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Indeck Eyes U.K. Purchase

Indeck Energy Services, part owner of London IPP **Enfield Power**, is looking to buy out its partners, **El Paso Corp.** and **NRG Energy**, in the 378 MW power plant.

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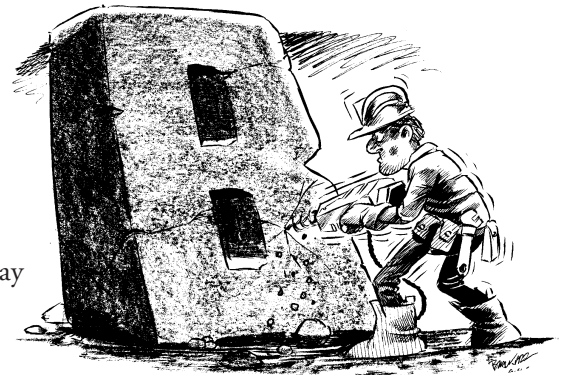
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Bucking The Trend

PEABODY TURNS BACK ON B LOAN MART WITH \$1.35 BILLION BANK FINANCING

Peabody Energy is looking to arrange a \$1.35 billion package of loans to refinance and restructure existing borrowings. And rather than joining the throng of energy outfits tapping institutional investors for B loans, it's heading in the opposite direction. The privately owned coal giant is looking to pay down a recently arranged B loan with a traditional bank term loan, according to **Walter Hawkins**, treasurer.



(continued on page 8)

FORMER AEP TRADER READIES ENERGY FUND

Lew Williams, formerly v.p. of energy trading at **American Electric Power (AEP)**, is planning to launch a hedge fund next month, **Alpha Energy Partners**, that will trade power, natural gas and oil. The nascent Columbus, Ohio-based firm has also reeled in **Carey Metz**, formerly a senior trader at **Citadel Investment Group**. Metz joins Alpha Nov. 1.

The fund will commence operations with start-up capital north of \$50 million, according to **Barry Hines**, co-founder of **Boomerang Capital**, which has been retained to market the fund to potential investors. A portion of the initial capital is being provided by some institutions, he adds, declining to name the investors.

The fund will primarily trade in the North American natural gas market, with as much

(continued on page 8)

AES RELAUNCHES ITALIAN COGENERATION SALE

AES has reportedly relaunched the auction of a 140 MW cogeneration plant in Sardinia, Italy, and is looking to divest the asset by year-end. Market watchers say Arlington, Va.-based **AES** has approached several international power plant investment boutiques in recent days about submitting bids for the oil-fired Ottana power plant and add **AES** says it will open a data room on the Mediterranean island imminently. It hopes to announce a preferred bidder by mid November. **Christian Wright**, spokesman at **AES** in London, could not be reached for comment late last week.

AES launched an initial sale of Ottana late last year, but reportedly pulled the sale process this spring when talks with the most likely buyer broke down.

Earlier this year **AES' Wright** said the IPP was leaning toward selling Ottana in

(continued on page 8)

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

E.U. Red-Tape Could Suffocate Energy Trading

A European Union directive on financial instruments could stifle trading in energy because it will enforce the same burdensome risk management practices on small commodity trading boutiques as on global banks, according to speakers at last week's regional **International Swaps and Derivatives** conference.

Small regional commodities dealers could be hard-hit by risk management requirements, which they will need to meet in order to qualify for a license, warned **Juan Alba**, managing director of **Endesa Trading**. There is also concern over the European Commission's directive on capital adequacy. Requiring commodity trading groups to post cash as collateral on trades could discourage them from entering the market, said speakers. Many power traders use power plants to support their trading activity, they explained, but this is not recognized by the E.U. directive, so providers would have to use cash as well.

"Imposing regulation on energy firms and markets will impose barriers to entry and additional costs in markets that already have liquidity problems," added Alba.

