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The exclusive source for power financing and trading news

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Calyon Loan Chief Exits

Peter Kelly, managing director and head of loan syndications at **Calyon Americas** in New York, has left the firm.

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Constellation Fetches \$1.5B+ Merchant Bids

Bids for **Constellation Energy's** merchant assets are more than \$1.5 billion.

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"Knock Our Socks Off"

PSEG OPEN TO OFFERS FOR LATAM ASSETS

PSEG Global is fielding inquiries about the potential sale of Chilean electric distribution, transmission and generation subsidiary **Sociedad Austral de Electricidad**, and other Latin American assets. **David Seabrook**, v.p. of corporate development in Newark, N.J., says the assets are not being marketed because they are earnings and cash flow positive, but that unit of PSEG Energy Holdings will entertain a sale for the right price.



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WIND VENTURE LOOKS TO HOOK FINANCING FOR 400 MW

UPC Wind Partners, a developer backed by affiliates of private equity shops **D.E. Shaw & Co.** and **Madison Dearborn Partners**, is looking for banks to arrange construction financing for a series of wind generation projects due to come online in the third quarter of next year and beyond. "We have a couple of projects we will be in the market with over the next few weeks. We are talking to a variety of lenders, but have not decided yet," says **Tim Rosenzweig**, cfo.

The Newton, Mass.-based company hopes to have 100 MW of wind generation operational by the year-end and to bring another 400 MW online next year. According to its Web site, three projects in the pipeline—though not necessarily a priority—are a 75 MW unit in Prattsburgh, New York, in which it owns a 51% stake alongside minority partner

(continued on page 12)

EXELON BOSTON TO DRAW \$2.5B+ OFFERS

The sale of Exelon Boston Generating plants could fetch more than \$2.5-2.7 billion. Preliminary non-binding bids have been trickling in over the past several weeks for the coveted 3 GW portfolio of oil- and gas-fired merchant assets, which are owned primarily by hedge funds and private equity shops (PFR, 9/25). Some bidders say they are using the implied value of the debt and equity in the properties to formulate offers. "On that basis, a buyer would have to write a pretty large check, which knocks out a lot of interested parties," one prospective buyer notes.

There is \$500-600 million in debt tied to the operation, known as **EBG Holdings**, and shares in the operation total some \$2.1-2.2 billion. The plants are highly sought after in part because they benefit from a favorable regulatory ruling in ISO New England and the Federal

(continued on page 12)

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



At Press Time

'We're Not Amaranth... Or Vega!'

Anglian Fund Defies Commodities Trend

The *Anglian Commodities Fund*, which was originally seeded by **Vega Asset Management**, sent a letter assuring investors it has not been affected by the recent brouhaha in the energy commodities markets. The letter offers investors "a few words of comfort," including the fact that it had positive returns for September and has returned over 5% year-to-date. The fund also clarified that its current parent—**VegaPlus Capital Partners**—operates independently from Vega, whose flagship *Vega Select Fund* took a double digit hit last month after bond and currency trades went awry. Calls to both firms were not returned by press time.

Anglian only has just one position in the volatile natural gas market that sunk **Amaranth Advisors**, the letter promises. "This trade is non-directional in that it focuses on the relationship between natural gas and fuel oil in the U.S. several years forward," it states. Additionally, the fund is diversified across five profit centers; oil, metals, power and gas, equity long/short and systematic and has uncorrelated trades within these sectors. Additionally, the fund is optimistic about opportunities in the sector in the coming months.

"My team and I see substantial potential in the portfolio, with recent movements creating value in a range of commodities and trade types," wrote **Julian Barrowcliffe**, the fund's portfolio manager and author of the letter. This means several trades within oil and metals that expect to yield strong gains in the next six to 12 months, it adds, without specifying the trades.

Dominion To Take Second Round Merchant Offers

Credit Suisse is expected to take second-round of bids on merchant plants being sold **Dominion Resources** sometime next week. Richmond, Va.-based Dominion is aiming to sell three merchant gas-fired power plants and one coal-fired unit (PFR, 7/31). Details on the offers and the identities of the interested buyers could not be learned. Credit Suisse declined to comment and Dominion officials did not return calls.

The merchant plants are **Armstrong Energy** (600 MW) in Armstrong County, Pa., **Pleasants Energy** (300 MW, peaker) in Pleasants County, W.Va., and **Troy Energy** (600 MW, peaker) in Troy Township, Ohio. The coal plant is **State Line** (515 MW) in Hammond, Ind. State Line's output is contracted to **Exelon Corp.** through 2012, according to Dominion's Web site.

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Mark DeCambre**, managing editor, at 212-224-3293 or mdecambre@iineews.com.

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Institutional Investor NEWS
INTELLIGENCE FIRST

WestLB Taps Energy Banker

WestLB has hired **Stephen Moore** as an executive director in a newly created position in the global energy group in New York. He joins from **Moody's Investors Service** and will be responsible for running energy financing. He will report to **Thomas Murray**, global head of energy, and **Manish Taneja**, global co-head of loan and debt capital markets.

WestLB is hoping to hire at least six or seven additional bankers (PFR, 9/25), including a senior level hire, notes a spokeswoman. Moore could not be reached for comment.

Amsterdam Energy Venture Rolls Out \$300M Effort

Energy Capital Management is raising E300 million (\$381 million) for a fund, which will have both European and U.S. investors. The *MMT Energy Fund*, run by Energy Capital CEO **Marcel Melis**, will focus on relative value plays rather than the directional trades. "Most energy funds are highly directional. We're a relative value fund," says **Mark Linnan**, a marketing official at **Dexion Capital**, which is the strategic advisor.

