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The exclusive source for power financing and trading news

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Web Exclusive

Calyon has been appointed sole lead arranger to refinance a GBP70 million project loan for **SembCorp Utilities'** Wilton CHP plant on Teesside, northeast England.

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

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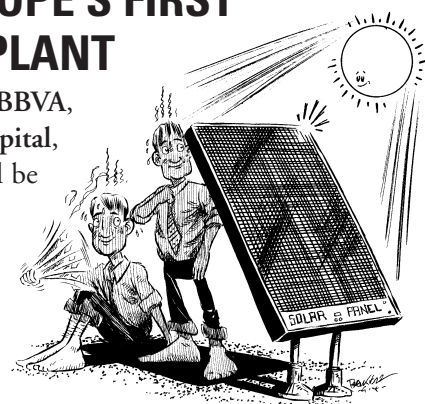
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Costa del Sol

LENDERS VIE TO FINANCE EUROPE'S FIRST LARGE-SCALE SOLAR POWER PLANT

A host of international lenders, reportedly including BBVA, Royal Bank of Scotland, BNP Paribas and Fortis Capital, are vying to lead non-recourse financing for what will be Europe's largest solar power-fueled generation plant. The 50 MW Spanish facility, which will incorporate some 500,000 square meters of solar paneling, is likely to cost in excess of EUR200 million to complete, says a banker pitching for the deal.

A joint venture between German technology outfit



(continued on page 8)

XCEL PLANS CAPITAL MARKETS FORAY TO FUND \$1.3B COAL-FIRED PROJECT

Xcel Energy plans to tap both the debt and equity markets to finance the construction of a 750 MW coal-fired power plant it is proposing in Pueblo, Colo. The utility holding company will finance construction solely with equity capital through 2006, followed by a mix of debt and fresh equity capital from 2007 to 2009, says **Steven Roalstad**, spokesman. Xcel has yet to determine how much capital it will need to raise to finance the \$1.3 billion plant, according to Roalstad, and has still to select banks to underwrite the capital market offerings.

Construction is contingent on the approval of the **Colorado Public Utilities Commission**, which is slated to hold public hearings on the proposal later this month. As

(continued on page 8)

SWISS TRADER PREPS LOAN FOR ITALIAN IPP

Swiss energy trader **Elektrizitäts-Gesellschaft Laufenburg** is looking to raise some EUR340 million in construction financing later this year to bankroll its entrance into the Italian generation market. If successful, the financing would mark one of the first Italian greenfield IPPs to be funded in the project loan market since Italy deregulated its power sector.

Lilly Frei, spokeswoman at Dietikon-based EGL, says the merchant energy company is in talks with a variety of lenders about funding the construction of Calenia Energia, an 800 MW combined cycle gas-turbine project just north of Naples. She adds EGL wants to break ground on the project before year-end and needs to have financing in place by then. "The project has been approved and permitted. And we have selected a partner to develop the project. We are now looking to [seal] financing and offtake contracts."

One financier says EGL has yet to determine how many banks it will employ to

(continued on page 8)

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



At Press Time Prospect Eyes Investment Opportunities

Prospect Energy Corp. is in talks to acquire companies in the energy market after completing a \$105 million initial public offering at the end of July. "We are focused on making mezzanine investments into private and thinly-traded companies, typically in the form of debt securities," says **Grier Eliasek**, managing director, **Prospect Street Ventures**, adding that it is looking for double digit returns and investments that offer equity upside. "We're finding that it's an attractive time period for deal flow and transaction quality." He declined to comment on transactions being targeted.

The \$105 million IPO fell short of the \$207 million that Prospect was hoping to raise (PFR, 2/12) but Eliasek adds that about a dozen companies filed to go public with mezzanine funds recently, but failed to execute their plans. He argues Prospect succeeded thanks to its exclusive focus on energy and because it identified targeted transactions in its prospectus. Eliasek also credits the IPO's success to the deal's underwriter, **Ferris Baker Watts**, noting that the firm has both a retail and institutional reach. On Friday, the stock was trading at \$15.28, up from an initial share price of \$15.