Wis. Energy Preps Quartet Of Bond Deals

Wisconsin Energy is looking to raise \$500 million through four separate corporate bond offerings over the next few years to finance the construction of two 615 MW coal-fired plants and two 545 MW combined-cycle gas plants. Wisconsin Energy has engaged in "numerous discussions with a number of large banks," says **Jeff West**, treasurer, adding that it has yet to select firms to arrange the financing. The utility holding company, which began weighing up its financing options last year (PFR, 11/24), will likely use corporate-level debt to fund construction, but West notes that such a decision has not yet been made. "Ultimately, the cost of the financing will have a big bearing on it."

An initial \$150 million offering will likely reach the market in the first half of next year and will be used to refinance the construction costs of the first of the gas-fired plants to come on line. The plant is likely to be commissioned next summer. The company estimates that both gas-fired units will cost \$640 million to build, he adds.

Wisconsin Energy expects to spend a further \$1.8 billion constructing the two coal-fired plants, the bulk of which will come from internally generated revenue. "About 75% of our capital comes from internally generated cash," notes West. The Midwest utility company will also use some \$1.1 billion of proceeds from non-core assets sales to part fund the power plant development program. Wisconsin Energy has already raised some \$900 million from divestitures and will reach the \$1.1 billion target through further sales from its real-estate portfolio, which it has been selling down over the last several years, according to West.

Wisconsin Energy's base-load coal plant projects are set to be the first coal-fired plants to be built in Wisconsin for 20 years. "We didn't want to overly depend on any one fuel," says West of the company's decision to opt for coal-fired generation.

The first of the coal plants will come on line in 2009 with second unit being commissioned the following year, West says.

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EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

PETER THOMPSON
Executive Editor [Chicago]
(773) 525-6978

CHRISTINE IDZELIS
Reporter [New York]
(212) 224-3226

CHRISTINE BUURMA
Reporter [New York]
(212) 224-3116

CHRIS GAUDIO
Development Editor
(212) 224-3278

WILL AINGER
Managing Editor,
London Bureau Chief
(44 20) 7303-1735

ARADHNA DAYAL
Hong Kong Bureau Chief
(852) 2912-8009

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

JANA BRENNING, KIERON BLACK
Sketch Artists

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

MICHELLE TOM, ILIJA MILADINOV,
MELISSA ENSMINGER,
BRIAN STONE
Associates

JENNY LO
Web Production & Design Manager

MARIA JODICE
Advertising Production Manager
(212) 224-3267

ADVERTISING

MIKE McCAFFERY
Publisher, Director of Advertising Sales
(212) 224-3534
mmccaffery@iinews.com

NAZNEEN KANGA
Publisher
(212) 224-3005
nkanga@iinews.com

PAT BERTUCCI, MAGGIE DIAZ,
TAMARA WARD
Associate Publishers

JENNIFER FIGUEROA
Media Kits
(212) 224-3895

PUBLISHING

ELAYNE GLICK
Publisher
(212) 224-3069

BRIAN McTIGUE
Marketing Manager
(212) 224-3522

JON BENTLEY
European Marketing Manager [London]
(44-20) 7779-8023

VINCENT YESENOSKY
Senior Fulfillment Manager
(212) 224-3096

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DAN LALOR
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(212) 224-3045

THOMAS GANNAGE-STEWART
Account Executive [London]
(44-20) 7779-8998

ADI HELLER
Account Executive [Hong Kong]
(852) 2842-6929

GEORGE WITTMAN
Client Development Manager
(212) 224-3019

REPRINTS

AJANI MALIK
Reprint Manager (212) 224-3205
amalik@iinvestor.net

CORPORATE

CHRISTOPHER BROWN
Chief Executive Officer

DAVID E. ANTIN
Director of Finance and Operations

ROBERT TONCHUK
Director of Central Fulfillment

Customer Service: PO Box 5016,
Brentwood, TN 37024-5016.
Tel: 1-800-715-9195. Fax: 1-615-377-0525
UK: 44 20 7779 8704
Hong Kong: 852 2842 6950
E-mail: customerservice@iinews.com

Editorial Offices: Nestor House,
Playhouse Yard, London, EC4V 5EX,
England. Tel: (44 20) 7303-1735
Email: wainger@euromoneyplc.com

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

UBS Hires Goldman MD For High Yield Push

Lex Malas, managing director of natural resources debt origination at **Goldman Sachs**, has joined **UBS** in Stamford, Conn., as the Swiss bank looks to profit from an upswing in bond market activity from lowly rated power and gas companies.