The fund began trading with \$54 million from nine investors and charges a 2% management fee and a 20% performance fee.

Energy Capital's investment vehicle will focus on a number of investment strategies with the aim of exploiting inefficiencies in European energy markets, Linnan says. Strategies will include trying to capitalize on the arbitrage between power prices and commodities. The fund will initially trade Dutch and German power and gas, coal, carbon and oil. In 2008, it plans to expand into British, Nordic and French power and British gas.

Upon reaching E100 million in its first round, *MMT Energy* will close for six to nine months. In 2007, a second round will open the remaining E200 million.

Stalled Targa Midstream Asset Sale Draws Downgrade

Moody's Investors Service has lowered **Targa Resources'** credit ratings, as the Houston-based midstream company has delayed a planned sale of North Texas assets it originally acquired from **Dynegy Midstream Services**. Moody's lowered the corporate rating to B1 from Ba3, its bank credit facilities to B1 from Ba3 and its senior unsecured notes to B3 from B2. Targa landed a rating outlook of negative, based on the possibility of another downgrade if the company fails to reduce some \$2.2 billion in debt, according to analyst **Michael Doss** in New York.

In February, Targa put up for auction assets said to be worth approximately \$1 billion (PFR, 2/27) but has yet to find any takers. "We wanted their leverage to come down faster," says

Doss. Targa has a bridge loan due next year, he explains, and has had offers for the Dynegy assets, but is holding on for a better price as recent natural gas jitters have slowed the sector. Officials at Targa did not return calls for comment.

Doss says Targa has other options with the assets. It could keep the assets for its own capacity expansion, but deciding to do so would mean taking longer to pay down their outstanding debt.

Calyon Loan Syndication Chief Exits

Peter Kelly, managing director, and head of loan syndications at **Calyon Americas** in New York, has left the firm. The reason could not be determined. **Barbara Kelle**, chief operations officer of the credit markets division in New York, declined to comment and referred calls to human resources, who did not return calls. Kelly could not be reached.

Two months ago, Kelly, whose remit includes power and energy, was lifted to his current position as a part of a larger internal reshuffling. At that time, Kelle was promoted to coo of credit markets in a newly created position (PFR, 8/3).

PTC Sunset Doesn't Faze Lenders

Lenders are stressing they will continue to finance renewable projects right up to the Dec. 31, 2007 deadline when production tax credits are set to expire. They will do so because they believe the credits will be extended.

Chris Stolarski, senior v.p. at **Mizuho Corporate Bank**, says the plan underscores how comfortable banks are lending on renewable projects, large and small, particularly in wind. "There is a high hit rate between the number of banks being invited [into wind loan syndicates] and the number of banks that commit; we see that as a sign of a healthy appetite for wind," said Stolarski on a discussion panel at the **American Wind Energy Association's** fourth annual Wind Power Finance & Investment Workshop in New York.

Some developers are pushing forward on renewable projects without factoring PTC extensions into their overall game plan. **CPV Wind Ventures**, a unit owned by subsidiaries of **Competitive Power Ventures** and Boston-based private equity shop **ArcLight Capital Partners**, are expected to build projects on the assumption PTCs will not be extended as long as they have in the past, notes one market participant. Another renewable developer not banking on being able to use PTCs is **South Point Biomass Generation**—which is planning to bring online a 200 MW wood-fired biomass facility by 2009.

Other market participants worry that if PTCs are not extended, money earmarked for development efforts will need to be used to pay down debt, thereby stifling cash flow. They may also need to submit higher prices into utility RFPs to offset the loss of that revenue stream.

Reservoir Hires Lehman Utilities Banker

Private equity shop **Reservoir Capital Group** has hired **Brian Zingale**, an investment banker in the power and utilities group at **Lehman Brothers** in New York. Officials at Reservoir did not return calls nor did Lehman executives. According to executives, Zingale is expected to focus on mergers and acquisitions in the sector, as he did at Lehman. Calls to Zingale's mobile number were not returned.

Reservoir was founded in 1998 and three years ago solidified its power presence by acquiring 50% of **Sithe Energies** from **Exelon Corp.**

United Utilities Readies Outsourcing Unit Sale

United Utilities, the U.K. water-focused utility which also runs the local power distribution network in the northwest of England, is entertaining offers in connection with the sale of its business process outsourcing arm **Vertex** and has zeroed in on a handful of prospective buyers.

Merrill Lynch is advising on the potential sale and fielded first round offers in early September, says one market watcher, adding the utility hopes to close the second round and pick a winner within the next two weeks. Some five private equity firms are in the running and bids are said to be in the £260 million (\$490 million) ballpark. A spokesperson for Warrington, Cheshire-based United Utilities confirmed Merrill's hire but declined to provide additional information.

Calls to Merrill officials were not returned.

enXco Minn. Wind Financing Spread Emerges

Union Bank of California is pitching pricing of LIBOR plus 125 basis points for an **enXco Development Corp.** wind generation construction loan. The deal launched with a bank meeting at the Intercontinental The Barclay New York Hotel in Manhattan (PFR, 10/2). The 205.5 MW project, which is supported by a long-term PPA with **Xcel Energy**, is located in Murray and Noble Counties, Minn. Officials at UBoC declined comment and calls to officials at enXco in North Palm Springs, Calif., were not returned.

The financing consists of a \$310 million, 15-month construction facility which will be taken out by a \$180 million tax-equity tranche and a \$165 million term loan, split into 15- and 18-year maturities. Syndication is expected to wrap over the next few weeks.

