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The exclusive source for power financing and trading news

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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

SEPTEMBER 29, 2003

VOL. VI, NO. 39

## Price Dispute Nixes Brazos Sale

**Cargill** and **ArcLight Capital Partners'** negotiations to acquire the Brazos Valley power plant in Texas from a group of bank lenders have fallen apart over pricing.

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## ENTERGY LOOKS TO EXIT IPP MARKET

Entergy is looking to unwind its U.S. non-nuclear IPP arm, **Entergy Asset Management**, and has hired **Deutsche Bank** to advise on divesting the unit's stake in eight fossil-fuelled power plants and one wind farm. The portfolio has 3.6 GW of gross generation capacity.

**Gareth Brett**, president of Entergy Asset Management in Houston, says Deutsche Bank has been charged with selling Entergy Asset Management on a piecemeal basis and has begun by marketing Entergy's 50% stake in Crete, a 320 MW gas-fired open-cycle peaking plant jointly owned by **DTE Energy**. The plant is situated in Crete, Ill., some 30

*(continued on page 12)*

## BofA DRAWS UP SHORTLIST FOR EL PASO CONTRACTED ASSETS

**Bank of America** has drawn up a shortlist of bidders for one of the most closely watched auctions in the U.S. secondary market: a portfolio of 27 contracted power plants owned by **El Paso Corp.** The final cut is believed to consist of **Goldman Sachs**, **AIG**, **Bear Stearns** and **GE Structured Finance**. **Constellation Energy Group** was also shortlisted but is not pursuing the assets, says an official familiar with the company. Officials at the firms and at BofA did not return calls or declined comment.

*(continued on page 2)*

## Only Game In Town

## TRACTEBEL LAUNCHES FINANCING TENDER FOR 520 MW NORTHWEST POWER PLANT

**Tractebel Power** has started the ball rolling on refinancing a \$400 million, 520 MW power plant in Chehalis, Wash., by asking selected banks to pitch financing terms for a fully underwritten deal. Tractebel is asking for responses by early next month. **James Beach**, the project finance point man at Tractebel in Houston, declined comment.

The deal seems certain to attract project financiers' attention, not least because the

*(continued on page 12)*

## A Mighty Wind

## U.S. WIND DEALS BREATHE FRESH AIR INTO PROJECT BANKS



Several project finance shops, including **Bank of Scotland**, **Helaba** and **Royal Bank of Scotland**, are looking to make their first foray into financing wind generation in the U.S. The move is being driven by the better reliability of wind turbines, the participation of stronger developers and also moves by state authorities to

*(continued on page 11)*

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



## At Press Time

### Big Apple Hedge Fund Taps Rival For Staffer

Zimmer Lucas Partners, a New York hedge fund that focuses on the energy and utilities sector, has hired Vedulla Murthi from SAC Capitol Advisors, a Stamford, Conn.-based investment shop. Craig Lucas, general partner at Zimmer Lucas, confirms the hiring but declined further comment. One market watcher says the hiring is a coup for Zimmer Lucas. "Murthi has a great track record."

Separately, Samir Nangia, a former Credit Lyonnais utility equity analyst, has left the hedge fund.

In a recent public filing, Zimmer Lucas was described as a lead investor by Allegheny Energy in its \$300 million private placement of convertible trust preferred securities over the summer.

## Brazos Deal Collapses

Cargill and ArcLight Capital Partners' protracted negotiations to acquire the 633 MW Brazos Valley power plant in Texas from a group of bank lenders that foreclosed on the merchant facility have fallen apart over pricing. A financier says the creditors, advised by Lehman Brothers, walked out on the negotiations earlier this month, after the bidders looked to renegotiate downwards the price of the sale. "They finally lost their patience," notes the financier.

The prospective buyers had been looking to renegotiate the value of the Brazos deal after discovering a 15-20 MW shortfall in the plant's capacity when conducting due diligence (PFR, 9/31).

The bank group, led by ABN AMRO, have yet to decide whether to relaunch the sale process imminently or wait till next

spring, says the banker. Peter Gaw, head of ABN's utility group in Houston, declined to comment. Calls to Don Revers, managing partner at ArcLight in Boston, were not returned by press time.

## ArcLight Reportedly Bids For Exelon Assets

ArcLight Capital Partners has reportedly made a bid to acquire Exelon's portfolio of merchant power plants in New England. Exelon recently hired Lehman Brothers to advise on selling the Exelon Boston Generation fleet and is hammering out the terms of a foreclosure on the assets with a 19-strong bank group, led by BNP Paribas (PFR, 9/15). ArcLight is also believed to have reached the shortlist for the GenHoldings portfolio, a group of merchant plants developed by PG&E National Energy Group. Calls to ArcLight were not returned.