Goldman May Tap Markets For NEGТ Purchase

Goldman Sachs is considering tapping the capital markets to finance its \$656 million acquisition of interests in 12 power plants and a natural-gas pipeline from **National Energy & Gas Transmission**. **Doug Kimmelman**, managing director, says the bulge bracket bank will most likely pay a portion of the purchase price in cash and will finance the rest via the capital markets, although the details of the financing have yet to be worked out. Goldman will make a decision on the financing when the acquisition closes, which is expected by the end of the first quarter.

Goldman beat out **Denali Power**, a joint venture between **ArcLight Capital Partners** and **Caithness Energy**, to acquire the assets. Although Denali signed a \$558 million purchase agreement with NEGТ in July (PFR, 8/2), bankruptcy court procedures required a subsequent auction be held to maximize the sale price. Ultimately, Goldman was able to outbid Denali in part because the bank already owns stakes in nine of the plants as a result of its purchase of **Cogentrix** in late 2003. An official at ArcLight declined to comment and a call to **Natalie Wymer**, spokeswoman for NEGТ, was not returned.

The plants, which are located throughout the country, have a combined generating capacity of more than 2,500 MW and are primarily fueled by natural gas and coal. NEGТ's interest in the plants, most of which sell energy under long-term power contracts, ranges from 13% to 100%.

Goldman also acquired interest in the Iroquois Gas Transmission System, a 375-mile international pipeline that provides gas transportation service through exchanges and interconnecting pipelines in New York and Connecticut.

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**Institutional
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INTELLIGENCE FIRST

Five Banks Eye Joining Brazos Syndicate

Lead arrangers **ANZ Investment Bank** and **Dexia Crédit Local** are close to drawing five banks into a lending syndicate that will provide \$87.5 million of debt financing for the 160 MW Brazos wind farm in Texas. The quintet are **HypoVereinsbank**, **HSB Nordbank**, **Bank of Scotland**, **NordLB** and **Bank of Tokyo-Mitsubishi**, says an official close to the deal.

A problem related to the wind project's turbines has delayed closure of the financing (PFR, 8/20), says the official, noting the banks are now awaiting the completion of a technical report covering the turbines at the end of this month before closing the 9.5-year financing.

The Brazos project is being developed by **Shell WindEnergy** and **Mitsui & Co.** and is being financed on a 48.7:51.3 debt-to-equity ratio. The loan's pricing begins at LIBOR plus 175 basis points. It rises to a 1 7/8% margin in year four and 200 basis points in year seven.

Ex-Dynegy, Allegheny Execs Form Start-up

A group of former executives from **Allegheny Energy** and **Dynegy** has formed a start-up investment boutique, **Complete Energy Holdings**, which will focus on acquiring both merchant and contracted power generation assets. Managing partners of Complete Energy include **Milton Scott** and **Hugh Tarpley**, formerly of Dynegy, and **Peter Dailey** and **Lori Cuervo**, formerly of Allegheny. The firm is based in Houston and is looking to acquire assets being divested by utilities, independent power producers and financial institutions. The company constitutes a merger of Scott and Tarpley's **Stonecap Group**, a power generation start-up formed last year (PFR, 3/24/03), and Dailey and Cuervo's **Twin Pine Capital Resources**, another generation start-up established in 2003.

The partners decided to launch their own venture because many utilities are struggling financially, making it easier for private equity firms to snap up undervalued assets, Scott says. Complete Energy completed its first acquisition last month, purchasing an 837 MW natural gas-fired plant in Batesville, Miss. from **NRG Energy** (see story, page 4). The firm is also bidding on several other projects and has made the final round of two auctions, which Scott declined to identify. Complete Energy ultimately hopes to amass a portfolio of 7,000 - 10,000 MW of capacity. The boutique is currently talking to private equity investors to finance the firm.

Scott served as chief administrative officer at Dynegy, where he oversaw the merger of New York's Roeston and Danskammer units into Dynegy's portfolio in 2001. Tarpley, formerly e.v.p. in

charge of M&A, corporate strategy and strategic investments, managed the utility's acquisition of **Illinova** in 2000.

Dailey was v.p. of corporate director at Allegheny, where he had responsibility for corporate strategy, mergers and acquisitions and divestitures. Cuervo was strategic planning director at the company, coordinating strategic plans for unregulated generating assets.