The wind farm will sell 200 MW of capacity to **Xcel**

subsidiary **Northern States Power** under a 25-year PPA. The project will consist of up to 137 **General Electric**-manufactured 1.5 MW (or similar) wind turbines. enXco is a U.S. affiliate of **EdF Energies Nouvelles**.

HSBC Launches Nuclear Energy Coverage

HSBC last week initiated coverage of the nuclear energy and electrical utilities sectors. HSBC is making the move because it anticipates growth in electricity demand and forthcoming CO2 emission regulations to spur the building of new nuclear plants in the Northeast and West within three years. In turn, that would provide more trading opportunities in the sector.

Angie Storozyński, HSBC's first U.S.-based analyst to cover energy, last week launched research of **Exelon Corp.**, **FPL Group**, **Ormat Technologies**, **Southern Company**, **TXU Corp.**, and **Xcel Energy**. She plans to initiate coverage of six more firms within four months, and expects those companies to experience "windfall profits" because future tightening of CO2 regulatory standards will likely increase operating costs of power generators that use fossil fuels, such as coal.

S&P Pumps EU Fuel Diversity

Diversification of fuel sources and generation will be important means for dealing with energy security risk in Europe, according to a report by **Standard & Poor's**. The recent gas price dispute between Russia and Ukraine interrupted EU supplies and got utilities thinking harder about energy supply and fuel sourcing risks, prompting S&P to look at ways to mitigate risk. Officials at S&P in Europe could not immediately comment on the report.

S&P identified five factors driving the additional risk to European utilities: dependence on oil and gas imports, global demand for oil and gas, limits on coal-fired generation, the liberalization of EU power markets and a forecasted decline in nuclear capacity. Three important alternatives to mitigate Europe's gas supply risks are more importation of liquid natural gas, more import pipelines, and increased storage capacity.

Energy security risk will drive capital investment programs, the report said, as companies look to diversify and invest in upstream and midstream gas, gas storage, and LNG import facilities, and fund the next wave of investment in generation facilities.

The report explains that scale and financial strength, as well as enterprise risk management, trading, and hedging, will be key factors in rating utility companies.

Corporate Strategies

Carolina Muni Takes Out Revenue Notes

The North Carolina Eastern Municipal Power Agency will use proceeds from the sale of \$146 million in variable-rate revenue bonds to refund notes obtained a decade ago, taking advantage of a more favorable interest rate environment. “The interest-rate market is at a level that allows for cost savings,” says **Lina Santoro**, an energy analyst at **Fitch Ratings**.

Proceeds from the sale of the \$144.3 million in 2006A and \$2.2 million in 2006B power system revenue bonds will pay down certain series 1996A revenue notes, which had coupons ranging from 5.6-5.7%. CFO **Al Conyers** says the Raleigh-based agency is refunding to lower its overall debt. At this point, it currently has \$2.8 billion in outstanding debt. The financial officer says it will aim to refund other securities to refinance but has not yet identified those securities.

The newly obtained floating-rate notes maintain the same maturity date, January 2024, as the 1996A batch. The securities will be priced Oct. 11, and close the following day. Sole underwriter **Citigroup** has been NCEMPA’s lead underwriter since its first bond issue in 1982, Conyers explains. **Wachovia Bank** is also participating in the issuance, he adds.

MBIA has provided an insurance wrapper which will be put on once the debt is closed. Fitch rated the notes BBB+, with a “stable” rating outlook.

NCEMPA provides power to some 228,000 customers across 32 cities in eastern North Carolina.

ConEd Shops Shares To Trim Sub Debt

Consolidated Edison plans on using proceeds from a 9.7 million offering of shares to help pay down short-term debt at its subsidiary. The New York energy holding company has earmarked the \$446.5 million in proceeds from its **Citigroup** underwritten offering to pay down more than \$400 million in commercial paper at utility subsidiary **Consolidated Edison Co. of New York**. The commercial paper was used to fund construction of transmission lines and substations in New York City and Westchester County.

John Perkins, director of corporate finance in New York, says the company plans on selling shares at \$45.96. It considered a fully marketed sale, he adds, but chose a bidding process with a number of underwriters instead because prices were moving in an attractive direction. “If we had done a marketed deal, we would have had to go out over a period of time and we didn’t think in our case that was necessary or preferable given we are pretty

familiar to the market,” he says, noting the company typically taps the capital market as many as two or three times per year.

In a separate move, ConEd also completed the sale of \$400 million of 5.50% debentures due 2016. **HSBC Securities** and **Morgan Stanley** led the bought deal. The underwriters paid 98.956% and offered the notes to the public at 99.615%. Proceeds will be used to retire an identical amount of 7.5% public income notes due 2041, which became callable several months ago.

ConEd has \$1.73 billion in debt outstanding at June 30, according to regulatory filings.

Dominion Goes Hybrid Route To Trim Debt

Dominion Resources will use proceeds from a \$500 million hybrid securities offering last week to redeem \$300 million of 8.4% trust preferred securities maturing in 2041 and to trim a portion of the \$852.5 million in commercial paper it has outstanding.

Lehman Brothers and **Morgan Stanley** led and structured the issue, supported by joint bookrunning managers **Wachovia Securities**, as well as **Goldman Sachs** and **Merrill Lynch**, who jointly led a \$300 million offering of 7.5% hybrids for the Richmond, Va.-based utility holding company in June (PFR, 7/17).