## BofA DRAWS

(continued from page 1)

The shortlisted bidders have completed financial due diligence on the portfolio and are now conducting site visits, says one official.

Three of the bidders, Goldman, AIG and Bear Stearns, are led by El Paso alumni who know the portfolio well. Of the trio, only Goldman has so far pulled the trigger on a power plant acquisition, having agreed to acquire the Linden plant from El Paso earlier this year.

One market official says FPL Energy may also have made the shortlist, but this could not be confirmed by press time. FPL spokeswoman Lanie Fagen declined comment. —Victor Kremer

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### EDITORIAL

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

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## Deutsche Bank Snaps Up Teesside Debt...

Deutsche Bank has reportedly acquired a GBP13.5 million (\$22 million) slug of non-recourse debt associated with the 1,725 MW Teesside power plant in northern England. One market watcher says the German bank's London-based distressed asset trading desk won an auction for the position last Tuesday with a bid of 57.5% of face value. Calls to Deutsche Bank were not returned and *PFR* was unable to ascertain the identity of the seller.

The debt position is part of a GBP795 million non-recourse loan arranged by **Enron** in 1997 to refinance its investment in the gas-fired Teesside plant. Some 30 banks comprised the syndicate of lenders.

Debt traders say the value of Teesside debt has rallied strongly in the past year on the back of a more bullish forward power curve. It fell to as low as 40% of face value late last year after the plant's offtaker **TXU Europe** went into administration.

Market watchers say Deutsche Bank is unlikely to retain its investment in Teesside debt as a strategic investment, as the bank has exited the project finance lending business.

## AIG Completes Pipeline Funding With UBoC Loan

**AIG Highstar Capital** has signed a \$60 million, three-year loan with **Union Bank of California**, a facility which completes the refinancing of the Central Pipeline gas asset that AIG Highstar acquired from **Williams Cos** last year. The operating company-level loan complements the \$180 million high-yield bond issue at the holding company—**Southern Star Central Corp.**—which was led by **Lehman Brothers** in August (*PFR*, 7/21).

A UBoC official says the deal, though small, was heavily oversubscribed. On top of attractive pricing of 225 basis points over LIBOR, one banker says the deal has a rarity value that makes it attractive. "You just don't see many standalone bank financed pipeline deals," he reflects. The lending syndicate also includes **Allied Irish Bank**, **KBC Bank**, and **Bank of Scotland**. Another non-bank player may be added, the UBoC official says.

**Southern Star Central Corp.** was formed by AIG Highstar—a private equity energy fund sponsored by **American International Group**—to acquire the pipeline in a \$380 million deal. The 6,000 mile pipeline, now known as **Southern Star Central Gas Pipeline**, transports natural gas from Kansas, Oklahoma, Texas, Wyoming and Colorado to markets in the mid-continent.

**WestLB** led the initial bridge financing for the acquisition

## ...As BofA Markets Middle East Position

**Bank of America's** secondary loan trading desk has begun marketing a small non-recourse debt position in **Barka**, a 425 MW combined-cycle gas turbine project in Oman that's being developed by **AES**. Loan traders say it's the first time they've seen the credit flash across their screens.

One rival trader notes BofA is offering the paper at a 10% discount to par. The discount likely reflects AES's tarnished name in the project finance market, he explains. The 14-year loan, which was arranged in 2001 (*PFR*, 7/30/01), is priced at 115 basis points over LIBOR. Calls to **Peter Young**, a debt trader at BofA, were not immediately returned as *PFR* went to press.

BofA was not one of the 18 banks that joined the original lending syndicate, and market watchers speculate that it is selling the position on behalf of **Bankgesellschaft Berlin**, one of the nine co-arrangers in the deal, as the German bank has said it is looking to unwind its project finance portfolio (*PFR*, 9/15). Calls to **Herc Van Wyk**, director at **BGB** in London, were not returned.

and was poised to also arrange long-term non-recourse financing (*PFR*, 2/10). The UBoC official says **WestLB** lost out after pitching a 'B' loan structure to AIG Highstar. The private equity fund went with the straight bank loan because it provided cheaper funding, he explains.

## HBoS Launches Energy Trading Desk

**Halifax Bank of Scotland** has launched an energy desk in London to provide oil and gas derivative products and risk management services to its corporate client base. The operation is being run by **Kevin Heffron**, a 25-year veteran commodity trader and marketer. Heffron joined HBoS this summer after a spell as an independent consultant. He previously worked for **Enron Europe**, **Deutsche Bank** and **Bankers Trust**.