More utilities are coming to market with high-yield debt offerings, such as merchant energy players **Calpine** and **Dynegy**, and “UBS took the view that you need to have someone dedicated to the energy and power markets,” explains Malas of his appointment. He adds that institutional investors also have become more receptive to high-yield deals, “with equity markets being choppy and high-grade bond yields being extraordinarily low.”

Malas, who also will cover the high-yield media sector, reports to **Edward Massaro**, global head of high yield and loan capital markets.

UBS’ integrated high-yield team has six or seven employees who focus on the power, energy and media sectors, says Malas, adding the bank has no immediate plans to make more hires.

Michael DuVally, spokesman for Goldman, declined to comment.

Conjunction Hires J.P. Morgan For Transmission Debt Financing

Conjunction LLC has hired **J.P. Morgan** to arrange a tax-exempt municipal bond deal to help finance the construction of a underground transmission line that will stretch from upstate New York down to New York City. J.P. Morgan replaces **Credit Suisse First Boston** as the transmission company’s lead financial advisor on the transaction.

Steve Mitnik, ceo, says Conjunction appointed Morgan earlier this month and hopes to close the debt financing and break ground on the transmission project by next spring, pending a certificate of environmental compatibility from the New York Public Service Commission and the signing of an offtake contract with the **New York Power Authority**. He declined comment on the likely size of the bond deal.

Conjunction cleared a hurdle last week when it received notice from the PSC that the company’s development plans will go before a public hearing shortly. So far there has been no opposition to the construction of the 1,000 MW Empire Connection Project, according to Mitnik. The fact that Conjunction is building the transmission line underground explains why there aren’t the usual environmental concerns associated with other transmission projects, he explains.

Kohlberg Kravis Roberts and **Trimaran Capital Partners** last year agreed to provide \$200 million in equity to finance the project

(PFR, 9/22/03), but Mitnik says the pair is gradually reducing its stake in the deal following a disagreement over Conjunction’s decision to shorten its contract agreements with generators and power purchasers to five years instead of the original 10. Mitnik says two other investors are now backing the project.

The decision of **KKR** to pull out of the project is also thought to have led to the withdrawal of **CSFB** as lead debt provider. Mitnik declined comment on this point.

Banks Bid To Underwrite Italian Financing...

Royal Bank of Scotland and **Bank of Tokyo-Mitsubishi**, have each bid to sole underwrite a EUR340 million non-recourse loan to fund the construction of an Italian gas-fired power plant by Swiss energy trader **Elektrizitats-Gesellschaft Laufenburg**, say market watchers that are also bidding on the project.

EGL sent out RFPs to banks this past summer asking them to bid for a role in a club deal that would likely include six banks, with each required to ink EUR75 million take-and-hold tickets.

The sole underwriting bids from **RBS** and **BoTM** are an attempt to disband attempts at a club-style loan in favor of a traditional syndication process, say bankers. “There’s a feeling among lenders that EUR75 million tickets are too large for most banks to get comfortable with. It would be better to employ a traditional syndication process whereby lenders can sell down a larger proportion of their exposure,” says one syndicate banker. **Lilly Frei**, spokeswoman at Dietikon-based **EGL** declined to comment on the details of the financing before a deal is signed. Calls to **BoTM** and **RBS** went unreturned.

EGL will use the loan to fund the construction of **Calenia Energia**, an 800 MW combined-cycle gas-turbine project just north of Naples. **EGL** is looking to seal financing and break ground on the project before year-end (PFR, 9/18).