Sharon Bonelli, a managing director in the global power group at **Fitch Ratings**, says the issuance will likely encourage a continued use of hybrids—which feature debt- and equity-like characteristics—now that regulators and ratings agencies have clarified how they will be treated. “There is lots of demand for these types of securities as a result of clearing up the **National Association of Insurance Commissioners’** concerns,” says Bonelli. “Bankers are very active in creating new features on hybrids and I would not be surprised to see other [energy] companies in the market with similar issues in the fourth quarter.”

Midstream gas player **Enterprise Products Operating** issued \$300 million in 8 3/8% hybrid securities in July—the limited partnership’s inaugural hybrid issuance—also via **Wachovia** and **Lehman** (PFR, 7/24).

Fitch assigned 75% equity credit and a BBB rating to Dominion’s new securities because of its ability to defer interest payments for up to 10 years and the 60-year tenor of the notes, which cannot be replaced with comparable securities until 2066. The junior subordinated notes pay a fixed coupon of 6.3% until Sept. 30 2011, and thereafter convert to floating-rate payments benchmarked to three-month LIBOR plus 230 basis points.

At June 30, Dominion had \$8.3 billion in long-term debt outstanding. A spokesman did not make a treasury official available for comment by press time.

Financing Record (SEPTEMBER 29-OCTOBER 4)

Debt

144A	Issued	Issuer	Principal (\$M)	Coupon(%)	Security	Maturity	Offered	YTM(%)	Spread	S&P	Moody's	Fitch
	9/27/06	Ampla Energia e Servicos SA	169.6	Floats	Debentures	8/1/12	Market	na		NR	NR	NR
No	9/28/06	Itabo(Gener, Coastal Power)	125	10.875	Fxd/Straight Bd	10/5/13	100	10.875		NR	NR	NR
No	9/29/06	Origin Energy Ltd	74.7	6.5	Medium-Term Nts	10/6/11	99.308	6.665	100	NR	NR	
No	9/29/06	Origin Energy Ltd	74.7	Floats	Mdm-Trm Fl Nts	10/6/11	100	Floats		NR	NR	
Yes	10/2/06	Indianapolis Power & Light	158.8	6.05	Sr Secured Nts	10/1/36	99.358	6.097	135	BBB-	Baa1	BBB+
	10/3/06	MidAmerican Energy Co	350	5.8	Senior Notes	10/15/36	99.84	5.811	105	A-	A2	A-
	10/3/06	Southwestern Public Service Co	200	na	Senior Notes	10/6/16	100	na		BBB	Baa1	A-
	10/3/06	Southwestern Public Service Co	250	na	Senior Notes	10/6/36	100	na		BBB	Baa1	A-
No	10/4/06	Vorarlberger Illwerke	281.5	2.625	Guaranteed Bds	11/9/15	100.74	2.534	-9	NR	Aaa	NR

M&A

Announced	Acquiror Name	Target Name	Target Nation	Value(\$M)
10/2/06	Osprey Acquisitions Ltd	AWG PLC	United Kingdom	10,300.44
10/2/06	Hastings Funds Management Ltd	South East Water PLC	United Kingdom	1,255.01
10/3/06	Australian Pipeline Trust	Allgas Energy Pty Ltd	Australia	389.604
10/2/06	CPFL Energia SA	Cia Luz e Forca Santa Cruz	Brazil	94.243
9/28/06	China Huaneng Group Corp	Huaneng Sichuan Hydropower Co	China	77.991
9/29/06	Merrill Lynch Japan Sec	Fesco	Japan	20.064
9/27/06	Tianjin Tianlian Public	Tianjin Gas Group Co Ltd-Asts	China	0.911
9/28/06	SolarCity Corp	Declination Solar	United States	
9/28/06	SolarCity Corp	Palo Alto Solar Inc	United States	
9/28/06	Acuatico Pte Ltd	Thames PAM Jaya PT	Indonesia	
9/29/06	M-real Corp	Kyro Pwer Oy-Energy Business	Finland	
10/3/06	Buckeye Ventures Inc	Energy King Inc	United States	
10/3/06	Hidrocantabrico	Naturgas Energia Grupo SA	Spain	

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (212) 806-3144.

Weekly Recap

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

North America

- Shares of **El Paso Electric Co.** fell in afternoon trading yesterday, after **Citigroup** analyst **Greg Gordon** downgraded the utility to "hold" from "buy" and trimmed his earnings guidance for the next two years to adjust for recent declines in future power prices. Shares dropped 65 cents, or 2.7%, to \$23.20 on the New York Stock Exchange (*Associated Press*, 9/29).
- **The Sierra Club** is seeking to delay construction of an 850 MW coal-fired power plant near Weston, Kan., being developed by **Kansas City Power & Light**. The environmental group submitted a filing with the Missouri Air Conservation Commission and the Missouri Administrative Hearing Commission seeking to stall construction until Sierra's appeal of KCP&L's construction permit is heard March 5-9 (*Kansas City Business Journal*, 10/2).

- **Duke Energy** has completed the sale of its commercial marketing and trading businesses to **Fortis** for about \$475 million. Fortis bought **Cinergy Marketing and Trading** and **Cinergy Canada Inc.** for \$210 million and paid a further \$200 million for a portfolio of contracts and an amount equal to the estimated net working capital associated with the companies. After merging with Cinergy in April, Duke decided to sell the trading operation because it did not fit into the new company's business model (*Associated Press*, 10/2).
- **Northwest Natural Gas Co.** has increased its regular quarterly dividend by a penny to 35.5 cents. The Portland, Ore.-based gas company will pay the dividend on Nov. 15 to shareholders of record on Oct. 31. Shares of Northwest Natural Gas climbed 27 cents to \$39.52 during midday trading Oct. 3 on the **New York Stock Exchange** (*Associated Press*, 10/3).