In contrast to U.K. rival **Barclays Capital**, which last year built a extensive pan-European energy trading business staffed with former Enron traders, HBoS has modest ambition for its energy desk. "It won't warehouse risk, but will pass it on to the likes of Deutsche Bank and **Goldman [Sachs]**," explains a rival trader. Heffron says HBoS plans to keep the operation small, but declined to comment on whether it's looking to hire staff.

HBoS does not provide electricity risk management services, but may "look to enter the power markets in the fullness of time," says Heffron.



## Fortis Hires PF Veteran

Fortis Capital has hired Paul Naumann, former head of Deutsche Bank's New York project finance team, as a managing director to head up its U.S. power and infrastructure business. Prior to Deutsche Bank, which dramatically downsized last year (PFR, 7/7/02), Naumann was a financier at UBS. "He's got a lot of fans out there," says one banker. Calls to Naumann at Fortis's U.S. headquarters in Stamford, Conn., were not returned.

Naumann replaces Hendrik Vroege, long-time head of U.S. power lending. Vroege says he has taken up a new senior position in the firm's asset restructuring area. "It's a growth business in most banks," he notes, adding that after running the lending business for so long he was looking for a change.

## InterGen Restructuring Seen Landing Approval

InterGen's plan to restructure some \$1.6 billion in power plant project debt was set to get the green light from its creditors last Thursday as *PFR* went to press. InterGen had set a Sept. 25 deadline for approving the plan. Under the deal, the Burlington, Mass., IPP is offering to back interest payments on three merchant power plants funded by the loans with some \$300 million in letter of credit guarantees (PFR, 9/1). In return for the LCs, InterGen is asking lenders to defer amortization of principal toward the end of the life of the loans and round up tenors on the deals so they all expire in 2011.

Bankers say no wrinkles or objections appear to have emerged, but with around 30 banks involved nothing is definite until the changes are signed up. If the plan gets approval as expected, the rough timetable is for documentation to be distributed Oct. 3 and the change to take effect Oct. 24, notes one lender.

## CenterPoint Rejigs Debt Package

CenterPoint Energy has sliced back its planned three-year institutional term loan from \$1 billion to \$800 million and also increased pricing from LIBOR plus 300 basis points to LIBOR plus 350 basis points. Financiers say the move is surprising, given the way CenterPoint's \$1.35 billion bank revolver, also priced at a 3% spread, was sealed with minimal fuss just a couple of weeks back (PFR, 9/15). One lender who signed up to the bank revolver says the bank loan was pitched as a stand alone deal from the institutional 'B' loan tranche. "They weren't encouraging banks to go into both," he reflects, adding that the downsizing suggests a lack of institutional investor demand for the deal.

The two loans are part of an effort by the Houston-based player to rework larger facilities ahead of their maturity in 2005. Even

with the new loans CenterPoint's liquidity is tight, but it's a regulated business that doesn't need much liquidity, observes one financier. Citibank and J.P. Morgan Chase are leads on the loans.

## FirstEnergy Launches \$1B Facility Under Nuclear Cloud

FirstEnergy has launched some \$1 billion of bank loan refinancings, a debt package that may face lender scrutiny over whether a prolonged outage at one of its nuclear plants is finally coming to an end.

One observer says FirstEnergy has a meeting with nuclear regulators on Oct. 1 to get approval to refire the 925 MW Davis-Besse nuclear generator, and that the outcome of these talks will influence appetite for the new loan. However, another banker tracking the refinancing says the deal is a renewal of an existing facility that was set up last year after the plant had already been taken offline.

The \$1 billion loan is split between a \$750 million facility for FirstEnergy and \$250 million for its utility arm Ohio Edison. The deals are also split equally between a three-year loan and a 364-day facility. FirstEnergy is offering commitment fees of 20-25 basis points and fully drawn pricing is LIBOR plus 150 basis points, says one banker.

Barclays Capital and Citibank are leading the deal, as they did for last year's 364-day deal that drew in 16 lenders (PFR, 11/18). Commitments are due Oct. 16.

## AEP Markets \$75M Wind Deal

American Electric Power has launched a \$75 million, eight-year non-recourse loan refinancing its Trent Mesa wind farm near Abilene, Texas. Financiers say the deal, which is led by Fortis Capital, has fair pricing that reflects some of the risks in the project, notably concerns over the quality of an offtake contract between the wind park and a TXU Corp. affiliate.

The 150 MW project loan offers a 51% debt-to-equity ratio and is priced at a 2% spread over LIBOR in years one to three, before stepping up to a 225 basis point spread in years four to six and 2.5% in the last two years of the deal. Pricing is relatively attractive, but the credit quality of the offtake counterparty and the PPA's eight-year tenor are an issue for some lenders, notes one banker. Another financier adds Fortis is not fully underwriting the deal, which could be a sign it is not sure of the bank market's appetite for the paper. Some market players had predicted this might be a thorny issue ahead of the launch (PFR, 8/19). European banks that form the core of the wind generation lending roster may be a bit skittish on TXU after the company's well-documented woes in Europe last year. Calls to Fortis were not returned.

