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The exclusive source for power financing and trading news

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## GE Buys Equity In Sandy Creek

**LS Power** sold \$100 million of equity in its 900 MW Sandy Creek plant in Texas to **GE Energy Financial Services**.

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## U.S. Carbon Finance Forum

Check out our coverage of *PFR* parent **Institutional Investor's** U.S. Carbon Finance Forum last week to see where the domestic carbon market is headed.

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## BP WEIGHS WIND PORTFOLIO FINANCING



Eric Bakker

BP Alternative Energy North America is planning its first wind portfolio financing, drawing on the model pioneered by seasoned renewable developer **FPL Energy**. "We have the option to roll all our projects into a much larger facility and finance that at a later date," says **Eric Bakker**, v.p. of wind power development in Houston. "If you want to maximize your leverage and optimize your total financing costs, I think the portfolio approach that FPL has applied makes sense. And we

(continued on page 8)

## NATIONAL GRID SCOPES AUCTIONEERS FOR 2.5 GW PLANT

National Grid is auditioning banks to auction its 2,450 MW gas-fired Ravenswood station in Queens, N.Y., recently acquired in its \$7.3 billion merger with **KeySpan Energy**. Regulators are requiring it to divest the plant because it will have too much market share after buying **Niagara Mohawk Power** in 2002.

**Goldman Sachs** is a likely candidate to win the mandate, one observer speculates, after selling 1.2 GW **Astoria Generating** on behalf of **Reliant Resources** for \$975 million (PFR, (continued on page 8)

## LONE STAR HEDGE FUND TARGETS MLPs



Steven Sansom

**Center Coast Capital Advisors** has launched **Energy Infrastructure Fund**, dedicated to investing in master limited partnerships. "Lots of [midstream] companies have filed S-1s to go public and we have a thorough understanding of their midstream assets," says **Steven Sansom**, one of three principals at the fund in Houston. "We are focused on the highest quality midstream energy infrastructure assets in the U.S. through a regimented and disciplined investment process."

(continued on page 8)

## SO-CAL WIND COMPANY GOES ON THE BLOCK

**Bicent Power**, an unregulated generation company owned by **Beowulf Energy** and **Natural Gas Partners**, is up for sale and has retained **Goldman Sachs** to advise it. As first reported by *PFR*, teasers were dispatched this week on the company, whose principal asset is the Mountain View wind project just outside Palm Springs, Calif.

Natural Gas Partners acquired Mountain View earlier this year when it bought **Centennial Power** (PFR, 5/04). It is looking to unload the asset because it does not fit the profile of the remaining gas- and coal-fired portfolio. (continued on page 7)

Check [www.iipower.com](http://www.iipower.com) during the week for breaking news and updates.



## At Press Time

### GE Snaps Up Equity In Sandy Creek

LS Power has sold \$100 million of equity in its 900 MW Sandy Creek coal plant in Riesel, Texas, to GE Energy Financial Services. At a bank meeting in New York last Tuesday, first reported by *PFR*, attendees were told GE took a passive interest in the plant, which is co-owned by LS and its joint venture partner Dynegy. GE was also allocated a \$100 million slice of the debt funding its construction (*PFR*, 9/6).

Credit Suisse and Royal Bank of Scotland lead the \$1 billion financing, priced at 250 basis points over LIBOR and now in retail syndication. When appetite dried up in the B loan market, the initially targeted \$1.2 billion deal was tweaked and LS and Dynegy underwrote a \$200 million holding company tranche they could not place. Pricing as wide as 600-650 basis points was rumored to have been offered before they elected to put it on their books. The equity will be financed later when the market recovers.

### UBoC Pitches For Role In ECP Deal

Union Bank of California is angling for a role in the construction financing for Energy Capital Partners' to-be-constructed 535 MW plant gas-fired cogeneration facility in Rensselaer, N.Y. As first reported by *PFR*, Barclays Capital is left lead on the deal. The size and timing of when it will come to market could not be learned (*PFR*, 7/20). Officials at ECP, UBoC and Barclays either declined comment or did not return calls.