...As Former SocGen Chief Takes Advisory Role

Jeremy Dolphin, former managing director and head of European power project finance at **Société Générale**, in London has resurfaced in the power financing market as advisor to Swiss outfit **Elektrizitats-Gesellschaft Launfeburg** in its proposed EUR340 million project-level financing of **Calenia Energia** in Italy.

Dolphin says he’s working alongside former SG colleague **Nigel Slater** in advising the Swiss merchant energy player. Both have set up one-man advisory shops.

Dolphin left SG a little over a year ago following a restructuring at SG that saw the French bank merge its power and oil and gas teams into a single energy platform (PFR, 8/12).

Mitsui Energy Marketer Joins Shell

Cristiano Campi, an energy derivatives marketer at **Mitsui & Co.** in London, has left the Japanese trading shop to join **Shell Trading**. Market watchers says Campi joins Shell at the beginning of next month and will work alongside **Cynthia Obadia** in marketing oil derivative products to clients of Shell.

Campi joined Mitsui in 2003 after a two-year stint as an energy marketer at **Goldman Sachs**. He was previously a marketer at **Merrill Lynch**.

Genesis Taps Westpac To Fund Plant Construction

State-owned New Zealand utility **Genesis Energy** has inked a NZD675 million (\$540 million) corporate loan facility to finance the construction of a 385 MW gas-fired power plant at Huntly, 58 miles south of Auckland, and the development of a nearby wind farm.

Westpac Institutional Bank has been tapped to lead the financing, says **Mark Anderson**, Genesis' general manager for finance. Anderson declined to offer additional details on the financing.

Genesis has entered into long-term gas contracts for the plant with **Todd Energy** and **Shell NZ**.

The combined-cycle Huntly plant, which Genesis expects to be commissioned by late 2006, is likely to cost \$347 million to construct, notes Anderson.

In addition to the Huntly plant, Genesis plans to build a 19 MW wind farm at Awhitu, 20 miles southwest of Auckland.

El Paso Electric Selects J.P. Morgan To Refinance Revolver

El Paso Electric has selected **J.P. Morgan** to lead the refinancing of a \$100 million three-year secured bank revolver, which is set to expire in January. **Steve Busser**, treasurer at the Texan utility, says the incumbent lead bank won the renewal mandate because it offered the most favorable pricing. El Paso Electric had disseminated RFPs to four undisclosed lenders in May, he says, expecting to obtain better pricing compared to its last deal three years ago, thanks in part to improved market sentiment.

El Paso Electric's current revolving facility is priced at LIBOR plus 1.375%, Busser says, adding that roughly \$40-45 million of the loan remains undrawn. The new revolver, which will be used in part to purchase nuclear fuel, will be secured, like the existing facility, but likely carry a collateral release provision, he says. The company hopes to ink the renewal by year's end.

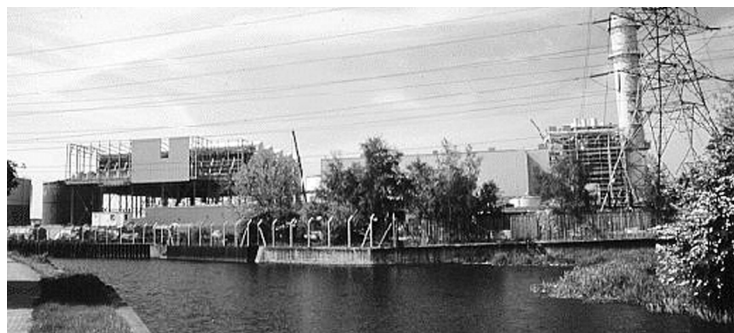
Both **Moody's Investors Service** and **Standard & Poor's**

recently upped El Paso Electric's credit rating one notch because of its steady cash flow and solid financial performance, says Busser. It now carries a BBB minus/Baa3 unsecured rating and a BBB/Baa2 secured rating.