## Corporate Strategies

### Duke Slices \$7M From Funding Bill

Duke Energy tapped the bond market for \$800 million last week allowing it to pay down \$300 million in commercial paper and also slice \$7 million off its annual funding bill by calling \$500 million of more expensive first-mortgage bonds. Myron Caldwell, v.p. corporate finance, says the opportunistic refinancing will prove characteristic of the company going forward, because "We're very much in a debt reduction mode."

The new issue was split between \$500 million of 5.3% first mortgage bonds maturing 2015 and \$300 million of 4.2% senior unsecured notes maturing in 2008. Caldwell notes the first-mortgage tranche was originally pitched as a \$300 million deal because Duke wanted to cautiously test demand for the paper and was wary of recent volatility in 10-year Treasury bond yields. After sounding out the market, and noting rates were stable, Duke increased the deal to \$500 million. The additional funds allow it to call more of its higher-coupon first-mortgage bonds, says Caldwell.

Barclays Capital and Banc of America Securities were joint bookrunners on the notes. They were chosen from a large group of banks that Duke sees having the expertise to execute bond deals and also that have maintained relationships with the company in other areas, Caldwell says. There is an element of rotation among those firms for individual deals, he adds.

Duke has no definitive financing plans on deck because of its

debt reduction strategy. Caldwell says future issues will be primarily refinancings where it sees opportunities to cut funding costs. Duke has roughly \$22 billion of outstanding debt.



## Latin America

### Citi Joins WestLB For Mexican Hydro Deal

Citigroup has bagged the lead bond underwriter slot on a roughly \$700 million debt package that will fund the construction of the 750 MW El Cajon hydroelectric project in Nayarit, Mexico.

Westdeutsche Landesbank has been working on the loan component of the deal for the last few months (PFR, 7/7). The package will be split between a \$400 million loan and a \$300 million bond offering and the two leads are looking to close the deal by the end of next month, says a banker tracking the deal.

A consortium led by Empresas ICA Sociedad Controladora has already broken ground on the hydro project using a \$90 million bridge loan from WestLB to fund the first phase of construction.

Financiers says the funding will effectively be a corporate level facility once certain project milestones are reached, as Mexico's state-owned utility Comision Federal de Electricidad has agreed to guarantee the debt.

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JUNE 2, 2003

### CENTRICA ENTERS TALKS TO ACQUIRE AES U.K. ASSET

Centrica has entered talks with AES to acquire one of its distressed U.K. merchant energy plants, AES Barry, and lenders close to the company say a deal could be hammered out within the next month so long as banks are willing to take a haircut on the plant's debt. Calls to AES Barry were not returned and a Centrica spokesman declined comment.

One official says Centrica has placed a bid in the GBP60 million range. For the sale to proceed, non-

**FINANCIAL TIMES**

JULY 25, 2003

### Centrica to buy Welsh power station

Centrica, Britain's biggest household energy supplier, yesterday announced it had agreed to pay £39.7m to buy a South Wales power station from AES, the US energy

## Weekly Recap

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

### Asia & Australasia

- **General Electric** and **Bechtel Enterprises** have launched arbitration proceedings against the Indian government in a new effort to recoup their investment in **Enron's** failed \$2.9 billion Dabhol power plant. The two companies are each seeking as much as \$600 million and are pursuing the claim under a bilateral treaty between India and Mauritius, the country where the two companies set up investment vehicles to fund the Dabhol plant. The facility was shut in 2001 after a payment dispute broke out between the plant and its sole customer, a near-bankrupt local utility (*Wall Street Journal*, 9/23).

- **Duke Energy** is considering divesting its AUD1.5 billion (\$1 billion) energy portfolio in Australia and New Zealand. The Charlotte, N.C.-based utility giant entered the Australasian energy markets in 1998 and controls more than 1,240 miles of gas pipelines as well as several power stations in Australia and a 112 MW facility in New Zealand (*Reuters*, 9/24).

### Europe & Middle East

- **Statoil** chairman **Leif Terje Loeddesoel** has resigned in the wake of a controversy related to a payment to a little known Iranian consultancy. Norwegian authorities raided the energy giant two weeks back to search for documents related to a \$15 million deal with **Horton**, an Iranian consultant (*Financial Times*, 9/22).