The brownfield facility was auctioned by Merrill Lynch on behalf of Kingston, N.Y.-based Besicorp-Empire, a joint venture between Besicorp Development Co. and Empire State Newsprint (*PFR*, 4/5). Energy Capital Partners bought the plant with equity.

### Arcapita Takes Final Offers For Storage Concern

Credit Suisse took binding bids on Arcapita-backed Falcon Gas Storage Co. last Thursday, according to a banker. The firm dispatched teasers on the company before the summer (*PFR*, 5/18) and took first round bids in early June.

A number of financial sponsors and master limited partnerships were expected to show an interest. The identities of the contenders could not be learned but they were believed to number 10 or 12. Credit Suisse was offering a staple of between \$800 million and \$1 billion, but this was reportedly pulled because of the credit downturn. Calls to the seller and auctioneer were not returned by press time.

Falcon Gas owns NorTex Gas Storage Co., which is expanding two underground storage units, Hill-Lake, a 10 Bcf facility in Eastland County, and Worsham-Steed, a 14.5 Bcf facility in Jack County (*PFR*, 12/01). Separately, it is developing a 50 Bcf gas storage project in southern Alabama with 1 Bcf per day of injection and withdrawal capacity and a 63-mile pipeline that will run through the Barnett Shale region in Texas.

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**Institutional  
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INTELLIGENCE FIRST

## Ex-Citadel Trader Preps Energy Fund

Carey Metz, formerly an energy trader at **Citadel Investment Partners** and elsewhere, has founded Houston-based **Whiteside Energy** and is preparing to launch its maiden hedge fund, a relative-value strategy, next quarter. The fund has commitments of \$50 million, with a total capacity for \$500 million, according to a marketing presentation sent by the firm. A spokesman at Whiteside declined to comment.

Metz was a senior trader at **Citadel Investment Group** from 2003-04, where he established the firm's energy trading strategy. He was most recently at **Alpha Energy Partners** in Austin, Texas, and previously did stints at **American Electric Power** (2001-03) and **Enron** (1997-2001), departing the firm before its troubles.

## USPowerGen Drafts CFO

**US Power Generating** has hired **Donna Brandin** as an executive v.p. and cfo. As first reported by *PFR*, she joins the merchant power company today from **Equity Residential**, an owner, operator and developer of multifamily housing, and will report to **Jay Worenklein**, chairman and ceo in New York. **Jim Calandra** has been acting cfo and will stay on as acting chief accounting officer.

Before **Equity Residential**, where she served as cfo since 2004, Brandin was treasurer of **Cardinal Health**, a pharmaceuticals distributor and the one time assistant treasurer and director of corporate finance at electrical goods maker **Emerson Electric Co.**

**USPowerGen**, which is set to be taken public via **Credit Suisse**, **Goldman Sachs**, **Merrill Lynch** and **Morgan Stanley** (*PFR*, 7/06), owns 5 GW of competitive generation across Boston and New York.

## Saudi IWPP Tender Launches

Saudi Arabia's **Power and Water Utility Company for Jubail and Yanbu**, also known as **Marafiq**, issued a tender last Monday for a greenfield 1.5-1.7 GW/150,000 cubic meter per day independent water and power project to be built at Yanbu Industrial City. **HSBC** is sole financial advisor on the tender.

**Marafiq** will control 40% of the estimated \$2 billion oil-fired project and the winner will control the rest. It plans to issue a request for qualifications by month end and a request for proposals next month. A winner is expected to be announced in the fourth quarter next year and construction to be completed by 2012.

Parties believed to be interested in bidding include **International Power**, **SUEZ Energy International**, **ACWA Power**, **Marubeni**, **Sumitomo** and **Malakoff**, according to a banker. It could not be determined if the prospective bidders will be acting alone or in concert. "There is a strong degree of interest in this project due to the recent success of the Jubail project," he says, a reference to **SUEZ** winning an earlier tender

for 2.5 GW Jubail nearby (*PFR*, 6/1). "The fact that this has a lower cost means that there may be even higher interest. Saudi Arabia's good credit risk also makes it still a very attractive place to invest." **Standard & Poor's** applies an AA- sovereign credit rating to Saudi.