Shell, Goldman Launch Wind Loan

Shell WindEnergy and joint-venture partner **Goldman Sachs** have launched syndication of a project-level loan to refinance the construction costs of three wind farms in California and Wyoming.

The \$123.3 million 15-year transaction led by **Fortis Capital** is likely the first multi-asset loan financing to occur in the U.S. wind farm sector (PFR, 8/27). **Royal Bank of Scotland** has been brought in as co-arranger for the deal, and 12 banks have been invited into the deal.

The loan will refinance the 41 MW Cabazon Pass Wind Park and the 60 MW Whitewater Hill Wind Park, both of which are in the San Geronio Pass area west of Palm Springs, and the 50 MW Rock River facility in Wyoming.

African Financier Appoints New Chief

Banque Belgoise, an Africa-focused investment banking unit of Belgium's **Fortis Bank**, has appointed **Daniel Wouters** as general manager in Brussels, where he will primarily advise European and North American companies on investing in African power and energy projects. Wouters replaces **Yves Cuypers**, who left the post recently to become head of Begolaise's subsidiary in Congo.

In his new role, Wouters will help companies to arrange energy related structured financings and also advise them in the negotiations on power purchase agreements. "Energy is the most important factor in helping the development of emerging countries," he says, noting that the sector is a top priority for the bank.

Wouters was previously one of five managing directors at **Africa Merchant Bank**, a division of the Banque Belgoise in Paris. He continues to report to **Daniel Cuylits**, president of Banque Belgoise.

Africa Merchant Bank recently helped AES arrange a \$120 million refinancing for the construction of a 306 MW gas-fired barge-mounted generating station in Lagos State, Nigeria. Wouters says the financing, which closed last month, may well be the first independent power project in Nigeria to attract international financing.

Energy Trader Considers Equity Push

Global Advisors, a London- and New York-based hedge fund firm focused on commodity derivatives trading, is considering launching an equity fund focused on the energy sector. No specific timescale has been set, but it is likely to happen once the firm has closed its flagship energy and metals commodity fund, says **Rus Newton**, director.

The derivatives fund has raised \$175 million so far and it's possible it could reach its \$250 million capacity within the next six months or so, speculates Newton. "We have had very strong interest from investors in the last few months," he adds.

"It is not likely that we would deviate from our niche. We'd like to have more products, but we will stick with...energy and industrial commodities," says Newton. The firm launched its second fund, a long/short vehicle focused on precious metals, around the beginning of the year.

The proposed energy fund would take a similar form, as a long/short equity vehicle with a commodities component, says Newton. If Global Advisors moves ahead with the fund,

it is likely that an extra analyst will be needed to focus on energy, he notes.

DTE Extends Tenor On \$650M Facility Renewal

DTE Energy and two of its subsidiaries, **Detroit Edison** and **Michigan Consolidated Gas**, are renewing \$650 million in credit facilities, all of which are set to mature on Oct. 21. The 364-day loans will be replaced with five-year lines of credit, says an official close to the deal, adding that **Barclays Capital**, **Citibank** and **J.P. Morgan** are the lead arrangers and book runners. Pricing on the loans will be based on a credit ratings matrix.

The \$350 million Detroit Edison and \$162.5 million Michigan Consolidated Gas transactions carry initial ratings of BBB/Baa1 and offer fees of 15 basis points and pricing of 87.5 basis points over LIBOR if the loan is fully drawn. The \$137.5 BBB/Baa2-rated DTE Energy loan offers a 17.5 basis point facility fee and a margin of 100 basis points if fully drawn. Commitments are due on Oct. 1 and the deal is expected to close on Oct. 12.



Middle East & North Africa MLAs Close Sohar Deal

BNP Paribas and **Standard Chartered Bank** are set to close syndication early this week of a roughly \$400 million loan that's financing

Tractebel's construction of the 500 MW Sohar power plant in Oman. The pair brought in six banks before reaching financial close in July and are now about to add four other banks during retail syndication, says one financier. **Mizuho** is one of the junior tier lenders. Officials at BNP and Mizuho declined comment.

