to provide third-party fuel management and power trading services to Covert, a 1,170 MW distressed merchant plant in Michigan developed by **PG&E National Energy Group**. Covert is part of the GenHoldings portfolio that NEG is handing over to its bankers, led by **Société Générale**, earlier this year. Calls to Cinergy were referred to **Steve Brash**, a spokesman in Cincinnati, who declined comment.

Entergy-Koch Trading recently won a mandate to provide similar services to the three other plants in the GenHoldings portfolio (see related story, page one).

CenterPoint Nails Down \$1.35B Revolver, B Loan To Take Off

CenterPoint Energy has sealed an extension to a \$1.35 billion bank revolver and launched a \$1 billion B loan that it's marketing to institutional investors. The deals are part of refinancing effort to cut costs and extend debt maturities (PFR, 9/8). Pricing of 300 basis points over LIBOR is drawing strong demand, notes one lender. "It's blowing out. It pays 3% and it's a nearly regulated, improving credit," he enthuses.

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 taken out of an original \$2.35 billion term loan, which has already been paid down to \$1.35 billion, and the new B loan will replace it.

Calpine Eyes PF Mart To Relaunch Former PG&E Project

Calpine is looking to tap the project finance market shortly to fund a fast-track construction of its 550 MW Otay Mesa power project in San Diego County, Calif. The San Jose, Calif.-based independent power producer acquired the greenfield project from **Pacific Gas & Electric** for \$33 million in early 2001. At the time the IPP estimated the project would cost some \$500 million to build (PFR, 7/23/01).

Ron Walter, executive v.p. of development at Calpine, says Otay Mesa is the most advanced of four power projects the IPP is looking to develop in the Golden State over the next few years. The projects have a combined capacity of 3 GW. The other two are awaiting permitting and regulatory approval.

Before Calpine presses ahead with Otay Mesa and taps the bank market it is looking to ink long-term offtake contracts for the plant, notes Walter. "We are probably more circumspect," he says, referring to Calpine's aggressive growth strategy in past years. "We now ease into projects sequentially, and we dot our Is and cross our Ts."

Otay Mesa could sign a PPA as early as next month. Calpine and **Sempra Energy** are bidding on a 69 MW offtake contract with **San Diego Light & Electric**, a subsidiary of Sempra, which will expand into a larger offtake arrangement in 2006 and 2007, says Walter. "We're negotiating with other people to take that power," says Walter, "but San Diego is a likely recipient."

SDL&E spokesman **Edward Van Herik** says the utility will announce the preferred bidder on that RFP early next month.

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Lenders Launch Calpine Riverside Syndication

Lead arrangers have launched retail syndication of Calpine's recently closed \$230 million project financing for its Riverside Energy Center, and have been stressing the solid ratings of offakers **Wisconsin Power & Light** and **Madison Gas & Electric** to market the deal. The two utilities have inked nine-year PPAs covering 528 MW of the plant's 600 MW output, says one market official. The leads are offering \$10 million and \$20 million tickets and are looking to round up commitments by the middle of next month.

The loan offers a spread of 250 basis points over LIBOR during construction before converting into a three-year term facility in which pricing starts at LIBOR plus 275 basis points. One official involved in the deal says market concerns that pricing is tight are overdone (PFR, 9/1). He argues that the strong offtake contracts and Calpine's decision to provide capital upfront in the 63:37 debt-to-equity deal, make pricing fair. He adds the deal also includes cash sweeps, beginning in year one, that incentivize Calpine to refinance the facility.

The 600 MW plant, located in Beloit, Wis., is 74% complete and due online next June. The loan was underwritten late last month by **Bayerische Landesbank**, **Credit Lyonnais**, **HypoVereinsbank**, **CoBank** and **NordLB** (PFR, 8/25).

Sunflower Electric Preps New Plant

Sunflower Electric Power Cooperative is closing in on a contractor to develop a 600 MW power plant in Kansas, which it expects to cost some \$600-800 million to build.