Indeck Looks To Buyout Enfield Partners

Indeck Energy Services, part owner of London IPP **Enfield Power**, is looking to acquire the 50% interest in the 378 MW power plant that it doesn't already own from its partners **El Paso Corp.** and **NRG Energy**. "We've been seeking to increase our ownership stake for some time," says **Jim Thompson**, senior v.p. of business development, adding that NRG and El Paso's recent decision to launch an auction of their stakes (PFR, 9/11), offers it a good chance to take complete control.

According to a sale memorandum published by El Paso and NRG last month, the pair is looking for potential suitors to submit indicative bids by the end of this month and sign binding offers in October. They hope to announce an acquirer in November.



Enfield

Given Indeck's long-standing desire to acquire outright control of Enfield, market watchers say it's surprising that El Paso and NRG are conducting a public auction. Although Indeck has a right of first refusal to acquire Enfield's two minority stakes, the sellers may be looking for a stalking horse to boost the likely sale price, suggests one banker.

Enfield is widely regarded as an attractive power plant, not least because of its proximity to London and its high efficiency rate. It also has a deeply in-the-money gas supply contract with **BG Group** that could be monetized.

Enfield was financed in the project finance loan market in 1998 and has less than GBP100 (\$179 million) outstanding on the loan. A sale should easily make whole the 13-bank syndicate, say officials.

Buffalo Grove, Ill.-based Indeck Energy Services is a developer of cogeneration plants and owns an interest in ten such plants, with a total capacity of over 800 MW.

Corporate Strategies

TXU Issues Hybrid Securities Repurchase Offer

TXU Corp. launched a tender to repurchase as much as \$1.02 billion in equity-linked debt securities and \$525 billion in floating-rate convertible notes last week as part of an effort to reduce debt and tidy up its balance sheet.

Carol Peters, spokeswoman at TXU, says the Dallas-based company is offering to purchase up to 11.4 million of equity-linked securities, or 99% of those outstanding, at between \$45.97-52.28 per unit. In addition, TXU has issued offers to buy back up to 8.7 million of income preferred redeemable dividend securities at \$46.43-52.50, as well as all floating-rate convertible senior notes due in 2033 at \$1,392.60 to \$1,597.40. The stock was trading at \$47 last Wednesday and has a 12-month range \$47.13-20.87.

Goldman Sachs, Banc of America Securities, Merrill Lynch and UBS are leading the offers. Peters says the banks were chosen based on TXU's prior dealings with them. The tender, which expires on Oct. 13, will be financed by past asset sales and cash from operations, according to Peters.

CL&P Issues \$280M In Bonds To Fund Transmission Upgrade, Debt Paydown

Connecticut Light & Power Co. issued \$280 million in senior bonds earlier this month to pay down short-term debt and fund capital expenditures associated with transmission upgrades.

Jeff Kotkin, v.p. of investor relations, says the New England utility subsidiary of Northeast Utilities is using the bulk of the money to refinance short-term bridge financing that was recently drawn down to fund the calling of an 8.5% coupon bond series last month.

CL&P also is earmarking some of the proceeds for upgrades to its electric transmission and distribution network, much of which is old and in need of replacing, according to Kotkin. The Hartford, Conn., utility's wires network is also reaching capacity limits in some parts, he adds. CL&P has been in discussion with state regulators for the past three years over plans to upgrade its network, according to Kotkin.

The bond offering closed on Sept. 17 and breaks down into a \$150 million tranche of 10-year first-mortgage bonds yielding 67 basis points over the comparable Treasuries, and a \$130 million 30-year slug of mortgage bonds paying an 85 basis point spread over Treasuries. The two tranches carry

coupons of 4.8% and 5.75%, respectively, Kotkin says.

Barclays Capital and J.P. Morgan led the bond offerings, says Kotkin, adding that co-managers included Banc of America Securities, BNY Capital Markets, Wachovia Securities and Wedbush Morgan Securities.

