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Chilean LNG Deal Readied

Lenders are anticipating the launch of a high-profile Chilean LNG project financing for sponsor **GNL Quintero**.

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TXU DEAL PRIMED FOR LAUNCH

Syndication of the debt backing the \$45 billion leveraged buyout of **TXU Corp.** is being targeted for a Monday afternoon launch at The Pierre Hotel in midtown Manhattan and some buysiders think it will do well. The lead banks have been tight-lipped about the deal and no bank meeting invitations had gone out as *PFR* went to press Friday. The **Kohlberg Kravis Roberts** and **TPG Capital**-led investor group closed its acquisition last Wednesday.

Investors expect the syndication to mirror the financing of the **First Data Corp.** LBO, in which \$9.445 billion—more than double the targeted amount—was sold at LIBOR plus

(continued on page 12)

CMS MIDWEST AUCTION KICKS OFF

CMS Energy is looking to offload more than 900 MW of gas-fired generation from its unregulated subsidiary **CMS Enterprises** and has appointed **JPMorgan** to run a targeted, two-stage auction. As first reported by *PFR* last Tuesday, the firm began dispatching teasers to select buyers on the three-plant bundle, according to a recipient.

The portfolio includes the 710 MW Dearborn Industrial Generation in Dearborn, Mich. The plant, which is fueled by natural gas and blast furnace gas, powers facilities owned by **Severstal NA** and **Ford Motor Co.** and provides steam to serve their heating and processing

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KELSON RETAINS GOLDMAN TO EXPLORE SALE, MERGER

Kelson Holdings has retained **Goldman Sachs** to explore strategic alternatives, including a merger or outright sale of the 4 GW merchant portfolio. It could not be determined why the **Harbinger Capital Partner**-owned concern is looking for a capital infusion after recapitalizing at the holding company level earlier this year (*PFR*, 2/12). But deal trackers say Goldman has been asked to work to an accelerated timetable, and they speculate Kelson may be looking to test investor appetite for the assets, located in the Southwest Power Pool and

(continued on page 12)

AWEA Workshop

TAX EQUITY FUNDING FLOWS SEEN AT RISK

Tax equity wind generation investors are becoming unnerved by a number of issues in the sector, including developers altering financing structures, all-time low returns and regulatory risk. That was the buzz at the **American Wind Energy Association Wind Power Finance & Investment Workshop** in New York last week, and it's an important development as tax equity has financed the bulk of U.S. renewable energy.

A number of new participants have recently entered the market—creating a secondary

(continued on page 7)

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

Banks Circle Chilean LNG Financing

Lenders are waiting for notification of financing mandates on the first liquefied natural gas receiving and regasification terminal in Chile, to be located at Quintero Bay. HSBC is advisor to the project company GNL Quintero, which is sponsored by ENAP (20%), Metrogas (20%), BG Group (40%) and Endesa Chile (20%). Debt funding the estimated \$940 million project is expected to launch into syndication later this month and be in place by the first quarter.

According to one deal watcher, banks circling the mandate include Fortis, Caja Madrid, Calyon, Mizuho Corporate Bank, ING Capital, ABN Amro, WestLB, Scotia Capital and BNP Paribas. The deal is hotly anticipated because Chile has no gas reserves, since Argentina turned off the tap and decided not to comply with its long-term supply arrangement with the country. "The sponsors are blue chip and a lot of banks want to get credentials in the Latin American LNG market," said one banker. The Quintero project will have an annual capacity of 2.5 million tons, 1.7 million of which will be contracted to BG for 21 years, and will be built by Chicago Bridge and Iron. Construction is slated to complete in 2009.

Silver State Solar PV Closes On Debt, Equity

MMA Renewable Ventures has closed on a \$50 million loan for its 15 MW photovoltaic generation project at Nellis Air Force Base near Las Vegas via John Hancock Financial Services. An undisclosed equity portion was also provided by Citigroup and Allstate Life Insurance. "We had long-term contracts that could support it, so the debt is fully covered by the power sales contract on the facility," says John Anderson, head of power and project finance at John Hancock in Boston.

MMA Renewable Ventures, a wholly-owned subsidiary of real estate financiers Municipal Mortgage & Equity, has a PPA with the Air Force and a renewable energy contract with local utility Nevada Power Co., a subsidiary of Sierra Pacific Resources. The project, which will be the largest solar PV facility in North America, will come online by year-end (PFR, 6/01).

The debt will amortize over the life of its 20-year tenor and will not be sold down, according to Anderson. "At \$50 million, that's a very comfortable hold for us. It's a good fit for our portfolio," he says, referring to the \$10 billion portfolio his group manages. Citi and Allstate did not return calls by press time.

Scotia, Dexia Prep Bruce Nuclear Syndication

Scotia Capital and Dexia Crédit Local are preparing to launch retail syndication of C\$750 million (\$768 million) in funds bankrolling Borealis Infrastructure's refurbishment of the Bruce nuclear facility in Tiverton, Ontario.

The leads, who closed and funded last week, have approached several of Borealis relationship banks and have commitments from a few who are expected to join at the next rollover date, when the fixed interest rate on the loan will be updated. When this will occur and pricing details could not be learned. An official at Borealis referred calls to the banks, which declined to comment.