## JPMorgan Hires Head Of Energy Hedge Fund Sales

**JPMorgan** has appointed **Michael Bressler** to direct the sale of energy products to hedge funds. Bressler, who will be in the global commodities group, is set to start Oct. 22 and report to **Catherine Flax** and **Ray Eyles**, co-heads for global energy, in New York. None of the officials could not be reached by press time.

Bressler has been focused on energy hedge fund sales since 2004, initially at **Barclays** and most recently at **Goldman Sachs**. Before **Barclays**, he worked at hedge fund **Millennium Partners**, where he was a U.S. equities trader.

## Barclays Hires Commodities Sales Staffer

**Barclays Capital** has recruited **Christopher Lang** to be a director of U.S. commodities sales in New York. He joins **Barclays** from **UBS**, where he was executive director and head of U.S. energy derivative sales. He will report to **Craig Shapiro**, managing director and co-head of U.S. commodities sales with **Igor Gonta**. Lang, who is scheduled to start Oct. 15, and Shapiro and Gonta could not be reached and a spokeswoman declined comment.

## Fortress Nets Another GE Financier

**Fortress Investment Group** has pocketed another staffer from **GE Energy Financial Services** for the new energy group under its hedge fund arm, **Drawbridge**. **Josiah Lindsay**, a senior v.p. in the debt finance group at **GE EFS** in Houston, resigned last Monday. He starts at **Fortress** as a v.p. Sept. 24, reporting to **Dan Gropper**, managing director, in New York.

As first reported by *PFR*, a pair of GE rainmakers—**Tony Shizari** and **Steve Petricone**—founded the group at **Drawbridge** to make energy investments across the capital structure in debt and equity (*PFR*, 3/30). They subsequently hired **Charles Galante**, **Ryan Connelly** and **Kenneth Blackman**, who joined as managing directors in May, along with **Yuri Freedman**, a v.p., and **Chris McKenzie**, an associate (*PFR*, 5/25).

**GE** is replacing these officials with internal transfers and promotions. No external hires have been made. **Ken Koprowski**, spokesman in Stamford, Conn., had no immediate comment. The debt finance group is headed by **Matt O'Connor**, formerly managing director of investor relations for **GE** corporate treasury.



## Bank Of Ireland Taps GE For Project Financier

Bank of Ireland has hired **Robert Franson** from **GE Energy Financial Services'** debt finance group. He joined earlier this month as a v.p. covering energy project finance and reports to **Peter O'Neill**, senior v.p. of global project finance in Stamford, Conn., who declined to comment.

Franson says he spent three years at GE and is an offshore rig financing specialist, but otherwise declined to comment on his move. This time last year, he helped structure and underwrite the financing for **ArcLight Capital Partners'** purchase of 640 MW Lincoln Generation in Manhattan, Ill. He also worked on the acquisition financing for two plants ArcLight added to its **Katahdin Power Holdings** portfolio (PFR, 10/21/05, 11/18/05).

## ArcLight Adds FBR Official

**ArcLight Capital Partners** has hired **Lucius Taylor**, v.p. in energy investment banking at **FBR Capital Markets Corp.**, a unit of **Friedman Billings Ramsey** in San Francisco. He left FBR two weeks ago and is due to start as an associate at the Boston-based private equity firm at the end of this month, reporting to **Daniel Revers**, managing partner. Revers did not return calls by press time.

It could not be determined what types of deals Taylor will cover at ArcLight or what he worked on at FBR.

## Danish Renewable Co. Seeks EUR200M For Italian Wind

Danish renewable company **Greentech Energy Systems** is looking for EUR200 million (\$278 million) in loans to finance its planned development of 140 MW of wind capacity on the islands of Sardinia and Sicily off the coast of Italy.

**Mark Fromholt**, coo in Copenhagen, says it plans to finance them with 75-85% debt and is in discussions with a French bank for the Sicilian portion of its pipeline, and an Italian bank for the Sardinian sites. He declined to disclose their identities. Greentech is aiming to have the funds in place by year-end so it can start construction next year and have the farms online in early 2009.