Western Mass. Launches \$50M Bond Issue

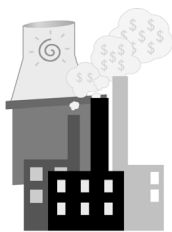
Western Massachusetts Electric Co., an electric distribution subsidiary of the Northeast Utilities, has issued \$50 million in senior unsecured notes to finance a nuclear fuel-related debt to the federal government. The proceeds from the issue will be set aside in a trust to pay for fuel used in nuclear power plants owned by WMECO, which is based in West Springfield, Mass., in the '70s and '80s, says Jeff Kotkin, v.p. of investor relations for Northeast Utilities.

The issue, which was expected to settle on Sept. 23, is being led by Morgan Stanley. WMECO chose Morgan Stanley because the company had an existing relationship with the bank, according to Kotkin. The 30-year notes carry a 5.9% fixed coupon and are priced at 99.653 to yield 104 basis point spread over comparable Treasuries. WMECO has an option to redeem the notes at whole plus 15 basis points. The issue, which is targeting institutional investors, was rated A3 by Moody's Investors Service and BBB+ by Fitch Ratings and Standard & Poor's.

Santee Cooper Taps Bond Mart To Cut Funding Bill

South Carolina utility Santee Cooper issued \$97 million in refunding bonds last month, the proceeds of which will be used to refinance debt at a lower cost and purchase coal and other fuels. "We were able to move quickly to take advantage of the current low market rates," says Elaine Peterson, executive v.p. and cfo. Morgan Stanley led the deal, says Laura Varn, a spokeswoman for Santee Cooper. The 2005 Refunding Series A bonds, which were rated AA by Fitch Ratings, will replace the 1995 A and B Refunding Series and the 1996 A Refunding Series.

The 2005 series carries a 4.8% coupon, while the 1995 and 1996 series carried coupons range from 5.75% to 6.25%, Varn says. Santee Cooper expects to save \$11.6 million through the refunding. In rating the bonds, Fitch cited the utility's high liquidity, rate flexibility and experienced management.



Generation Auction & Sale Calendar

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AES	Wolf Hollow	Texas	730	Gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	Gas		
	Termomamonal	Colombia	90	Gas		
	Ottana	Italy	140	Gas	None	Ongoing.
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	Raccoon Creek	Ill.	340	Gas	Not chosen	Intention to sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
BNP -led bank group (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocón	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Seperate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
ConocoPhillips	Ingleside	Texas	440 (50%)	Gas	None	Looking to sell stake by June.
Damhead Power	Damhead	U.K.	800	Gas	E&Y	Has agreed sale to ScottishPower.
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively pursuing a sale.
Duke Energy North America	Lee Energy	Ill.	640	Gas	J.P. Morgan	Ongoing.
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		Final bids due.
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Fulton	N.Y.	45	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Midland Cogen	Miss.	1,500 (44%)	Gas	Citigroup	Has sold majority of QF portfolio to ArcLight.
	Prime	N.J.	66 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched sale in April. Looking to exit generation business.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Intention to sell.
	Crockett	Calif.	240 (24%)	Gas	None	

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil		Ongoing.
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
EPRL	Independence	Ark.	842 (15%)	Coal	Rothschild	Ongoing.
	Glanford	U.K.	14	Poultry Litter		
	Thetford	U.K.	39	Poultry Litter		
	Ely	U.K.	13	Poultry Litter		
	Westfield	U.K.	10	Poultry Litter		
	Elean	U.K.	38	Straw		
Ernst & Young Corporate Finance (representing secured creditors)	Bear Swamp	Mass.	599	Hydro	E&Y	Exploring sale.
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Ongoing.
InterGen	Larkspur Energy	Calif.	90	Gas	Citi	Ongoing.
	Indigo	Calif.	135	Gas	Citi	
	El Bajio	Mexico	600 (50%)	Gas	N/A	Ongoing.
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Ongoing.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB BofA	Ongoing.
	Shady Hills	Fla.	474	Gas		
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Is evaluating bids.
Nations Energy	Bayport	Texas	80	N/A		Considering liquidating the company.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Ongoing.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
	Deerfield River	Mass.	89	Hydro		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing. Set to sell Guadalupe and Odessa to PSEG.
	Termopaipa IV	Philippines	185	Gas		
TECO Energy	Frontera Power Station	Texas	477	Gas	Goldman	
	Dell Power Station	Ark.	540	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking to sell or swap.
United Utilities	Landfill Generation Portolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set to launch sale in May.