Sid Severson, Sunflower's cfo, says the coop should begin construction on Holcomb II next summer and expects to have it on line by 2008. The plant is being developed adjacent to the 360 MW Holcomb I power plant, a facility seven miles south of Holcomb, Kansas. The town is infamous for a quadruple family homicide that was immortalized in **Truman Capote's** *In Cold Blood*.

The Hays, Kan.-based coop already has received permitting approval for the project, but still needs the regulatory green light to add more capacity to the local high voltage power grid. "Once we get clearance on that we are ready to build," says Severson. He notes the cooperative has suffered increased post-blackout scrutiny from the Federal Energy Regulatory Commission about projects that impact the transmission system.

Bethesda, Md.-based **International Energy Partners** is developing the project with Sunflower, providing regulatory, financial and permitting advice, says Severson.

Upon completion, Sunflower will turn over ownership of

Holcomb II to three utilities and one unregulated power producer that will, respectively, draw the power into their rate base systems and sell it in the wholesale market.

According to this unusual arrangement, Sunflower will not retain either an equity or debt stake in the plant, but will continue to operate it. "We're building this plant for two reasons," says Severson. "We can spread operating costs over a larger amount of megawatt hours, and we intend to run it."

Severson declined which power companies would buy into the new facility, but says utilities in Kansas and adjoining states would buy between 50% and 75% of the plant and an unregulated power producer would buy between 25% and 50%.

A market official says Sunflower is in negotiations with local utility **Aquila** to acquire a stake, adding the investor-owned utility already has in place a PPA with Sunflower that expires in 2006. Other likely investors include **Westar Energy**, **Kansas City Power & Light**, **Empire District Electric**, and **Midwest Energy**.

Al Butkus, a spokesman at Aquila, did not return calls by press time.

RBoS Lands DB Relationship Banker For Big Apple Slot

Royal Bank of Scotland has hired **Mike Keating** as a managing director in its New York City office to head up relationship management with utilities. Keating, who was previously a utility relationship banker at **Deutsche Bank**, will be working in conjunction with **Kevin Howard**, a Houston-based managing director, who handles energy company relationships. RBoS has continually been mentioned in power circles as one of the few banks with a remit to build up its energy and utility franchise. "The bank is very keen on the energy area," says **Chuck Zabriskie**, managing director and head of North American project finance at RBoS.

Keating will also cover a couple of other industry groups, the details of which could not be determined. Calls to Keating were not returned. One official says Keating fills a utility slot that has been vacant for several months, but which has been expanded to cover the other industry segments.

One financier familiar with Keating says as a relationship professional he probably doesn't have the highest profile among fellow bankers, but adds that is what you want from a banker who is focused on opening doors at utilities, rather than developing products.

Keating joined Deutsche Bank in 2000 from **Greenwich NatWest** (PFR, 5/2/00). Calls to **Ted Meyer**, a spokesman at Deutsche Bank, were not returned by press time.

Goldman Launches AEP Pipeline Sale

Goldman Sachs last week sent out the sales book on two U.S. gas pipelines that American Electric Power is looking to divest. Initial bids on the Louisiana Interstate Gas Pipeline pipeline are due early next month and bids on the larger Houston Pipeline are due at the end of the year, says a banker who has seen the book.

The pipelines are worth an estimated \$700 million, calculate market watchers (PFR, 8/31). Bankers say private equity players are interested in the assets as well as traditional energy companies such as Entergy, TXU Corp., Cinergy and DTE Energy.

Nicor Wraps First Syndicated Loan

Nicor, a Naperville, Ill.-based natural gas distributor, has wrapped its first syndicated loan facility and also upsized the deal from a planned \$800 million deal to \$1 billion. Mark Lasek, senior v.p. at sole bookrunner ABN AMRO, says the deal was twice over subscribed so the company decided to expand the loan.

The facility is split equally between a traditional 364-day tranche and an unusual 180-day loan (PFR, 9/1). The latter tranche is designed to reflect the increasing borrowing needs as the company heads in to the heating season, before customer payments start to roll in.