- **Alliant Energy's** subsidiary **Wisconsin Power and Light** has received approval from the Public Service Commission of Wisconsin to decrease electric rates and refund customers about \$36 million as a result of lower fuel costs (*TheStreet.com*, 10/2).

- **Exelon Corp.** has notified the **Nuclear Regulatory Commission** that it will seek a license to build and operate a nuclear plant in Texas. The decision to proceed hinges on finding a permanent method of disposing of used fuel, public acceptance of a new nuclear plant, and assurances the project would be financially successful (*Associated Press*, 9/29).

- Shares of **Emcore Corp.**, a maker of semiconductor-based components used in the development of solar generation facilities, fell in NASDAQ trading on concerns that a contract with **Xcel Energy** may be less lucrative than previously expected. Xcel was expected to purchase components to develop a solar project in south central Colorado entirely from Emcore parts and instead plans on splitting the contract with another manufacturer. Emcore shares, which have traded between \$4.97 and \$12.65 over the last year, were down 36 cents, or 6.5%, at \$5.20 in Oct. 3 trading (*Associated Press*, 10/3).

- **Portland General Electric** clashed with customer groups over how much it should be allowed to charge for the extra cost of wholesale power purchased during a shutdown of the coal-fired Boardman power plant. PGE argued before state regulators that customers should repay the utility \$38.5 million it was forced to purchase while the northeastern Oregon plant went offline for repairs. The Citizens' Utility Board, which represents residential customers, argued ratepayers should have to pay just \$4 million, with shareholders absorbing the rest. The state's Public Utility Commission is expected to issue a decision by year-end (*McClatchy-Tribune Business News*, 10/4).

- **NorthWestern Corp.'s** planned sale to Australia-based **Babcock & Brown Infrastructure** has been cleared by federal regulators. NorthWestern announced in April it would be acquired for \$37 per share in cash. The deal is expected to close in mid-2007 and still needs approval by state regulatory boards (*Associated Press*, 10/4).

- **Toshiba** expects to complete its takeover of **Westinghouse Electric**, the U.S. producer of atomic power plant equipment, by the end of this month. Japan's **Ishikawajima-Harima Heavy Industries** and the **Shaw Group** of the U.S. will partner with Toshiba to acquire the company from its parent, **British Nuclear Fuels**. British Nuclear agreed in February to sell the business along with its U.S. unit, BNFL USA, to Toshiba for \$5.4 billion. Toshiba's ownership interest in Westinghouse will be 77%, Shaw's 20% and IHI's 3% (*Associated Press*, 10/4).

Europe

- French lawmakers have voted to approve legislation to privatize **Gaz de France**, helping clear the way for the natural gas company's state-backed merger with **Suez**. The National Assembly, France's lower house, voted 327-212 to pass the bill allowing for Gas de France's privatization. The French Senate is expected to begin debating the bill Oct. 10 (*Associated Press*, 10/3).

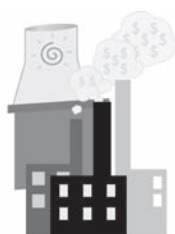
- **Enel** wants to invest some E900 million (\$1.15 billion) on expanding a generation facility in Bulgaria. The development, part of larger strategic push, also includes the construction of pipelines and power plants throughout the southeastern European region. Enel and Bulgaria's state-run electricity company **NEC** will conduct a feasibility study for the construction of 600 MW coal-fired plant known as Maritsa East-3 (*Associated Press*, 10/4).

- **Iberdrola** plans to increase its net profit about 75% by 2009 from the 2005 results to E2.35 billion (\$2.99 billion). Spain's second-biggest power utility will meet its target of doubling its size and earnings by the end of 2006 as part of five-year plan that dates back to 2002. A new three-year strategic plan is set to begin next year. The energy outfit has been mentioned in a number of takeover talks taking place across Europe. The company has not commented on any possible mergers. It plans to invest about E9 billion through 2009, with about E1 billion of that coming from divestments of non-strategic assets (*Associated Press*, 10/4).

- **Scottish & Southern Energy**, one of the U.K.'s biggest power companies, will hike electricity bills for domestic customers as of January next year because of high wholesale energy prices. The company will raise tariffs by an average of 9.4% for electricity and by 12.2% for gas. It has vowed this increase will be its last for some time (*The Telegraph*, 9/29).

- **Moody's Investor Service** is keeping German utility **E.ON's** Aa3 senior unsecured debt rating under review for possible downgrade, following the company's decision to raise its bid for Spanish utility **Endesa** to E35 per share from E32. Earlier this week **Acciona**, a Spanish family-controlled conglomerate, took a 10% stake in Endesa with the aim of fending off E.ON's proposed takeover, forcing the German utility to up its bid. If its revised offer is accepted, Moody's says E.ON will need to boost its coffers and dispose of some assets to stay in the same rating band (*Reuters*, 9/29).

- **Vestas Wind Systems** has received an order for 35 wind turbines from **Neo Energia**, a Spanish subsidiary of Portugal's **Energias de Portugal**. The contract covers the supply and installation of V90 turbines for three wind power projects in southern Spain, and a five-year service agreement. The value of the order was not disclosed (*Nordic Business Report*, 10/4).