Fromholt says the company is drawn to Italy because power prices and related green energy certificates are the best in Europe. "In Germany, you get about EUR 0.09 (\$0.13) per megawatt, while in Italy you get about double that. That's an extremely attractive price regime, and we want to get more involved in Italy as soon as possible," he says. Greentech has 21 MW of wind already installed in the country and another 860 MW under development.

## Chilean Generator Taps Calyon For Financing

Chilean generating company **Empresa Eléctrica Guacolda** has tapped Calyon for a 15-year, \$260 million loan funding construction of its fourth thermoelectric plant.

On deck is a 152 MW facility mirroring a pair of like-sized plants with an existing 304 MW of capacity and a third 152 MW plant. The precise location could not be determined but is near Maitencillo. All are contracted and burn a fuel mix of pet coke (24%) and coal (76%).

Calyon led a \$390 million expansion financing and refinancing of debt tied to these assets last year. Guacolda put the new deal out to competitive tender about two months ago, bankers note, but ultimately determined that the best way to finance the new build was to extend its existing credit with incumbent lenders.

Guacolda is jointly owned by **AES Gener** (50%), local industrial conglomerate **Empresas Copec** (25%) and **Ultraterra** (25%). Officials at Calyon declined to comment and the sponsor did not return requests for comment.

## AEP Takes Bids On Mothballed Texas Fleet

**American Electric Power** took non-binding bids Sept. 7 on a four mothballed plants in Texas being sold from its **AEP Texas North Co.** subsidiary. Among those looking to acquire the assets are **NuCoastal**, which is repowering five similar sites it bought from **Carlyle/Riverstone** and **Sempra Energy's** joint venture **Topaz Power**, last December (PFR, 5/18), and New York energy investment company **Red Rock Power Partners**.

The assets are 362 MW Fort Phantom in Abilene, 18 MW Abilene Power Station in Abilene, 136 MW Rio Pecos in Girvin, and 35 MW Lake Pauline in Quanah on the border between Texas and Oklahoma. Bids will be considered for individual plants so long as all four can be sold. AEP, which is not using an advisor, dispatched teasers Aug. 2.

It could not be determined how much AEP hopes to fetch, and spokespeople did not return calls by press time. But observers speculate they are worth very little because of their environmental liabilities. "It could be a negative number," said one. "If you don't put them back into operation, you are on the hook to clean them up."

AEP is also aiming to offload three retired gas-fired plants, as first reported by *PFR* (PFR 8/15). They are being marketed separately because of a buyback clause in the deeds on the properties. The units are 75 MW Oak Creek in Bronte, 218 MW Paint Creek in Stamford and 110 MW San Angelo.

## U.S. Carbon Finance Forum

*Some 150 carbon market executives and climate policymakers gathered for the U.S. Carbon Finance Forum hosted by PFR parent Institutional Investor at The Metropolitan Club in New York Sept. 10-11. The impact of carbon legislation in the U.S. was a key point of discussions, as were investment and trading strategies. Reporter Mark Bonamo filed the following stories.*

### AES Sees Big Players Dominating

The carbon offset market is already getting crowded and while smaller, entrepreneurial companies will try to enter the fray, **Mark Wasilko**, v.p. and director for climate change and technology development at AES, said larger ones will ultimately move the market forward because they have weightier balance sheets.

"I give the little guy credit, but these types of projects [that produce credits] are very capital intensive," he told *PFR* on the sidelines of the conference. "Large global international energy companies like **BP** and **Shell** are more able to handle it. We have the stability that the market requires and we have the staying power."

AES is looking to invest up to \$10 billion over the next five to 10 years developing technology that reduces or offsets greenhouse gas emissions, primarily by capturing and destroying methane in various forms that can be burned to generate power. It has a joint venture with **GE Energy Financial Services**, known as **GE AES Greenhouse Gas Services**, which intends to create 26 million metric tons of greenhouse gas offsets by 2011, 10 million metric tons of which are expected to come from U.S. projects.