Thirty-one banks are in the new facility, which closed last week. Nicor had previously relied on bi-lateral lines with several lenders but decided to set up a larger syndicated facility because of the run-up in gas prices and the forecast that they will remain high, explains a financier.

Colo. Wind Farm Developers Eye \$140M Project Loan

Shell WindEnergy and PPM Energy, the Portland, Ore., arm of ScottishPower, are looking to raise some \$140 million in non-recourse debt financing for a wind farm facility in Lamar, Colo. The energy companies are close to finalizing the acquisition of the project from GE Power (PFR, 9/1).

One industry official says the project loan's structure doesn't appear to have hammered out yet, but adds a deal is likely to hit the market next quarter. He adds that under the current expected timetable the project will be hooked up to the grid in time to meet the Dec. 31 cut-off for wind farms to utilize existing wind energy tax credits.

The planned 162 MW wind facility, which was known as

Golden Prairie and is now dubbed Green Colorado, will represent an investment in excess of \$200 million when completed, an industry official says. ANZ Investment Bank and Rabobank have been lined up to lead the deal, according to market officials.

GE Power has been in talks to sell the project, which it picked up as part of its acquisition of assets from Enron Wind last year (PFR, 10/14), for some time. Xcel Energy, or one of its utility units, is lined up as the offtaker for the farm.

Pinnacle Arm To Renew Pollution LCs

Arizona Public Service Co., the main operating arm of Phoenix-based Pinnacle West Capital, is looking to renew a \$150 million, 364-day letter of credit facility backstopping pollution control bonds. The deal is a mirror image of last year's facility in terms of both pricing and lead arranger, which remains Barclays Capital, says one market official. Pricing is set at 100 basis points over LIBOR.

APS taps the facility to back letters of credit that are used to enhance the liquidity and credit quality of the bonds. The tax-exempt bonds allow APS to choose the interest rate setting frequency and investors like letters of credit to back this sort of flexible structure (PFR, 9/30).

A market watcher says Barclays has approached the current bank group of around nine lenders and also a few other players. Tiers on offer are \$10, \$15 and \$20 million with commitments due Sept. 30. The loan takes effect Oct. 15.

TECO Suspends Barge Sale

TECO Energy has put the sale of its barge business, an inland shipping company that transports coal along U.S. waterways and feeds certain TECO coal plants, on hold due to regulatory issues clouding the sale and low bids, say market watchers.

The company hired Merrill Lynch several months ago to sell the business, but received disappointing initial offers and decided to put off an auction until the beginning of next year, say the market watchers. Officials close to TECO say its subsidiary, TECO Transport, is also awaiting approval from the Florida Public Service Commission on proposed coal tariffs. A sale of the business before those rates are set and approved could prove difficult, as these rates affect the profitability and price of coal being transported, explains one official.

Calls to Laura Plumb, a spokeswoman at TECO, and Tom Widener, a relationship banker for TECO at Merrill Lynch, were not returned. Calls to Angela Llewellyn, a regulator at FPSC, were also not returned.

Corporate Strategies

Georgia Power Issues Debt To Upgrade Transmission

Georgia Power issued \$100 million in 10-year senior notes last week and in the wake of August's East Coast blackout will use much of the proceeds to bolster its high-voltage wires network. CFO **Michael Harreld** says the Atlanta-based utility will use the proceeds to pay for new generation and upgrades to its distribution and transmission system. "Transmission is normally about 10% of our asset base," says Harreld, "but over the next five years all the Southern companies will spend more like 20-25%." Harreld adds the increased spending on infrastructure resulted from a greater awareness of the problem after the blackout, a consumer base that is growing at 2%-3% a year and declining expenditures on new plants. Proceeds will also be used to pay down commercial paper.

The 4.90% bonds priced at 99.71, which Harreld says met the company's cost of borrowing expectations.

The company hired **Citigroup** and **Bank of America Securities** to lead the deal. "We have a regular group of banks that we like and do business with," says Harreld. "We rotate them to do these kinds of deals." Citigroup also led Southern Power's last bond deal in June for \$575 million of 12-year secured bonds. That bond deal was done to refinance the development costs of three contracted power plants.