The six other lead arrangers are **Bank Muscat**, **Bayerische Landesbank**, **Gulf International Bank**, **HSBC**, **KBC Bank** and **Sumitomo Mitsui Banking Corp.**

Omani IPP Lists On Stock Market

Al Kamil Power Co., an Omani independent power plant operator, listed on the Muscat stock exchange last week after its London-based parent **International Power** floated 35% of the company among Omani investors. **Keith**

Marsh, newly installed ceo at Al Kamil, says International Power sold some 3.37 million shares at

OMR1.71 (\$4.5) per share, raising some \$15 million in the process. He adds proceeds from the offering will be sent back to International Power. Al Kamil launched the IPO on July 22 and closed the sale on Aug 25

The IPO was required by an Omani law that stipulates that all IPPs must be listed on the Muscat stock market within four years of being commissioned. The 285 MW gas-fired Al Kamil power plant came on line in early 2002.

IP Seen As Qatari Frontrunner

A joint venture between London-based **International Power** and **Qatar Power & Water Co.** has emerged as the likely favorite to win a Qatari government mandate to develop the Ras Laffan II generation project. The J.V. is competing against U.S. IPP **AES** to build the 750 MW, 50 million gallons per day power and water desalination project, which is being developed adjacent to the 700 MW Ras Laffan plant (PFR, 6/30).

Market watchers say the J.V. has delivered the most competitive offer, thanks largely to a relatively cheap engineering and construction contract, and add it should be announced as the preferred bidder for the project within a matter of days. The Qatari government had been slated to announce a preferred bidder on Sept. 12, but pushed back the deadline as it sought clarification on the bids.



Al Kamil



Latin America

IDB Selects ABN To Manage Brazil Infrastructure Fund

The Inter-American Development Bank has selected Sao Paulo-based Banco ABN AMRO Real to run a \$575 million fund that will invest in power generation and distribution projects as well as transportation, water and telecommunications assets in Brazil.

Jeff Easum, senior investment officer at the IDB, says the multilateral bank selected the ABN subsidiary primarily because of its institutional strength and reputation in project finance in Latin America, particularly Brazil, after reviewing 10 proposals from a pool of Brazilian and international banks as well as private equity managers. RFPs were filed Aug. 20 (PFR, 7/26), and the IDB subsequently interviewed six bidders, narrowing it down to a shortlist of two. Easum declined to reveal the other bidders.

ABN AMRO will likely start placing the fund with institutional investors within the next week, Easum says. "We assume it will primarily [be placed] with Brazilian pension funds, but we hope [to include] international investors as well."

The fund is looking to raise \$500 million in equity investments in addition to a \$75 million IDB loan, he says, adding the fund intends to lever its investments on a 4:1 debt-to-equity basis.

The IDB hopes to close the fund by the end of the year.

Virgin Islands Launches Generation Tender

The Virgin Islands Water and Power Authority has issued a request for proposals seeking a company to provide power for the island of St. Croix, in a move to lower costs for its customers and boost security of supply. A call to Madeline Stevens-Webster, purchasing and contract manager at the Caribbean utility, was not returned by press time.

Specifically, the utility is looking for one or more blocks of up to 20 MW of power during peak hours and a maximum of five to eight MW of capacity during non-peak hours, according to the RFP. This power could either be sourced from an existing power plant or through the construction of a new facility, it continues.

Potential bidders are also being asked to specify the ancillary services that they will be able to provide the project, as the VIWPA is seeking to improve the reliability of its electric system, the RFP states.

The utility is offering a 15-year power-purchase contract that will begin no later than four years after the project is awarded, and is renewable for an additional five-year period.

Intent-to-bid notices are due by Oct. 1 and proposals must be submitted by Nov. 5.

Corporate Strategies

Aussie Utility Selects Banks For EME Acquisition Financing

Australian utility Origin Energy has tapped three banks to arrange a debt facility and a convertible bond offering to finance its \$1.1 billion acquisition of Edison Mission Energy's 51.2% stake in New Zealand's Contact Energy.

The utility has hired Deutsche Bank to underwrite a convertible bond offering and has appointed Citigroup and Westpac as lead arrangers on a bank loan facility, says Bruce Beeren, commercial executive director at Origin.