### Calif. Seen Leading The Way

The Golden State is well positioned to show the rest of the U.S. how to develop the carbon market's potential, **Joe Nation**, principal at environmental consulting firm **ENVIRON International Corp.** in Emeryville, Calif., told attendees. "One year ago, not one state had a cap on emissions," he said. "We're certainly on the right path."

Nation, a former California state assemblyman, was co-author of the state law AB 32, known as the Global Warming Solutions Act of 2006. Under the law, California is required to cut greenhouse gas emissions by about 25% by 2020. The state Air Resources Board is required to adopt regulations to meet the target 2020 reductions by 2011, with enforcement of the limits and reduction measures to start in 2012. A critical component of the law is the allowance for the development of a cap and trade system.

Nation believes that an eventual full implementation of a cap and trade system in California will serve as a guide to the rest of the country. "We now have 17 states that have emissions reduction targets," he told *PFR*. "I don't think we'll

see any federal cap and trade legislation in the next year and a half, but I think the individual states are going to follow California's lead."

### Natixis To Launch EUR500M Carbon Fund

**Natixis Environment & Infrastructures** plans to launch a fund to invest in projects that mitigate or offset carbon emissions outside Kyoto compliant nations, drawing on the success of the European Carbon Fund it already manages. The new fund, which will be known as the European Kyoto Fund, will open for subscription in October and have a target size of EUR500 million (\$695.5 million). Natixis will commit EUR50 million (\$69.5 million).

While the new fund is similar to the ECF in that it will buy carbon assets in emerging markets to sell to the European market, it will have some important differences. "We want to expand to assets outside of the Kyoto compliant assets," explained **Karen Degouve**, lead manager of the EKF in an interview.



### Reporter's Notebook

- A bevy of lofty carbon financiers ascended high above Manhattan at a reception sponsored by **Swiss Re** on the 44th floor of their East 52nd Street offices on the eve of the first day. The rush you got in the elevator getting up there was nothing compared to the rush on the crab cakes and Johnnie Walker Black.

- **Jeanette Pablo**, director of federal affairs at **PNM Resources**, offered one (rather odd) explanation for the labor shortage in the energy market. "At one point, about 50% of the people we wanted to hire to build new facilities tested positive for crystal meth use," she quipped on a panel about the industry's response to, and management of, risks in carbon finance.

- "That guy in the booklet? It just isn't me."—**Keith McCoy**, v.p. of energy and resources policy at the **National Association of Manufacturers** and an African-American, said pointing to a photo of a Caucasian where his image should have been in the conference booklet.

## Corporate Strategies

### Exelon Sub Refis Short-Term Debt

**Commonwealth Edison Co.** has sold \$425 million in 6.15%, 10-year first mortgage bonds to repay short-term debt. The timing was predicated on the recent rate settlement, says **Bob McDonald**, cfo of ComEd in Chicago. "If we hadn't been able to reach the rate agreement with the Illinois state government last month, things would have been very different," he says. "With that cloud gone, we felt ready to do this."

Parent company **Exelon** has also unveiled a stock buyback in the wake of the rate settlement (PFR, 9/10).

The issue, which priced Sept. 4, was led by joint bookrunners **Credit Suisse Securities**, **Morgan Stanley** and **Wachovia Capital Markets**. The co-managers were **ABN Amro**, **Dresdner Kleinwort Securities**, **Loop Capital Markets** and **Popular Securities**. "We have long-standing relationships with these banks, and were confident that they would do a good job for us again," says McDonald.

**A.J. Sabatelle**, v.p. and senior credit officer at **Moody's Investor Services** in New York, believes the rate settlement may have further benefits for ComEd beyond its ability to tap the capital markets. "The company has a \$900 million to \$1 billion per year capital expenditure budget," he says. "With the rate issue resolved, ComEd will be more comfortable about spending meaningful funds for its distribution and transmission assets, especially in the Chicago area, which are just getting older." Priorities include its distribution and transmission in Kane County, west of Chicago, and McHenry County, on the Illinois/Wisconsin border, due to the high rates of growth there.