AES RELAUNCHES

(continued from page 1)

part because of commercial difficulties at the plant. "Following the closure of Montefibre[’s Sardinia textile plant], one of its major on-site customers, AES Ottana has experienced some commercial difficulties during the last 12 months" (PFR, 3/7).

—Will Ainger

FORMER AEP

(continued from page 1)

as 60% of capital under management dedicated to gas, says Hines. The remainder of the fund will be invested in power and crude oil. The hedge fund energy space is not very crowded and that should afford the firm trading opportunities in inefficient markets, he explains.

Williams will oversee the natural gas trading and Metz is expected to complement that effort when he arrives. At Citadel, Metz had a lead role in establishing the firm’s energy trading strategy and focused on trading in the Western U.S. markets. He also previously worked for AEP.

—Mark Faro

PEABODY TURNS

(continued from page 1)

"It’s mainly been going the other way," says Pat Kunkel, director of project finance at Erste Bank, commenting on Peabody’s decision to shun the B loan market. "But now [banks] are starting to feel that it’s ok to come back in," he adds.

Kunkel says a tightening of yield spreads on energy sector loan paper is a sure sign that demand is up and the traditional banking community is becoming more interested in the market again.

Last week co-lead arrangers Bank of America and Wachovia Securities launched syndication of a \$450 million term A loan to replace a \$450 million term loan B. The banks are also marketing a new \$900 million bank revolver that’s replacing an existing revolver, according to Hawkins. He says significant interest from the market prompted it to solely tap the bank market and adds that today’s healthy market condition should see the company land cheaper financing.

The new facilities are being pitched at a 125 basis point spread over LIBOR, says a market watcher. The existing revolver is priced at a 175 basis point margin and the B loan carries a 200 basis point spread. It was issued last year with a seven year tenor.

St. Louis, Mo.-based Peabody is the world’s largest privately owned coal company, fueling over 10% of the U.S.’s power

plants and 2.5% of worldwide generation capacity.

Earlier this month the company announced that it and Fluor Daniel are seeking to build a \$2 billion, 1,500 MW coal-fired power plant in southern Illinois.

—Christine Idzelis

Quote Of The Week

"UBS took the view that you need to have someone dedicated to the energy and power markets."—Lex Malas, head of energy, power and media high-yield capital markets at UBS, explaining his recent appointment at the Swiss bank (see story, page 3).

One Year Ago In Power Finance & Risk

Banc of America Securities had drawn up a shortlist of bidders a portfolio of 27 contracted power plants owned by El Paso Corp. [El Paso has since closed on the sale of 17 of the assets to John Hancock Life Insurance, which subsequently sold its ownership interest to ArcLight Capital Partners, AIG affiliate Northern Star Generation, and General Electric. El Paso expects to sell the remaining stakes by the end of the third quarter.]

Calendar

- The Edison Electric Institute will hold its 39th annual Financial Conference on Oct. 24-27 at the Sheraton San Diego Hotel and Marina. Visit www.eei.org for further information.
- The Energy Exchange will hold its fourth annual Oil & Gas Pipelines in the Middle East conference on Oct. 3-4 at the Hilton International Hotel in Abu Dhabi. For more information, visit www.theenergyexchange.co.uk.
- The New York Society of Security Analysts will hold its ninth annual Investing in the Energy Industry conference Oct. 6-7 at The Harvard Club in New York City. For more information, contact Sherry Lombardi at 212-674-6100.

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