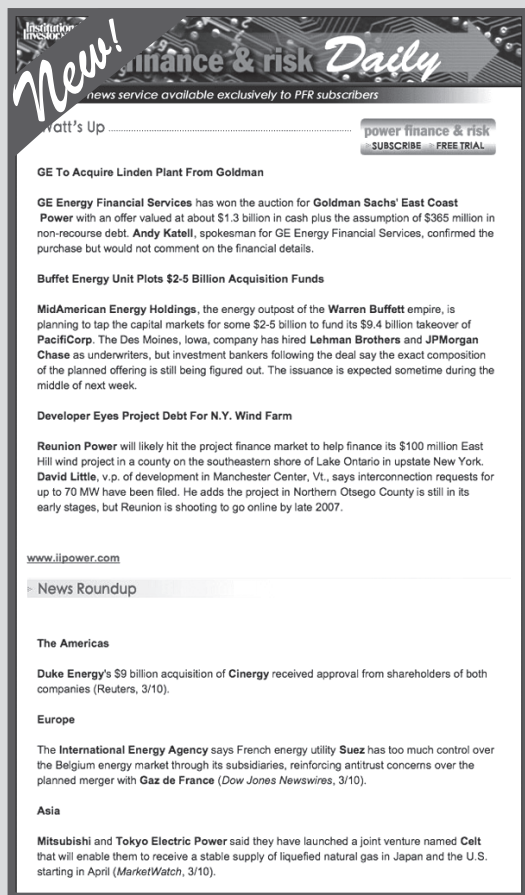
Generation Auction & Sale Calendar

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 Mark DeCambre, managing editor, at (212) 224-3293 or e-mail mdecambre@iinews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Alloy Power/West Virginia Alloy	Hawk's Nest Glen Ferris	Fayette, W.Va. Fayette, W.Va.	102 4.6	Hydro Hydro	JPMorgan	Brookfield Power agreed to acquire both facilities. Terms not disclosed. Deal expected to close by year-end 2006.
American Electric Power	Plaquemine Cogeneration Facility	Plaquemine, La.	880	Gas/Steam	N/A	Dow Chemical Co. will pay AEP \$64 million at closing, which is expected in December.
American Securities Capital Investments (Primary Energy Ventures)	Naval Station	San Diego, Calif.	47	Gas	Lehman Brothers	Epcor Power is acquiring the assets for \$380 million. Deal slated to close in the 4th quarter
	North Island	San Diego, Calif.	41	Gas		
	NTC	San Diego, Calif.	25	natural gas		
	Oxnard	Oxnard, Calif.	49	natural gas		
	Kenilworth	Kenilworth, N.J.	30	natural gas		
	Greeley	Greeley, Colo.	82	natural gas		
	Roxboro	Roxboro, N.C.	60	solid fuel fired		
	Southport	Southport, N.C.	120	solid fuel fire		
	North Lake (15.4%)	East Chicago, Ind.	75	waste energy		
	Cokenergy (15.4%)	East Chicago, Ind.	95	waste energy		
	Ironside (15.4%)	East Chicago, Ind.	50	waste energy		
	Portside (15.4%)	Portage, Ind.	64	natural gas		
	Harbor Coal (15.4%)	East Chicago, Ind.	N/A	pulverized coal		
Astoria Energy	Astoria Plant	Queens, N.Y.	500	Gas	N/A	The partnership that owns the plant is said to be fielding offers from interested parties.
Atlantic City Electric Co.	B.L. England	Upper Township, N.J.	447	Coal/oil	Concentric Energy Advisors	Rockland Capital Energy Investments offered to buy for \$12.2 million so long as necessary approvals made by March 31.
BayCorp Holdings	Benton Falls	Benton, Maine	4.3	Hydro	Concentric Energy Advisors	N/A
Calpine	Dighton Power Plant	Dighton, Mass.	170	Gas	N/A	BG North America agreed to acquire for \$90.2 million. Deal approved by the court and expected to close by mid-November
	Russell City Energy Center	Hayward, Calif.	600 (proposed)	Gas	N/A	Bankruptcy Court approved the sale of a 35% equity interest to GE Energy Financial Services for \$44 million.
	Westbrook Energy Center	Westbrook, Maine	528	Gas	N/A	Potential sale being discussed internally at the IPP (PFR, 8/14).
Cargill-led investor group	Granite Ridge	Londonderry, N.H.	720	Gas	N/A	The company is interviewing advisors and consider a sale.
CMS Energy	Palisades	South Haven, Mich.	798	Nuclear	Concentric Energy	Entergy agreed to acquire for \$380 million (PFR, 7/17).
Complete Energy	Batesville	Batesville, Miss.	837	Gas	Dexia	First round bidding is underway (PFR, 7/10).
Constellation Energy	Big Sandy	Wayne County, W.Va.	300	Gas (peaker)	Credit Suisse	Winner expected to be picked next month (PFR, 8/21).
	High Desert	Victorville, Calif.	830	Gas		
	Holland Energy	Holland Township, Ill.	665	Gas		
	Rio Nogales	Seguin, Texas	800	Gas		
	University Park	Chicago, Ill.	300	Gas (peaker)		
	Wolf Hills	Bristol, Va.	250	Gas (peaker)		
Desert Power L.P.	Desert Power Plant	Rowley, Utah	100	Gas	N/A	MMC Energy signed non-binding letter of intent to acquire for \$3.5 million cash and assumption of \$28.7 million in debt. Facility needs repowering.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
DPL Inc.	Darby Electric Generating Station	Mount Sterling, Ohio	447	Gas	Pace Global Energy Services	DPL plans on making a decision to sell the plants in mid October.
	Greenville Electric Generating Station	Greenville, Ohio	206	Gas	Pace Global Energy Services	
	Montpelier Electric Generating Station	Poneto, Ind.	219	Gas	Pace Global Energy Services	
EBG Holdings	Mystic 7	Everett, Mass.	560	Gas/Oil	Lehman Brothers	Sale by hedge fund owners of the Boston area assets expected to start imminently.
	Mystic 8	Everett, Mass.	832	Gas		
	Mystic 9	Everett, Mass.	832	Gas		
	Fore River	Weymouth, Mass.	832	Gas/Oil		
Invenergy	Hardee Power Station	Bowling Green, Fla.	370	Gas	Morgan Stanley	Asset is up for sale. Timeline unclear (PFR, 7/3).
Lake Road	Lake Road Power Plant	Killingly, Conn.	840	Gas	Credit Suisse	Financial players who control the NEG-developed plant have recently put the asset up for sale (PFR, 9/11).
LEP Holdings	Liberty	Eddystone, Pa.	568	Gas	JPMorgan	Non-binding 1st round bids due next month (PFR, 8/17).
Mirant	Curacao Utilities Co. (25.5%)	Curacao	133	Asphalt/Refinery Gas Oil	JPMorgan	Initial marketing material distributed (PFR, 8/9).
	Grand Bahama Power Co. (55%)	Grand Bahama Island	151			
	Jamaica Public Service Co. (80%)	Jamaica	621	Oil/Hydro	Credit Suisse	Six bidders reportedly made the second round. Winner planned to be unveiled in November (PFR, 9/25).
	PowerGen (39%)	Trinidad & Tobago	1.2 GW	Gas		
	Sual Generating Plant	Pangasinan, Philippines	1.2GW	Coal		
	Pagbilao Generating Plant	Quezon, Philippines	704	Coal		
	Apex plant	Las Vegas, Nev.	518	Gas	JPMorgan	First round bid deadline set for Oct. 19 (PFR, 10/2).
	Bosque	Clifton, Texas	537	Gas		
	Shady Hills	Pascoe County, Fla.	469	Gas/Oil		
	Sugar Creek	W. Terre Haute, Ind.	535	Gas		
	Zeeland	Zeeland, Mich.	840	Gas		
	West Georgia	Thomaston, Ga.	605	Gas/Oil		
Northeast Utilities	Northfield Mountain	Northfield & Irving, Mass.	1.1 GW	Pumped Hydro	JPMorgan	Syndication underway for the \$855 million financing backing Energy Capital Partners' \$1.34 billion acquisition.
	Mt. Tom Station	Holyoke, Mass.	146	Coal		
	Cabot	Turners Falls, Mass.	61.8	Conventional Hydro		
	Turners Falls	Turners Falls, Mass.	6.4	Conventional Hydro		
	Bantam	Bantam, Conn.	0.3	Conventional Hydro		
	Bulls Bridge	New Milford, Conn.	8.4	Conventional Hydro		
	Falls Village	Falls Village, Conn.	11	Conventional Hydro		
	Rocky River (Candlewood Lake)	New Milford, Conn.	29	Pumped Hydro		
	Shepaug (Lake Lillinonah)	Southbury, Conn.	42.6	Conventional Hydro		
	Stevenson (Lake Zoar)	Monroe, Conn.	28.9	Conventional Hydro		
	Robertsville	Colebrook, Conn.	0.6	Conventional Hydro		
	Scotland	Windham, Conn.	2.2	Conventional Hydro		
	Taftville	Taftville, Conn.	2	Conventional Hydro		
	Tunnel – Preston	Preston, Conn.	2.1	Conventional Hydro		
	Tunnel Jet – Preston	Preston, Conn.	20.8	Internal Combustion		