- **British Energy** could seek to extend the life of its fleet of U.K. nuclear power plants, if a government-backed \$5 billion rescue of the company goes ahead. It is the first time the embattled company has said it might consider extending the life of its eight plants. They are due to be decommissioned gradually between 2008 to 2023. British Energy, which says it would not look to prolong the life of any plant for less than five years, plans to bring in U.S. nuclear experts to bolster plant management (*Financial Times*, 9/22).

- An IPP lobby group in Sweden has written to the European Commission asking it to block **Sydkraft's** acquisition of **Graninge** from **Electricité de France**. **Oberoende Elhandlare** argues that the deal would hamper competition in the Nordic power market (*Svenska Dagbladet* 9/23).

- Norway's Socialist Left Party (SV) is considering blocking a NOK10 billion (\$1.4 billion) state cash infusion in **Statkraft**. Before the summer SV, together with the Progress and Labour parties, agreed to provide Statkraft with the capital to help fund an acquisition of rival utility **Hafslund**. "We will reconsider the issue. Last time the atmosphere was a bit panicky in order to avoid Hafslund being sold abroad. That sale was stopped, and the matter looks a bit different now," says SV industry spokesman **Inge Ryan** (*Dagens Næringsliv*, 9/24).

- After a long weekend of negotiations, the European Commission, the French government and a syndicate of creditors have reached an agreement on a new EUR7.2 billion bailout for **Alstom**, the troubled turbine maker. A EUR7 billion bailout package originally announced in August had to be revised at the last minute after the E.U. blocked it earlier this month, saying the terms of French state support were against E.U. rules. Under the revised deal, the French state will contribute EUR800 million to the package, but won't take a long-term equity stake in Alstom (*Reuters*, 9/24).

- **Annette Brodin Rampe**, ceo of metering company **Senea**, is leaving the company to become head of sales and marketing at **Sydkraft**. She is also leaving the board of **Vattenfall**. (*Dagens Industri*, 9/23).

### U.S. & Canada

- **Dominion Resources** plans to write down its telecom assets and put them up for sale. The energy company said it will take a third-quarter pretax charge of about \$650 million to recognize the assets' impaired value. Dominion said it has discussed the write-down with the ratings agencies and the charge won't affect its investment-grade ratings (*Dow Jones*, 9/22).

- A bankruptcy judge has authorized **Enron** and a group of former employees to pursue \$53 million in accelerated deferred compensation paid by the company shortly before its bankruptcy filing. The two parties have sent letters to the recipients of the deferred compensation, demanding the return of 40 - 90% of the money. The move affects some 114 current



and former Enron employees who were allowed to make withdrawals from their deferred-compensation accounts in the 30 days before Enron sought bankruptcy protection (*Houston Chronicle*, 9/23).

- **Black Hills Corp.** has completed the termination of a 15-year power plant contract with an **Allegheny Energy** unit and received a \$114 million payment under the agreement. The contract covered generation capacity at Black Hills' Las Vegas Cogeneration II power plant. Black Hills said it will record a third-quarter impairment charge of \$2.6 million, or \$0.08 per share, reflecting the anticipated lower cash flows from the Las Vegas power plant following the contract termination (*Dow Jones*, 9/22).

- **FirstEnergy's** idle 925 MW Davis-Besse nuclear facility in Ohio could restart in some four to six weeks. The company said the power plant has completed a week-long pressure test of its reactor coolant system and other key equipment at the plant. Further tests are required and the **Nuclear Regulatory Commission** must still approve any restart. The plant has been shut since February of last year when inspectors found a slow acid leak had eaten a hole in the steel lid that caps the reactor vessel (*Reuters*, 9/22).

- **Enron** filed a complaint against six of its former banks alleging they gave bad financial advice that contributed to the company's rapid unraveling in late 2001. In a 280-page filing in U.S. Bankruptcy Court in Manhattan, the Houston energy company named **Citigroup**, **J.P. Morgan Chase**, **Merrill Lynch**, **Deutsche Bank**, **Barclays Bank** and **Canadian Imperial Bank of Commerce** (*Wall Street Journal*, 9/25).

- **Xcel Energy** has delayed its October dividend payments on preferred and common shares, citing a law requiring utilities to have retained earnings at least equal to their dividend payment. It expects to have sufficient retained earnings by the end of October to pay its preferred dividends, but common stock holders will have to wait. If its **NRG Energy** unit's bankruptcy plan is accepted in December and earnings for the rest of the year are as expected, Xcel said it will be able to declare and pay the October common stock dividend (*Reuters*, 9/25).

- **Exelon** finalized the sale of certain assets at its **InfraSource** unit for \$250 million cash and a \$30 million subordinated note. The electric construction and services, underground and telecom businesses were sold to **GFI Energy Ventures** and **Oaktree Capital Management**. The move is part of the

Chicago-based player's strategy to focus on its core utility business (*Dow Jones*, 9/24).