The size of the financing remains uncertain because Origin has yet to find out what percentage of Contact Energy it ultimately will be required to buy. Under New Zealand's takeover rules Origin must offer Contact Energy's minority shareholders the same \$3.66 per share it offered to Edison. "The final amount of debt to be raised and the final number of [convertibles] to be issued will depend on the level of acceptance by minority shareholders," says Beeren. The offer remains open until Oct. 26.

If minority shareholders do not accept the offer, Origin intends to sell some \$417 million of convertible bonds and will ink a \$254 million debt facility with Citi and Westpac.

Complete Energy Taps Private Equity For Plant Financing

Complete Energy, a Houston-based investment boutique, has financed its acquisition of an 837 MW gas-fired plant in Batesville, Miss., from NRG Energy with \$27.6 million of private equity along side \$300 million in assumed project-level debt. Two hedge funds provided the private equity infusion, says Milton Scott, managing partner for Complete Energy, declining to reveal their identity.

Bank of New York is the trustee for the non-recourse debt, which is comprised of two bond tranches, with the first maturing in 2015 and the second falling due seven years later. The bonds have coupons of 7.5% and 8.1%, respectively.

The Batesville facility is Complete Energy's first acquisition. The start-up firm is looking to acquire undervalued power plants (see story, page 3).

The Batesville facility will be operated by Complete Energy and will continue to sell its output to Virginia Electric Power and Aquila Energy Marketing Corp. under existing PPAs.

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

- **Electric Power Development Co.**, Japan's fifth-largest electric generator, plans to sell as much as \$3.4 billion of stock through an initial public offering. The Tokyo-based company, also known as **J-Power**, will offer shares at between \$22.67-24.49 apiece (*Bloomberg*, 9/13).

- Billionaire **Li Ka-shing's Cheung Kong Infrastructure** will sell 19.9% of a U.K. gas distribution network, a stake worth \$187 million, to an affiliate, **Hongkong Electric**. The sale would cut Cheung Kong Infrastructure's holding in the gas distribution network to 49.9% (*Bloomberg*, 9/13).

Europe & Middle East

- Iran will invest \$150 million to help Tajikistan build a hydropower plant that will allow the former Soviet republic to boost electricity production and export power, said Iranian President **Mohammad Khatami**. Iran is providing 51% of the investment for the Sangtudinskaya plant (*Interfax*, 9/13).

- The U.K.'s largest coal producer **U.K. Coal** says it has won offers for GBP14 million pounds (\$25 million) in state aid to help fund seven projects. The project spending will take place in 2005 and 2006 (*Bloomberg*, 9/16).

- **Globeleq**, an emerging markets power company, has agreed to purchase the majority interest in a 685 MW natural gas-fired power station at Sidi Krir, Egypt, from **InterGen**. The plant, which is 20 miles west of Alexandria on the Mediterranean coast, produces power for the **Egyptian Electricity Holding Co.**. Globeleq has agreed to purchase InterGen's stake in **InterGen Sidi Krir Generating Co.**, a J. V. between InterGen and Italian utility **Edison**, who owns the balance of the shares in the project. Sidi Krir began commercial operation in 2002. The transaction is expected to close next quarter (*PRNewswire*, 9/14).

U.S. & Canada

- **Biomass Gas & Electric** is looking to build a power plant fueled by renewable energy in Forsyth County, Ga. The company wants **Georgia Power** to sign a contract to buy its electricity, but the utility refuses, saying that BG&E's proposals fall outside of the state's existing guidelines for the development of clean power (*The Atlanta Journal-Constitution*, 9/12).

- **Desiree Rogers** has been appointed president of **Peoples Energy Corp.**'s two regulated utilities, the first woman to fill the post (*Chicago Tribune*, 9/12).

- The oil and gas business in Texas is booming, hitting its third and largest production peak since January 1995, according to a report by **Texas Alliance of Energy Producers** (*Houston Chronicle*, 9/12).

- **Wisconsin Energy** could begin construction in less than six months on the first coal-fired power plant to be built in Wisconsin in 20 years. Work on the utility's \$2.15 billion Oak Creek project, approved late last year by state energy regulators, must get under way by March so the plant can open as planned in May 2009 (*Milwaukee Journal Sentinel*, 9/13).