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Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
NRG Energy (NRG Flinders)	Northern Power Station	Port Augusta, South Australia	520	Coal	N/A	Babcock & Brown agreed to acquire plants, related contracts, staff and coal assets. Expected to close third quarter for a cash consideration of A\$317 million (enterprise value A\$513 million).
	Playford Power Station	Port Augusta, South Australia	240	Coal		
Progress Ventures	Walton	Walton, Ga.	450	Gas	JPMorgan Chase	Launched a sale of the unregulated assets
	Monroe Power	Monroe, Ga.	350	Gas		
	Washington County	Washington County, Ga.	600	Gas		
	Effingham County	Effingham County, Ga.	500	Gas		
TXU	45 peakers at 17 locations	Texas	10.3 GW	Gas	Bank of America	Sale is on hold as TXU reviews whether to dispose of assets (PFR, 8/7).

PPM To Power Up New Round of Wind Equity Financing

PPM Energy plans to approach prospective equity partners in connection with its third wind portfolio financing shortly. **Karl Olsoni**, cfo, says the number of wind farms the deal is tied to still needs to be hammered out, but the company hopes to close sometime next quarter. It has not yet signed up a partner, but there is "strong market interest," according to spokeswoman **Jan Johnson**.

The company was about to complete an all-equity financing for another portfolio comprising some 516 MW in wind generation (PFR, 9/25), as *PFR* went to press. **JPMorgan Capital Partners**, which participated on PPM's inaugural portfolio financing in May, is gearing up to retain the majority stake and bring in at least one other investor. **Rubiao Song**, v.p. of tax-oriented investments at JPMorgan Capital, declined to disclose the identities of firms that had been targeted, but likely candidates include large institutional investors with big tax bills to offset, such as **New York Life Insurance Co.** and **Prudential Financial**.