Progress Utility Issues For Longer Duration

Carolina Power & Light last week tapped the first-mortgage note market for \$600 million in a two-part deal to pay down commercial paper and lock in rates at the longer end of the yield curve. "Coupons are historically attractive and we wanted to increase the duration of our liability portfolio," explains **Tom Sullivan**, treasurer at parent **Progress Energy**. A \$400 million slug of 10-year notes was priced at 5.125% and \$200 million of 30-year notes came in at 6.125%.

Sullivan says the offering is part of CPL's financing plan for the year, but a couple of factors were important in the timing of the deal. Firstly, **Standard & Poor's** announced the results of its rating review, which, while it lowered Progress and its various utility subsidiaries to BBB from BBB plus, put the company back on a stable outlook. That made it easier to get the deal done, Sullivan notes. Secondly, the market had a good tone for utility paper after some successful offerings the

preceding week, he adds.

The original deal target was \$500 million, but given strong investor demand, CP&L increased the deal size by \$100 million. Sullivan also notes the offering was turned around smartly, taking only a few hours between launch and pricing.

Banc of America Securities and **J.P. Morgan** were the joint leads on the offering, which priced at 99.105 on the 10-year tranche and 98.448 on the 30-year portion. Both firms have worked with Progress on recent offerings: Banc of America was co-lead on an \$800 million note offering last year (PFR, 4/29/02), and J.P. Morgan led a \$600 million equity issue (PFR, 11/18).

Investor Worries Delay FirstEnergy Stock Sale

FirstEnergy's pending offering of \$500-750 million of common stock was pushed back to late last week at the earliest as potential investors grappled with the utility's uncertain outlook and its plethora of near-term problems.

As *PFR* was going to press Thursday afternoon, the follow-on stock offering had yet to price, despite a company announcement on Monday that it would place the stock imminently. **Kristen Baird**, a spokesperson for FirstEnergy, said on Thursday the company was confident it would price the stock by the weekend.

Bankers involved in the process say FirstEnergy originally planned to tap the market Tuesday but prolonged investor due diligence has snarled up the process. "Usually due diligence takes an hour," says one banker involved in the sale. "With this it's been a couple of days, off and on. There are a lot of issues to deal with."

The Akron, Ohio-based company has been blighted by negative stories recently, notably surrounding faults at its Besse-Davis nuclear power plant and more recently a Congressional inquiry into its role in last month's blackout. Another issue concerning potential investors is that FirstEnergy is saddled with some \$12.5 billion in long-term debt, a figure that partly prompted **Standard & Poor's** to put its debt on Creditwatch-negative in mid-August, explains one analyst.

Citibank and **Morgan Stanley** are joint book runners on the deal with **J.P. Morgan**, **Wachovia Securities** and **Barclays Capital** acting as co-managers.

First Energy's share price stood at \$31.21 last Thursday, up from \$30.25 the previous Friday. It has a 12-month trading range of \$25.60-38.90.

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

- **MERIDIAN Energy** has been given the go ahead to build a \$100 million wind farm on the Ruahine Ranges, New Zealand. The project consists of the erection of 55 106 meter wind turbines (*Palmeston North Evening Standard*, 9/8).
- China's **State Power Grid Co.** will sell 11 large power plants with a total installed capacity of 6.47 GW. The assets originally belonged to the former state generator **State Power Corp.** and were allocated to State Power Grid during an industry restructuring last year. Funds raised from the sales will be used to construct power grids and pay for costs incurred in the industry restructuring. Both domestic and foreign investors will be allowed to purchase the 11 power plants. Some large domestic and foreign companies have registered interest in the 11 plants, especially the five domestic major power producers, **China Huaneng**, **China Datang**, **China Huadian**, **China Guodian** and **China Power Investment Group** (*AFX News*, 9/9).