### Spectra Sub Sells \$400M To Refi, Fuel Capex

**Spectra Energy** subsidiary **Texas Eastern Transmission Co.** plans to use the \$400 million raised from its private placement of 10-year, 6% senior unsecured notes to refinance short-term debt at the corporate level and help fund \$3 billion of capital expenditures over the next three years.

"Spectra Energy is pursuing numerous construction projects," says **Mihoko Manabe**, v.p. at **Moody's Investors Service**, noting many are connected to its 9,000 mile Texas Eastern Transmission pipeline. The parent company already has a large presence in the Northeastern U.S.

About \$1.5 billion of the capital program has been earmarked for the Northeast. A priority is the 12 billion cubic feet per day Steckman Ridge natural gas storage facility in Bedford County, Pa., which is co-owned by **New Jersey Resources** and slated to come online in April 2009. Also in the works is its 500 million cubic feet

per day Northern Bridge pipeline, which will connect Clarington, Ohio, and Oakford, Pa., when it is complete in November 2009.

The Sept. 6 offer, rated A3 by Moody's, was co-managed by **Barclays**, **Credit Suisse** and **Morgan Stanley**. Spectra CFO **Gregory Ebel** declined to comment on why these firms were chosen. As of June 30, Texas Eastern had about \$1 billion of outstanding debt and Spectra had \$9.3 billion.

### Vepco Goes Long To Retire Short-Term Debt

**Virginia Electric & Power Co.** sold \$600 million in 5.95%, 10-year senior bonds to repay commercial paper debt and loans from parent **Dominion Resources**. **Sharon Bonelli**, managing director at **Fitch Ratings** in New York, says the issue was Vepco's second this year, after it sold \$600 million in the spring. "They were waiting for an opportune time to access the market—windows are opening up and they were taking advantage of that," she says, noting that this issue scored a coupon five basis points cheaper than the last. **Scott Hetzer**, Dominion treasurer, did not return calls.

Joint bookrunners were **Goldman Sachs** and **Lehman Brothers**, each underwriting \$210 million. They were supported by **ABN Amro** and **KeyBanc Capital Markets**, each with \$48 million, and **BNY Capital Markets**, **KBC Financial Products**, **Scotia Capital** and **SunTrust Robinson Humphrey**, with \$21 million.

As of June 30 Vepco had nearly \$1.6 billion in short-term debt, or \$964 million adjusted for the intended use of proceeds from this offering. Total long-term debt was \$4.1 billion, or \$4.7 billion adjusted. As of Aug. 31, the weighted average interest rate of its \$423 million in outstanding commercial paper was 6.14%, and on the \$1 billion it owes Dominion it was 6.04%. **Moody's Investors Service** rated the new unsecured notes Baa1, **Standard & Poor's** BBB and **Fitch** BBB+.