This deal will cover four sites: 150 MW Elk River in Butler County, Kan.; 150 MW Shiloh in Solano County, Calif.; 100 MW Trimont in Southwest Minnesota and 99 MW Maple Ridge in Lewis County, N.Y.

PPM has said it wants to control or have completed development of at least 3.5 GW of wind power by 2010. Officials

at advisor **Capstar Partners**, a tax equity specialist majority owned by French bank **BNP Paribas**, declined to comment.

Final Round Constellation Bids Exceed \$1.5B

Constellation Energy has attracted bids for its 3.4 GW merchant assets of more than \$1.5 billion. According to deal trackers, auctioneer **Credit Suisse** is expected to pick a winner imminently with no more than about three or four bidders left in the running for the merchant portfolio. Second-round bidders included **NRG Energy**, **KGen Energy Management**, **LS Power**, **Waypoint Energy** and **Energy Capital Partners**, but exactly who is in the running at this point is unclear (PFR, 8/14).

Officials at Credit Suisse declined comment and bidding parties either did not return calls or declined comment. A Constellation official referred a call to Credit Suisse. Credit Suisse and **Deutsche Bank** are readying a \$1.1+ billion staple financing package for the sale (PFR, 7/24).

The assets are three gas-fired peaker plants: Wolf Hills, a 250 MW facility in Bristol, Va.; Big Sandy, a 300 MW plant in Wayne County, W. Va.; and University Park, a 300 MW plant in Chicago. Also up for grabs are combined-cycle merchant plants: Holland Energy, a 665 MW facility in Shelby County, Ill.; Rio Nogales, an 800 MW operation in Texas; and High Desert, an 830 MW plant in California.



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WIND VENTURE

(continued from page 1)

Global Winds Harvest; a fully-owned 35-45 MW unit in Sheffield, Vt.; and a fully-owned 100 MW project called Proton in southern Ontario to be developed by company affiliate **UPC Canada Wind**. The identity of offtakers contracted into these facilities could not be learned.

UPC is on the point of finalizing negotiations with a tax-equity investor and lenders in connection with its 100% owned 40-45 MW Mars Hill facility in northeast Maine, due to come online this quarter. Rosenzweig declined to identify which bank had won the mandate to arrange the debt and the amount being sought.

HSB Nordbank, **Bayerische Landesbank** and **Central Pacific Bank** led financing in connection with UPC's 51% owned 30 MW Kaheawa facility on Maui, Hawaii. It could not be determined whether UPC was being advised on its equity partner search. —*K.B.*

PSEG OPEN

(continued from page 1)

"If you have a client who wants to make an offer that will knock our socks off, then we are willing to talk," says Seabrook. Asked what such an offer would look like, he said, "We'll know it when we see it."

Interest has picked up since PSEG's proposed merger with **Exelon Corp.** collapsed Sept. 14. Before the \$17 billion deal was terminated, Exelon hired **JPMorgan Chase** to unload the LatAm properties, expecting to inherit them once the merger was consummated. Since then, investment banks have been looking to represent PSEG in a potential sale and bring local strategic buyers to its attention. The identities of those parties could not be learned.

PSEG owns nearly all of **SAESA Group**, which consists of: **PSEG Generacion y Energia Chile Limitada** with its 120 MW of installed generation capacity; four distribution companies, including a 50% stake in Argentina-based **Empresa de Energia Rio Negro**; and **Sistema de Transmision**

del Sur, which provides electric services to 390 cities and towns over 900 miles in southern Chile.

It also owns a 50% stake in **Chilquinta**, an energy distribution company based in Valparaiso, Chile, alongside **Sempre Energy**. The two have a further 75.9% stake in Lima, Peru-based electric distribution company **LDS**. —*Katy Burne*

EXELON BOSTON

(continued from page 1)

Energy Regulatory Commission, which would allow them to receive more attractive capacity payments.

Moreover, some of the plants, Mystic 7, 8, and 9, have reliability-must-run contracts—a synthetic form of ratebase—that would guarantee the owners would receive some \$290 million in annual payments for keeping the plants running.

Second-round bids, including management presentations, are expected to occur over the next few weeks. The identity of early-round bidders could not be determined. Calls to auctioneer **Lehman Brothers** were not returned.

The plants are Fore River, Mystic 8, 9, all 832 MW and the 560 MW Mystic 7. **Exelon Corp.** handed over the facilities to creditors three years ago when its investment floundered. —*Mark DeCambre*

Quote Of The Week

"If you have a client who is familiar with our assets and the country they are in, who wants to make an offer that will knock our socks off—one that provides in our view substantially more than we think they are worth to us—then we are willing to talk."—**David Seabrook**, v.p. of **PSEG Global** in Newark, N.J., on the potential sale of Chilean transmission business, **Sociedad Austral de Electricidad**, if the right deal came along (see story, page 1).

One Year Ago In Power Finance & Risk

Energy Transfer Equity, a Delaware-based midstream natural gas limited partnership, was preparing an initial public offering on the New York Stock Exchange of its 15.3% interest in **Energy Transfer Partners**, the Dallas-based master limited partnership it controls. [In February the company sold 21 million shares in the entity at \$21 each—far more than the 15 million it had intended—generating proceeds in excess of \$500 million. Joint bookrunners **UBS**, **Wachovia Securities** and **Credit Suisse** bought an additional 3.15 million shares. The company, which now has a combined market capitalization of circa \$8.5 billion, has some \$1.4 billion of organic growth projects in the pipeline and hopes to close its \$1.465 billion acquisition of U.S. interstate natural gas pipeline system **Transwestern Pipeline Co.** this quarter.]

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