- **NRG Energy** has reached an agreement to sell a 1,160 MW power plant in Minooka, Ill., to an affiliate of **LS Power**. NRG has the right to reacquire a 40% interest in the project within a 10-year period, for a nominal amount. The transaction will result in the deconsolidation of approximately \$450 million in debt from NRG's balance sheet. In addition, NRG will receive \$1 million in cash proceeds. "The sale of Kendall, once completed, will mark another major milestone in our effort to reduce the debt on NRG's balance sheet, while preserving the strength of our portfolio in our core regions," said NRG Chief Executive **David Crane**. "With the sale of Kendall, we are nearing the end of our non-core asset divestment initiative" (*Business Wire*, 9/13).

- **Enron** has agreed to increase funding for the pension plans of 17,000 current and former employees, resolving a long-running spat with the **Pension Benefit Guaranty Corporation** that threatened to derail the U.S. energy group's emergence from bankruptcy protection. The PBGC said Enron had agreed to pay \$321 million to cover the under-funding of four defined benefit plans. Enron said there was still disagreement over the size of the shortfall but that it remained committed to fully funding the plans. Enron had previously said only \$200 million was needed to cover the shortfall. Enron will use the expected \$2.45 billion proceeds from the sale of its pipeline businesses to **Southern Union** and a finance unit of **General Electric** to fund the short fall (*Financial Times*, 9/14).

● **Tulsa, Okla.-based Williams Cos.** has quit a two-year effort to shed its wholesale electricity unit after the business yielded \$200 million in cash this year. The power business will produce cash through at least 2010 with existing contracts, the company said (*Bloomberg*, 9/16)

● **Mirant Corp.** said CEO **Marce Fuller** plans to resign as the company directors come up with a plan to exit from Chapter 11. The search for a replacement began in early 2004 and

candidates in and outside of the U.S. power producer are being considered (*Dow Jones*, 9/16).

● **ISO-New England** has proposed creating a second electricity market within Connecticut to help promote the construction of power plants and transmission capacity in the southwestern part of the state, which suffers shortages and bottlenecks. The proposal is currently pending before the Federal Energy Regulatory Commission (*The Hartford Courant*, 9/16).

Financing Record (SEPTEMBER 9 - SEPTEMBER 15)

Bonds

Issue Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
9/13/04	9/15/14	Connecticut Light and Power Co	150	99.8	Fst Mtg Bonds	4.8	67	A2	A-	Barclays/JP Morgan
9/13/04	9/15/34	Connecticut Light and Power Co	130	99.279	Fst Mtg Bonds	5.75	85	A2	A-	Barclays/JP Morgan
9/13/04	10/1/14	Gulf Power Company	75	99.944	Notes	4.9	75	A2	A	Citigroup/JP Morgan

M&A

Date Announced	Target	Target Country	Acquiror Name	Acquiror Country	Deal Value (\$mil)
9/15/04	Natl Energy Gas-Power Plants	U.S.	GS Power Holdings II LLC	U.S.	656
9/14/04	Nettis Impianti SpA	Italy	Gas Natural SDG SA	Spain	171.506
9/15/04	Koch-Schaefferstown Facility	U.S.	Plains LPG Services LP	U.S.	32
9/14/04	InterGen Sidi Krier Generating	Egypt	Globeleq	U.S.	-
9/15/04	El Paso Corp-Expl & Prodn Asts	Canada	Canadian Superior Energy Inc	Canada	-

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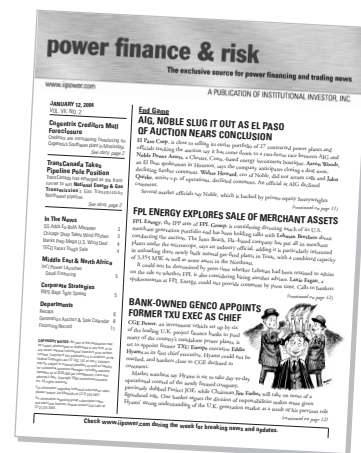
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SWISS TRADER

(continued from page 1)

arrange the non-recourse loan, but add its leaning toward a club-style syndicate with five banks inking EUR75 million lead arranger tickets. **Bayerische Landesbank**, **HypoVereinsbank**, **Royal Bank of Scotland** and **BNP Paribas** are among the lenders in talks with EGL, say bankers. EGL's Frei declined to comment on the company's financing plans.