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## Weekly Recap

*The Weekly Recap is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.*

### North America

- **Christopher Crane**, who led **Exelon's** nuclear division for the last three years, has been promoted to lead the company's power generation unit. He reports to Exelon ceo **John Rowe** (*Crain's Chicago Business*, 9/6).
- The **U.S. Department of State** has given preliminary approval to the \$2 billion **Keystone** pipeline, a project of Calgary, Alberta-based **TransCanada Corp.** The planned pipeline will stretch more than 1,800 miles from Alberta to Illinois, with a spur to Oklahoma (*Associated Press*, 9/5).
- Iowa state officials will hold a public hearing in Waterloo, Iowa, next week about the city's potential annexation of land to build **LS Power's** proposed \$1.3 billion, 750-megawatt **Elk Run Energy Station** coal-fired plant (*Waterloo-Cedar Falls Courier*, 9/6).
- A bankruptcy court judge has approved a settlement that will allow **General Electric** to proceed with plans to complete the 512 MW natural-gas fired **Towantic** plant to be built near Oxford, Conn. (*New Haven Register*, 9/8).
- **Brian Hunter**, the trader behind the bad natural gas bets that bought down \$9 billion hedge fund **Amaranth Advisors**, is advising a Boston investment firm, **Peak Ridge Capital Group**, on a new commodities derivatives fund (*Wall Street Journal*, 9/11).
- Officials in New Mexico approved an air quality permit for the state's first large biomass plant. The \$80 million plant to be built near Estancia by **Western Water and Power** is expected to produce 35 MW of electricity (*Albuquerque Journal*, 9/11).
- Negotiations over the terms of the financing package for the \$45 billion buyout of **TXU** are set to begin after the purchase by **Kohlberg Kravis Roberts** and **TPG** received final regulatory approval (*Financial Times*, 9/12).
- The **Tennessee Valley Authority** is planning a new 2,200 MW nuclear plant in Alabama costing \$2.5-3.5 billion and is scheduled to come online between 2017 and 2019 (*Chattanooga Times/Free Press*, 9/12).
- **Duke Energy Corp.** called for bids for power providers to sell it 1.8 GW of electricity in Ohio (*Reuters*, 9/11).
- The **Oklahoma Corporation Commission** rejected an application by **Public Service Co. of Oklahoma**, **Oklahoma Gas & Electric Co.** and the **Oklahoma Municipal Power Authority** to build a \$1.8 billion, 950 MW coal-fired plant in Red Rock, Okla. (*Associated Press*, 9/10).
- **FPL Group Capital** said it will sell \$250 million worth of debt

in part to fund independent power projects (*Associated Press*, 9/10).

- **PSEG Global** said it is exploring the sale of its stakes in two Latin American electric distribution companies. It owns a 50% stake in **Chilquinta Energia** in Chile and a 38% stake in Peru's **Luz del Sur** (*Reuters*, 9/13).
- **PPL Corp.** said last Wednesday it would sell its 95% stake in **Emel** to **Compania General de Electricidad** for \$660 million (*Reuters*, 9/12).

### Europe

- Dutch energy companies **Nuon** and **Essent** have called off their proposed merger (*Datamonitor*, 9/11).
- French president **Nicolas Sarkozy** is looking to boost his country's nuclear power profile through the restructuring of state-held **Areva** (*Financial Times*, 9/11).
- Spain's **Endesa** is planning to build a 22 km-long gas pipeline in the province of Cadiz for close to EUR4.2 million (\$5.83 million). The pipeline is expected to come online late this year (*Energy Business Review*, 9/11).
- **Iberdrola** chairman **Ignacio Galan** met with representatives of the Galician regional government in Spain regarding the utility's plan to install 3 GW of renewable capacity there in the next few years at a cost of close to EUR1 billion (\$1.39 billion) (*Datamonitor*, 9/11).

## SO-CAL WIND

(continued from page 1)

The auction will be a two-stage process. When indicative bids are due could not be learned. **Kerri Munzert**, v.p. and point person at Goldman in New York, which previously advised MDU on its sale of Centennial to Bident, formerly known as **Montana Acquisition Company**, did not return calls. A spokesman for Bident did not return calls.

Mountain View is a 67 MW project that sits on 1,000 acres in the San Geronio Pass. It became operational in 2001 and is fully contracted to the **California Department of Water Resources** through Sept. 2011, providing stable returns over the medium term. The project, which is managed by **AES Wind Generation** and **Mitsubishi Power Systems America**, also is eligible to receive production credits for the life of that agreement. These credits are unbundled from its offtaker and can be sold separately for additional revenue. Bident is in discussions with a view to minting a new PPA when that expires.

—K.B.

## LONE STAR

(continued from page 1)

The other founders are co-principal **Dan Tutchter**, former president of **Enbridge Energy Partners**, and **Darrell Horn**, a former v.p. at **Goldman Sachs**, where Sansom also worked.

The fund starts with \$50 million in commitments. "Down the line we will be working with more institutions, but at this point what we have raised has been mostly from friends and family," says **Patty Urrutia**, an official at Center Coast Capital Advisors. **Rob Chisholm**, the fund's senior portfolio manager, worked with Tutchter at Enbridge and also has an MLP background.