- New York regulators have approved the transfer of the 1,080 MW Athens power plant from **PG&E National Energy Group** to the lenders who financed the plant, along with three other facilities. The **New York State Board on Electric Generation Siting and the Environment** approved the transfer of the certificate of environmental compatibility and public need from **Athens Generating Co.**, a unit of **NEG**, to **MACH Gen LLC**, a transition company created by the lenders. MACH Gen also oversees the 350 MW Millennium plant in Massachusetts, the 1,170 MW Covert plant in Michigan and the 1,092 MW Harquahala plant in Arizona (*Reuters*, 9/23).

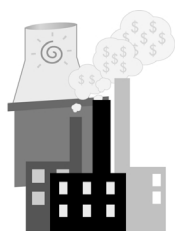
- **TransCanada** has increased its stake in **Portland Natural Gas Transmission System** by acquiring a portion of **DTE East Coast Pipeline Co.**'s interest for \$47.1 million, including debt of \$27.8 million. The Canadian player's stake in the interstate natural gas pipeline as result rises from 10.13% to 43.42%. **El Paso Corp.** owns a 29.64% stake and **Gaz Metropolitain** holds the remaining 26.94% (*Dow Jones*, 9/23).

- An **El Paso Corp.** unit plans to expand a proposed natural gas pipeline that will run from Cheyenne, Wyo., to Greensburg, Kan. Subject to **Federal Energy Regulatory Commission** approval, **Cheyenne Plains Gas Pipeline Co.** will expand capacity on the 380 mile project. The cost of the pipeline, which is set to come on line early in 2005, will increase from \$336 million to \$425 million (*Reuters*, 9/22).

- **Florida Power & Light** tapped the bond market for \$600 million of short-term bonds early last week. The offering was led by **Banc of America Securities**, **Citigroup**, **J.P. Morgan** and **Wachovia Securities** and was split between fixed and floating-rate notes (*Dow Jones*, 9/24).

- **Dayton Power & Light Co.** sold \$470 million of 5.125% 10-year first-mortgage bonds in 144A on Sept. 24 through sole bookrunner **Morgan Stanley**. The offering was priced at 99.613 to yield 5.175% (*Dow Jones*, 9/24).

- **Great Plains Energy** has appointed **Michael Chesser** as chairman and ceo. He succeeds **Bernie Beaudoin**, who announced in March that he will retire at year-end. The company also announced that **William Downey** has been elected president and coo of Great Plains Energy and president and ceo of its utility arm **Kansas City Power & Light Co.** (*Reuters*, 9/24).



## 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](mailto:wainger@euromoneyplc.com).

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



## Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Barstrop	Texas	543 (50%)	Gas	Citigroup	Final bids due.
	Bayonne	N.J.	171	Gas		
	Camden	N.J.	150	Gas		
	CDECCA	Conn.	58	Gas		
	Fulton	N.Y.	45	Gas		
	Newark Bay	N.J.	123	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Ace	Calif.	100 (48%)	Coal	Banc of America	Launched sale in June.
	Mt Poso	Calif.	50 (16%)	Coal		
	NCA 1	Nev.	86 (50%)	Gas		
	Front Range	Colo.	480 (50%)	Gas		
	Badger Creek*	Calif.	46 (26%)	Gas		
	Bear Mt*	Calif.	45 (51%)	Gas		
	Chalk Cliff*	Calif.	45 (51%)	Gas		
	Corona*	Calif.	50 (20%)	Gas		
	Crockett*	Calif.	240 (5%)	Gas		
	Double C*	Calif.	46 (26%)	Gas		
	High Sierra*	Calif.	46 (26%)	Gas		
	Kern Front*	Calif.	46 (26%)	Gas		
	Live Oak*	Calif.	45 (51%)	Gas		
	McKittrick*	Calif.	45 (51%)	Gas		
	Cambria	Penn.	85	Coal		
	Colver	Penn.	100 (28%)	Coal		
	Gilberton	Penn.	80 (10%)	Coal		
	Panther Creek	Penn.	82 (50%)	Coal		
	Dartmouth	Mass	68	Gas		
	MassPower	Mass	252 (50%)	Gas		
	Midland Cogen	Miss.	1,500 (44%)	Gas		
	Prime	N.J.	66 (50%)	Gas		
	Mid-Georgia	Ga.	300 (50%)	Gas		
	Mulberry	Fla.	115 (46%)	Gas		
	Orange	Fla.	96 (50%)	Gas		
	Orlando	Fla.	114 (50%)	Gas		
	Vandola	Fla.	680 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan	Looking to sell by year-end.
Exelon	Mystic 8	Mass.	800	Gas	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 9	Mass.	800	Gas		
	Fore River	Mass.	800	Gas		
Fife Power	Fife	U.K.	115	Coal	KPMG (Administrator)	El Paso placed plant in administration.
InterGen	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing
IVO Energy	Grangemouth	U.K.	130	Gas	-	Looking to refocus in Nordic region.
	Edenderry	Ireland	120	Peat		
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB	Ongoing.
	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		Looking for advisor to assist with sale.
	Wichita Falls	Texas	77	Gas		Looking for advisor to assist with sale.