Europe & Middle East

- Spanish utility **Iberdrola** has asked the Portuguese government to swap Iberdrola's 4% stake in **Galpenergia** for gas or electricity assets in Portugal. The request will test Lisbon's commitment to a gradual opening of its energy sector to foreign competitors and to clearing away regulatory barriers that have delayed the creation of a planned pan-Iberian electricity market (*Reuters*, 9/8).
- U.K. energy minister **Stephen Timms** has ordered an enquiry into the reliability of the country's power grid after London was plunged into darkness last month and Birmingham followed suit last week (*Financial Times*, 9/9).
- **Fortum** is looking to demerge its oil and electric utility operations. CEO **Mikael Lilius** says increasing competition and consolidation in both markets is prompting the move (*Europower*, 9/10).
- Administrator **Ernst & Young** is looking to sell **TXU Europe's** 80% stake in **TXU Nordic Energy** by yearend, according to **Gunnar Gjerstad**, trading manager at **TXU Nordic Energy** (*Europower*, 9/10).

- Romania wants to at least double its nuclear energy capacity by 2010, contrary to the general tendency in Europe, where nuclear energy is gradually losing ground to thermal and renewable power. Romania, which hopes to join the European Union on 2007, wants to develop its nuclear capacity to meet growing domestic energy demand and replace ageing coal-based plants. "The government wants to increase to 20-40% the share of nuclear power" says **Mircea Mates**, commercial manager at nuclear generator **Nuclearelectrica**. Nuclear power accounts for 10% of Romania's generation mix (*The Economist Daily*, 9/9).

Latin America

- Brazil's **Petrobras** is considering investing \$500 million in a thermoelectric power plant in Manaus, capital city of Amazonas state (*Latintrade.com*, 9/11).
- **BNDES**, Brazil's development bank, has asked a regional court to suspend a seizure of shares held by **AES** in two of its Brazilian affiliates, so that a debt-restructuring agreement with the U.S. power group can proceed. In late May, creditors of broadband services provider **Eletronet** filed for the seizure of **AES**-owned shares in **AES Tiete** and **Companhia Energetica de Minas Gerais** (*Cemig*) (*Dow Jones*, 9/11).

U.S. & Canada

- **Mirant** filed with a U.S. Bankruptcy Court seeking approval to obtain up to \$500 million in debtor-in-possession financing from **General Electric Co.** unit **GE Capital**. The financing requires court approval by Oct. 1. **Mirant** said the DIP financing is critical to its ability to continue as a going concern (*Dow Jones*, 9/5).
- **Pepco** and the **Federal Energy Regulatory Commission** have joined forces to stop bankrupt power producer **Mirant** from backing out of up to \$700 million in power supply deals it signed with **Pepco**. **FERC** and **Pepco**, in a joint filing, asked the U.S. District Court for Northern Texas to ensure the court overseeing **Mirant's** bankruptcy does not let the Atlanta IPP out of its contractual obligations to **Pepco** (*Reuters*, 9/5).
- Electricity use hit a record high of 20,136 MW in the service territory of **Edison International's Southern California Edison** utility on the afternoon of Sept. 5. The

utility said hot weather and population growth could not fully explain the high figure (*Dow Jones*, 9/5).

- **Pacific Gas & Electric**, California's biggest utility, urged a federal judge to limit a key hearing in the PG&E bankruptcy case to two weeks to stay on track to emerge from bankruptcy by March 31. In papers filed at the U.S. bankruptcy court in San Francisco, the utility said a time limit is needed because objectors to a rescue plan "intend to continue their delaying tactics" (*Reuters*, 9/8).

- **Madison Gas and Electric** announced that it will build a second Wisconsin-based wind farm that will produce electricity for residential and business customers. MGE will issue a request for proposals before Nov. 1 to build a wind farm of at least 10 MW. The proposed facility would generate enough electricity to supply more than 3,500 homes. A site for the wind farm has not yet been chosen (*Business Wire*, 9/8).