Goldman is prime broker for the fund, which launched Sept. 4. Sansom and Chisholm declined to elaborate on its current 24 investments, but said it likes to invest in companies with cash flows derived from fee-based, structured contracts, low-to-little commodity exposure and identified organic growth projects.

—**Thomas Rains**

## NATIONAL GRID

(continued from page 1)

9/30/05). Another says **Morgan Stanley** and **Lehman Brothers** would also be invited to pitch, adding, "[National Grid] is very well banked." The plant's value is around \$2.5 billion, according to one observer, or slightly north of \$1,000 per kW.

Ravenswood consists of three oil- or gas-fired steam plants and a 250 MW cogeneration expansion. National Grid agreed in July to offload the property within three years. Calls to the company in London and the bank were not returned by press time. —**K.B.**

## BP WEIGHS

(continued from page 1)

are perfectly set up to do it."

The company recently approached banks with a view to project financing a \$250 million wind farm with a yet-to-be-announced joint development partner. Bakker declined to name the banks, partner or facility. "An RFP went out a couple of weeks ago and there is a good spread of names we are tapping into," he says. Up to five lenders will be short listed, depending on how aggressive their proposals are in maximizing the debt to equity ratio for the project.

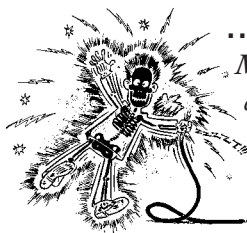
BP is committed to spending \$8 billion on alternative energy globally over the next 10 years. Last year it acquired two wind companies—**Orion Energy** and **Greenlight Energy**—and Bakker says further acquisitions as well as divestitures will be considered on a case-by-case basis.

The company is also heavily into project development, mostly with partners it inherited via acquisitions but some it invited to the table separately. It has a pipeline in excess of 15 GW to be brought online in 400 MW chunks annually. Last

Wednesday, it broke ground on 60 MW Silver Star I, its first project in Texas. The \$100 million farm, which is owned 85% by BP and 15% by **Clipper Windpower**, is being financed on balance sheet. A previous project, 301 MW Cedar Creek in Weld County, Colo., co-owned **Babcock & Brown**, was project financed via **Mizuho**, **BayernLB** and **HSB Nordbank**.

—**Katy Burne**

## Alternating Current

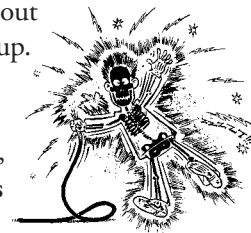


### ...with Mark Spark

*Mark Spark is a switched-on, power-suited exec with the inside track on all things energy. E-mail him at [mspark@iinews.com](mailto:mspark@iinews.com). He will bite.*

Boomerang alert! Struggling with IOUs on a bankrupt peaker in Utah, **Morgan Stanley** retained **Miller Buckfire** to auction the plant earlier this year but last week went and bought the thing itself. Makes me—and Buckfire, no doubt—wonder why they even bothered and what the next highest bid was. Maybe they just wanted bidding practice.

The firm offered what's called a credit bid, meaning that as the lender to 65 MW Desert Power near Salt Lake City—after buying up an existing **LaSalle** loan in secondary trading—it'll take the plant back for nothing and agree to nullify the debt. In doing so, it essentially buys the asset out of an estate, which will now be wound up. Morgan has assumed all permits necessary to operate the plant and is now planning to reassemble its turbines, which the former owners **DQ Holdings** had taken apart, to bring it online.



## Quote Of The Week

"One year ago, not one state had a cap on emissions. We're certainly on the right path." —**Joe Nation**, principal at **ENVIRON International**, on why the state of California should serve as a model for other states looking to cap emissions and work towards a federal cap and trade system in the U.S. (see story, page 5).

## One Year Ago In Power Finance & Risk

South African state-owned energy giant **Eskom** planned to tap the U.S. bond market at least once every 24 months to raise nearly \$6.8 billion to fund five years of capital expenditures. [It continues to hunt for leads on a planned \$500-750 million U.S. bond issue later this year. Frontrunners are **Citibank** and **JPMorgan Chase** (PFR, 2/9).]