EGL has yet to ink a power-purchase agreement for the Calenia plant, but is in talks with **Gruppo HERA**, Italy's second largest utility holding company, about signing a long-term offtake contract, says Frei.

—W.A.

XCEL PLANS

(continued from page 1)

part of the financing, Xcel is also requesting permission to add a levy of \$0.89 per month on residential customers' utility bills and \$1.89 per month for small business customers, beginning Jan. 1, 2005 and continuing until the plant goes into service.

The Pueblo project is part of Xcel's "least-cost resource plan," a strategic proposal required every four years by the Colorado Public Utilities Commission, outlining how the utility intends to develop and acquire 3,600 MW of generation capacity by 2013 to meet Colorado's growing energy demands. Roalstad says 1,600 MW of capacity can be acquired by renewing existing power-purchase contracts, but the other 2,000 MW must come from new generation projects. "We need a lot more base-load capacity," he adds.

The plant, which will employ emission reduction technology, will be built adjacent to the Comanche Generating Station in Pueblo and will more than double the station's capacity. The Comanche site was chosen for its proximity to existing transmission lines and also because of land availability.

Xcel estimates that it will save customers between \$200-500 million in electricity rates over 30 years by building a coal-fired plant at Pueblo, rather than depending on other fuels for additional base-load capacity, says Roalstad.

The company is requesting a waiver to a regulatory ruling that caps the utility from owning more than 250 MW in any power project that is not awarded through a competitive tender. "If we went out to a bidding process, it could add one to two years [to the completion date]," says Roalstad, adding, "We think we're the most qualified to build the plant."

Xcel has also issued a request for proposals for 500 MW of wind power (PFR, 8/13) as a component of its "least-cost resource plan."

—Christine Buurma

LENDERS VIE

(continued from page 1)

Millennium Solar and Spanish industrial giant **ACS Group** began talking to lenders last month about providing financing for the construction of the solar plant in the Andalusia region of southern Spain.



Henner Gladen

Henner Gladen, chairman of Millennium in Erlangen, Germany, says the joint venture is in talks with a variety of banks over its funding needs and hopes to select a firm to advise on project-level financing for the plant by the middle of next month. He declined comment

on which banks it's talking with or the likely size of the bank loan, beyond saying it's looking to fund the project on an 80:20 debt-to-equity basis. Officials at the quartet of banks pitching for the deal either declined comment or did not return calls.

The facility is being developed at Valle de Marquesado, some 50 miles east of Granada. The J.V. hopes to begin construction of the power plant by the end of this year and hook it up to the grid within two years. In contrast to two similarly sized solar facilities already operational in California, the Millennium Solar plant will include a storage battery that can retain power for up to seven hours, thereby allowing the plant to dispatch power through the night. "Even in southern Spain it's unlikely to be sunny at night," quips Gladen.

Market watchers say the project has been on the back burner for several years, but was recently reactivated after Spain improved the feed-in tariffs that allow renewable energy generators to sell power to grid operator **Red Eléctrica de España** at a premium price to thermal generation.

—Will Ainger

Quote Of The Week

"Energy is the most important factor in helping the development of emerging countries." —**Daniel Wouters**, general manager at **Banque Belgolaise** in Brussels, explaining the rationale behind the African investment bank's focus on the power and energy sectors (see story, page 3).

One Year Ago In Power Finance & Risk

Bahrain investment fund **First Islamic Investment Bank** and London-based **Englefield Capital** were each set to take 33% equity stakes in **RWE Innogy's** roughly 300 MW U.K. wind farm business, as the U.K. utility looked to partially spin off and lever its green energy portfolio. [Innogy signed a GBP100 million sale of 66% of the portfolio to Englefield and First Islamic on Jan. 28 and concurrently inked a GBP300 million non-recourse loan with 13 banks.]