- Former **Enron** Treasurer **Ben Glisan** pleaded guilty Wednesday to a federal conspiracy charge and became the first executive sentenced to prison in the scandal that toppled the energy trader. U.S. District Judge **Kenneth Hoyt** sentenced Glisan to five years in prison on a conspiracy charge, the maximum term allowed, and he was taken into custody immediately. Twenty-three other counts against Glisan were dismissed (*Associated Press*, 9/10).

- **Duke Energy's** utility unit must return \$30 million to South Carolina ratepayers after earning a higher profit margin than the state allows. The ruling by state regulators also allows the company to accelerate the amortization of some debt-refinancing costs that will result in a \$46 million pretax hit to this year's earnings. Duke's retail electricity rates in South Carolina are allowed to result in returns on common equity from 12-12.5%. But the utility posted a 14.25% return for the year ended March 31 (*Dow Jones*, 9/10).

- Norway's **Statoil** will buy a billion cubic metres of gas per year for three years from a unit of Belgium's **Tractebel** as part of a plan to supply the U.S. market with liquefied natural gas. Statoil is due to supply up to 2.4 billion cubic metres of gas annually to the U.S. through Cove Point, Md., from its Snoehvit gas field in the Barents Sea in 2006-2023. But before the Snoehvit gas comes on stream it will be buying LNG from other producers to supply Cove Point (*Reuters*, 9/9).

- The California Energy Commission has given the green light to two municipal utility power plant development projects in Northern California. It has approved the **Sacramento**

Municipal Utility District's \$395 million, 500 MW gas-fired plant near Rancho Seco and a \$165 million, 147 MW project in Santa Clara sponsored by **Silicon Valley Power** (*Reuters*, 9/9).

- **Geoff Chatas**, senior v.p. of finance and treasurer at **American Electric Power**, is leaving the company to join **Progress Energy**. **Wendy Hargus**, assistant treasurer at Columbus, Ohio-based AEP will take on the duties of treasurer. Hargus will report to **Stephen Smith**, the AEP's senior v.p. of corporate accounting, planning and strategy (*Reuters*, 9/8).

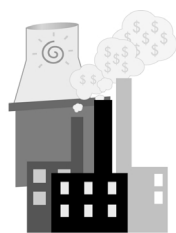
- **Progress Energy** subsidiary **Progress Ventures** has entered into a definitive agreement with **Morgan Stanley Capital Group** to sell and schedule energy needed to fulfill Morgan Stanley Capital's obligations to supply energy to **Oglethorpe Power** through March 2005 (*NewsWire*, 9/11).

- The head of the **Federal Energy Regulatory Commission** defended the relatively small settlements reached with some of the nation's biggest electricity traders after California officials criticized them as a "drop in the bucket." The largest of nine agreements reached to date by FERC lawyers was an \$857,089 settlement with **Morgan Stanley** (*Reuters*, 9/10).

- **Cinergy** will spend \$21 million to cut emissions of carbon dioxide, methane and other gases by an average of 5%. The Cincinnati power company said it will cut its greenhouse gas emissions from 2010 through 2012 to an average of 5% below their level in 2000 (*Reuters*, 9/11).

- **PPL's** 1,000 MW Susquehanna 1 nuclear unit in Pennsylvania was running at 70% power late last week. The unit reduced output from full capacity after the plant's fire brigade was called to extinguish an oil fire late Wednesday night (*Reuters*, 9/11).

- The **Federal Energy Regulatory Commission** has authorized **Sempra Energy** to begin construction of a new liquefied natural gas import facility in Hackberry, La. All three FERC commissioners voted in favor of the new terminal. Sempra still needs to get permits from the **Army Corps of Engineers** and the **Louisiana Department of Environmental Quality** before construction can begin. Sempra expects to begin construction in the first quarter. When completed, the \$700 million Cameron project, which Sempra acquired from **Dynegy** last spring, will become the fifth LNG import facility in the U.S. and the first to be built in more than 25 years (*Dow Jones*, 9/11).