## Generation Auction & Sale Calendar (cont'd)

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

\* Looking to sell the California-located Jupiter portfolio as a single block

## Financing Record (SEPTEMBER 18 - SEPTEMBER 25)

### Bonds

Issue Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
9/18/03	10/1/08	Duke Energy	300	99.856	Sr Unsecurd Nts	4.2	115	Baa1	BBB+	Barclays Capital/Banc of America
9/18/03	9/26/15	Duke Energy	400	99.928	Fst Mtg Bonds	na	-	Baa1	BBB+	Barclays Capital/Banc of America
9/18/03	9/15/13	PSI Energy	400	99.242	Notes	5	97	Baa1	BBB	Banc of America/Lehman
9/22/03	9/25/15	Australian Gas Light	150	99.78	Notes	5.3	105	A2	A	Merrill Lynch/JP Morgan
9/23/03	10/15/33	Georgia Power (Southern Co)	200	100	Senior Bonds	6	84	A2	A	Morgan Stanley/ Banc of America/Wachovia
9/23/03	9/26/18	Philippine National Power	250	100	Fxd/Straight Bd	5.4		NR	AAA	Bear Stearns
9/23/03	9/30/10	PowerSeraya	201.6	100	Fxd/Straight Bd	3.97	80	NR	NR	JP Morgan/Oversea-Chinese Banking
9/24/03	10/1/13	Dayton Power & Light	470	99.613	Fst Mtg Bonds	5.125	105	Baa1	BBB	Morgan Stanley

Date Announced	Date Effective	Target Name	Target Nation	Acquiror Name	Acquiror Nation	Deal Value (\$mil)
9/18/03	9/18/03	Ansaldo T&D	Italy	Sogepa	Italy	-
9/18/03	-	Dominion Resources-Naptha	U.S.	Kauai Island Utility Coop	U.S.	40
9/19/03	9/19/03	Emprendimiento Gas del Sur	Argentina	Transportadora de Gas del Sur	Argentina	-
9/19/03	-	Portland Natural Gas	U.S.	Gaz Metropolitain	Canada	11
9/19/03	-	Przedsiębiorstwo Komunalne	Poland	United Utilities	Netherlands	-
9/19/03	-	Yancheng Xinao Gas	China	Ltd	Hong Kong	0.288
9/22/03	-	ChemGas BV-Europan Activities	Netherlands	Reederei Jaegers	Germany	51.61
9/22/03	-	Distribucion y	Spain	Cristian Lay	Spain	-
9/23/03	-	Portland Natural Gas	U.S.	TransCanada	Canada	47.1

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

## U.S. WIND

(continued from page 1)

increase renewable generation. "It's becoming mainstream," says **Rick Walker**, director of business development at **AEP Wind Energy** in Dallas, a unit of **American Electric Power**.

BoS, Helaba and RBoS are among the players who have avoided U.S. wind financing in the past, but are now considering signing up for new deals. "The industry is maturing with the entry of the kind of credible names we're used to seeing in combustion technologies, such as **GE** and **FPL Energy**," says **Didi Lacher**, senior v.p. at Helaba in New York. GE entered the wind business last year when it acquired **Enron's** wind turbine manufacturing operations (PFR, 2/22/02).

Another draw for lenders is that wind projects have solid offtake contracts, a vital component in today's more cautious lending environment. "It's one of the areas where you are seeing utilities sign up for new offtake contracts," says **Steven Gray**, director at BoS in New York. He adds that provided other aspects of the deal stack up, the contract can make for a strong financeable proposition for lenders.

A raft of deals are in the works, including AEP's \$80 million refinancing of its Trent Mesa facility (PFR, 8/19), FPL Energy's

300 MW Stateline deal (PFR, 9/1) and **Shell's** planned \$140 million deal for a Colorado project (PFR, 9/15).

Some industry players see the shift in financier sentiment as partly the result of thin deal flow in traditional generation financing. But just as significantly, forecasters' predictions of a dramatic growth in wind generation over the next couple of decades make wind financing an important market to be in for project lenders.