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	Set to commence sale
	Mulberry	Fla.	120	Gas	CSFB	
	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 as part of deregulation of Texas market.
	E.S. Joslin	Texas	254	Gas/oil		
	J.L. Bates	Texas	182	Gas/oil		
	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		
	Coletto 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	Cinergitika	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 (Asia)	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	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 (Latin America)	TermoRio	Brazil	1040 (50% stake)	Gas	Deutsche Bank	Awaiting bids.
	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 (Europe)	CEEP	Poland	10 (10% stake)	-	Goldman Sachs	Has already sold two Eastern European plants. Awaiting further bids.
	Enfield	U.K.	380 (25%)	Gas-fired		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG (U.S.)	Big Cajun II	La.	2,400 (90%)	Coal	-	Has shortlisted three bidders. Shaw Group to take over.
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	McClain	Okla.	500 (77%)	Gas		
	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		
						OG&E agreed to buy.
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Ongoing.
	Lakeview	Ontario	1,140	Coal		
	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 (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	First round bids closed July 9.
	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	Coal	Merrill Lynch	Is looking to sell an undisclosed number of its coal assets.
	Monticello	Texas	1,900			
	Martin Lake	Texas	2,250			
	Big Brown	Texas	1,150			
	Sandow	Texas	545			
TXU Europe	Shotton	U.K.	229	CHP	PWC	Awaiting bids.

The composition of the shortlist suggests that, at least in this

—*Victor Kremer*

Bonds

Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
9/4/03	9/1/28	Madison Gas & Electric	20	100	MTNs	6.12	79	Aa3	AA-	Banc One Capital Markets
9/5/03	9/15/33	Gulf Power	40	-	-	-	-	-	-	-
9/5/03	9/10/13	Perusahaan Gas Negara	150	100	Senior Debt	5.75	45	Aaa	AAA	Morgan Stanley
9/5/03	9/18/13	Red Electrica de Espana	888.8	98.669	Fxd/Straight Bd	7.5	-	B3	B-	CSFB
9/8/03	9/15/33	Carolina Power & Light	200	99.591	Fxd/Straight Bd	4.75	-	A2	AA-	Deutsche Bank/JP Morgan/Merrill Lynch
9/8/03	9/15/13	Carolina Power & Light	400	99.448	Fst Mtg Bonds	6.125	102	A3	BBB	Banc of America Securities/JP Morgan
9/8/03	9/15/33	Energy East	200	99.105	Fst Mtg Bonds	5.125	85	A3	BBB	JP Morgan/Banc of America Securities
9/8/03	9/15/13	Georgia Power	100	99.83	Notes	6.75	155	Baa2	BBB	CSFB
9/9/03	9/15/08	Public Svc Co of New Mexico	300	99.08	MTNs	5.25	-	A2	A	HSBC Holdings/Royal Bank of Scotland Group
9/9/03	9/1/33	Rochester Gas,Electric	75	99.925	Notes	4.4	115	Baa3	BBB-	Banc of America Securities/Citigroup/JP Morgan
9/10/03	8/26/18	Interstate Power & Light	100	98.897	Fst Mtg Bonds	6.375	118	Baa1	BBB+	Banc One Capital Markets/Citigroup
9/10/03	9/15/10	Public Service Co of Oklahoma	150	99.44	Notes	5.875	160	Baa1	BBB	Merrill Lynch/Barclays Capital

M&A

Date	Target	Target Advisors	Target Country	Acquiror	Acquiror Advisors	Acquiror Country	Deal Value (\$mil)
09/04/03	Goteborg Energi	-	Sweden	Angpanneforeningen	-	Sweden	-
09/04/03	NESA	-	Denmark	Dansk Olie og Naturgas	Morgan Stanley/ABN-AMRO	Denmark	1,544.79

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

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GERMAN BANK

(continued from page 1)

BGB already has sold off its interest in one distressed U.K. power plant. Late this summer it sold debt tied to Damhead Creek, a power plant in Kent now owned by its creditors, after sponsor **Entergy** walked out on the business. A moratorium on selling Damhead paper expired in June after the debt was restructured (PFR, 7/7).

Separately, **Deutsche Bank's** London-based distressed debt trading desk reportedly has begun marketing a GBP20 million (\$32 million) slug of Enfield paper and a GBP15 million tranche of Coryton debt. It is unclear whether DB is looking to close out its own position or is marketing the paper on behalf of a client. Van Wyk says BGB has not hired DB to sell its project loan positions and **Robert Foulston**, a distressed debt trader at Deutsche Bank, declined to comment. Lenders say both credits are highly illiquid names that rarely trade in the secondary market.

Coryton is a 795 MW gas-fired plant in Essex, England, owned by **InterGen**. It raised GBP338 million of project debt in 1998. Enfield is a 396 MW gas-fired plant near London owned by **El Paso Corp.**, **NRG Energy** and **Indeq**. It raised GBP226 million in project debt in 1998. DRAX is a 4 GW coal-fired plant that its creditors foreclosed on this summer. It has some GBP2 billion of debt split between bonds and bank loans.

—W.A.

CREDITORS RETAIN

(continued from page 1)

non-binding bids, the lenders have contacted a handful of potential investors, who will begin conducting due diligence on the plants next week. "This isn't a normal auction process," says a market watcher. "The creditors want to get rid of these plants quickly, by the end of the year," he adds.

Stephan Segouin, who is believed to be heading up the EBG auction process at Lehman in New York, did not return calls by press time. **Linda Marsicano** a spokeswoman at Exelon in Chicago, says negotiations with its lending group surrounding EBG are ongoing. She declined further comment.

Exelon signaled early last month it would walk away from the Mystic 4-7 (1,000 MW) and Mystic 8 & 9 (1,600 MW) power plants in Weymouth, Mass. and the Fore River Station (800 MW) in Everett, Mass. Shortly thereafter, the lenders hired **PA Consulting** to analyze the market for the merchant plants' output and **FTI Consulting** to look at the portfolio's financial picture, including determining the portfolio's working capital needs (PFR, 8/4).

A slump in wholesale power prices since EBG's non-recourse

construction financing was put in place two-and-a-half years ago (PFR, 2/5/01) has left the now-completed portfolio unable to meet its \$1.1 billion debt servicing coverage requirements.

—Nina Sovich

DUKE SEEN

(continued from page 1)

Market watchers say the three remaining candidates are likely primarily interested in acquiring Duke's MEGAS unit, a gas marketing and supply business in the Hague, the Netherlands, that manages a valuable portfolio of gas contracts acquired from **Mobil Corp.** in April, 2000.

"They're all in expansion mode," says one London energy trader. He notes that Amsterdam-based utility **ENECO** last year acquired Dutch rival **REMU**, giving it a 25% share of the Dutch power and gas supply market. **BHP** also is building up a European gas operation (PFR, 9/8) and **GdF** is looking to expand outside of France ahead of privatization and the liberalization of the Gallic energy markets, adds the trader.

The trio may look to acquire MEGAS as a stand-alone business and leave Duke retaining its London-based energy trading and marketing operation as well as a 103 MW combined heat and power plant near Rouen, France, that it bought a year ago for roughly \$100 million. The entire business could fetch \$100-200 million, calculate market watchers.

Duke put its European business up for sale this summer and appointed Anglo-French investment bank **NM Rothschild** to execute a sale (PFR, 7/14).

—Will Ainger

Quote Of The Week

"We are probably more circumspect. We dot our Is and cross our Ts." —**Ron Walter**, executive v.p. of development at **Calpine**, discussing the company's more conservative power plant development strategy (see story, page 2).

One Year Ago In Power Finance & Risk

BHP Billiton was looking to build a power trading desk and was considering acquiring thermal generation assets to back the effort. The Melbourne, Australia-based natural resources giant had hired ex-**Enron** trader **Paul Adair** to spearhead the effort. [BHP last month entered a four-way bidding war to acquire **AES DRAX**, a 4 GW coal-fired plant in northern England. It is set to lose out after the plant's creditors entered exclusive negotiations with London-based **International Power**.]