Walker says AEP crunched the numbers of how various state level initiatives to boost wind generation will impact the industry. From a current base of around 5,000 MW, AEP sees a further 30,000 MW being added by 2020 if those initiatives are fully implemented. Using the benchmark of \$1 million per megawatt to develop a facility, some \$30 billion of investment is needed over the next 17 years, says Walker.

Aside from state mandates, a key driver of the business has been the improvement in turbine technology. "Back in the '80s, turbines were broken most of the time," says Walker. Turbines are now far more reliable and they also have more capacity per turbine. He adds this means fewer turbines are needed, which reduces O&M costs and makes it cheaper to produce power. Calls to RBoS were not returned.

—P.T.

## TRACTEBEL LAUNCHES

(continued from page 1)

Houston arm of the Belgian utility giant is one of the few sponsors with new U.S. power projects that need financing. "They're a creditworthy company with a supply of deals," says one financier who will look at pitching for the Chehalis mandate.

The developer is looking for a \$250 million loan, equating to leverage of roughly 70%, and a seven-year mini-term maturity. The debt-to-equity ratio might be pushing the envelope in the current jittery market, say bankers, who add that Tractebel has a reputation for pushing hard on terms. The project will have a tolling arrangement with Tractebel.

Chehalis Generating Facility was part of the four-plant \$1.6 billion loan program that floundered last year as lenders balked at tight pricing (PFR, 11/25). **Credit Suisse First Boston** and **ING** were pitching that deal at pricing of around LIBOR plus 1 3/8%. Whoever wins the mandate for the

Chehalis deal will likely have to price around LIBOR plus 200 basis points, say industry officials, who add this was the mark for Tractebel's small Ennis, Texas, deal that closed earlier this year (PFR, 8/19). Ennis was also structured with a Tractebel offtake contract.

The single project financing approach is much more in line with the current conservative lending environment where few lenders want to commit to \$1 billion plus programs, says one industry official. He adds the soft-circle nature of commitments under the planned program financing also didn't sit well with lenders.

Chehalis, which has been financed on balance sheet, is set to enter commercial operation by the middle of October, and as such is the first of the four power plants to come online. The three other projects, which are gas-fired plants around the 700 MW mark, are the Wise County Power Project, Texas, the Hot Springs Power Project, in Hot Springs, Ark., and the Choctaw County Power Project, in Choctaw, Miss.

—Peter Thompson

## ENTERGY LOOKS

(continued from page 1)



Crete

Chicago, and has a five-year tolling contract in place with DTE, notes one market watcher. Other Entergy Asset Management plants are expected to go on the auction block shortly, market watchers. Calls to **Tad Neafsey**, a director at Deutsche Bank covering utilities, were not returned.

Entergy's decision to scale back its unregulated generation business comes as little surprise to followers of the company. Management has been moving in this direction for the past two years, ever since it disbanded its unregulated energy franchise, Entergy Wholesale Operations, notes one London banker. He says the utility giant also is looking to divest its one remaining European power plant, Maritza III in Bulgaria, and also wants to divest two unpermitted projects in Italy.

The other assets in Entergy Asset Management's generation portfolio are Robert Ritchie, a 544 MW gas and oil fired plant in Helena, Ark., Warren Power, a 314 MW peaker in Vicksburg, Miss., Top of Iowa, a 80 MW wind farm in Worth County, Iowa, a 49% stake in RS Cogen, a 425 MW CHP plant at Lake Charles, La., a 15% stake in Independence, a 842 MW coal-burning plant in Newark, Ark., a 20% stake in Roy S. Nelson, a 550 MW coal-fired facility in Westlake, La., and a 70% stake in Harrison

County, a 550 MW gas-fired plant in Marshall, Texas.

Entergy intends to retain its nuclear generation IPP arm, Entergy Nuclear, the country's second large fleet of nuclear plants, say market watchers.

—Will Ainger

## Calendar

**Infocast** is holding a conference on opportunities in energy asset acquisition in San Francisco, Oct. 8-10. For details, visit the company's Web site ([www.infocastinc.com](http://www.infocastinc.com)) or call (818) 888 4444.

## Quote Of The Week

"It's becoming mainstream." —**Rick Walker**, director of business development at **AEP Wind Energy** in Dallas, commenting on the maturation of the U.S. wind farm market and bankers' growing willingness to bankroll its development (see story, page 1).

## One Year Ago In Power Finance & Risk

**Tony Gordon**, a managing director at **Goldman Sachs** in London, was set to cross the pond to run **American International Group's** **AIG Energy** unit. [Gordon left AIG in May after the firm rolled AIG Energy into **AIG Financial Products** and reined in the scope of its remit.]