Borealis is the infrastructure arm of Canadian pension fund Ontario Municipal Employee Retirement Savings, which holds a 36% stake in the plant operator Bruce Power. It plans to restart two idle nuclear reactors and repower two more at the Bruce A Nuclear Generating Station, raising capacity to 6.2 GW from 4.6 GW. Work has already begun and is expected to be complete in 2009.

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**Institutional
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INTELLIGENCE FIRST

Marubeni To Term Out Bridge On Caribbean Debt

Marubeni Caribbean Power Holdings is planning to refinance the 364-day, \$310 million bridge facility it used to acquire **Mirant's** Caribbean fleet earlier this year. **Mizuho Corporate Bank** leads the debt (PFR, 8/10) and appointed three co-arrangers, **ING Bank**, **ABN Amro** and **Calyon**, for the planned refinancing at the time of closing.

The **Japan Bank for International Cooperation** is expected to have a role in the refinancing by providing a direct loan to Marubeni, supporting the commercial bank portion. It is unclear how much JBIC will commit, but it usually lends up to 60% of the overall debt package, says **Hidefumi Takeuchi**, senior v.p. at Mizuho in New York.

The deal will likely come to market early next year after it has been structured and the cash flow model from the assets has been forecasted. The tenor is also yet to be decided, because the portfolio is only partially contracted. Calls to **Seji Kawamura**, head of Marubeni Caribbean Power Holdings in Atlanta, and JBIC were not returned and officials at the other banks declined to comment.

Bayern Plots Club For Cable Funds

BayernLB is in talks with a handful of banks about a club syndication of its \$487.5 million financing supporting **Trans Bay Cable's** 53-mile underwater cable under San Francisco Bay. Ticket sizes have not yet been determined, and there is no funding deadline since BayernLB already closed with the **Babcock & Brown Power Operating Partners** and **Pittsburg Power Co.** subsidiary last month. Syndication is expected to wrap in mid-October.

Debt for the project is \$553 million and includes a \$299 senior secured tranche guaranteed by **Ambac Assurance Corp.**, consisting of \$247.5 million in bank loans, a \$19 million letter of credit available for the three-year construction period and amortizing over the subsequent 30 years, a \$20 million working capital facility and \$13 million debt service reserve facility. Rounding out the deal is an Ambac-wrapped senior swap locking in Bayern's interest rate on the debt and a \$188 million, seven-year subordinated facility not insured by Ambac. Pricing will differ between tranches, but is rumored to be in the ballpark of 125 basis points over LIBOR for the senior secured debt.

When complete, the Trans Bay Cable will stretch from a substation in Pittsburg in Contra Costa County, Calif., under the San Francisco Bay and deliver 400 MW via two 200 kV cables into a converter station in San Francisco. Construction is expected to be complete by March 2010.

Morgan Stanley, JPM Win FPL Tax Equity Auction

Morgan Stanley and JPMorgan Capital have won the tax equity auction for **FPL Energy's** first tax equity portfolio financing. As first reported by *PFR*, the wind developer began shopping the investment opportunity in its 600 MW Northern Frontier portfolio this summer (PFR, 8/24). **BNP Paribas** affiliate **Capstar Partners** advised on the deal, whose size is thought to be around \$700 million.

The firms' investment will fund roughly 60-75% of the portfolio, which consists of five projects, four already in service. The farms are the 199.5 MW of Peetz Table, a 400 MW project under construction that was co-developed by **Invenenergy** in Peetz, Colo., 201 MW Logan in Logan County, Colo., 50.6 MW Oliver I and 48 MW Oliver II near Center, N.D., and 98.9 MW Mower in Mower County, Minn.

John Eber, v.p. of tax oriented investments at JPMorgan Capital in New York, did not respond to requests for comment. Officials at Morgan Stanley and FPL declined to comment.

B.C. Developer Uses Sale Proceeds To Build Hydro

East Twin Creek Hydro is looking to build 70 MW of new hydro capacity in the Holmes River valley, B.C., using proceeds from the sale last Tuesday of two hydro units to **Brookfield Power**. **Duke Peterson**, president of the developer in McBride, says construction is expected to start early next year, and the plants will be closely modeled on the 5.7 MW Hystad near Valemount, which was sold to Brookfield along with 1.7 MW East Twin Creek near McBride.

"One of the main reasons that I sold the plant was that I can now use the proceeds to build 10 more new plants, or least make a down payment," says Peterson. A new development company, **Holmes Hydro**, was formed last year to house the planned facilities and Peterson says he is in talks with two Canadian lenders, who will provide project financing.

Brookfield's acquisition was designed to expand its existing footprint in British Columbia and in renewables generally. "The provincial government of British Columbia is very open to public/private partnerships, especially for renewable energy generation," says **Grace Pollock**, director of investor relations in Gatineau, Québec. Brookfield already owned 36 MW Lois Lake and 46 MW Powell Lake north of Vancouver with **Great Lakes Hydro Income Fund**, and 45 MW Pingston Creek Power near Revelstoke with **Hydro Developers**. Power generated by the new facilities and Pingston is sold under a 20-year PPA to the **British Columbia Hydro and Power Authority**.

WestLB, Local Bank Wrap Panamanian Bond Issue

WestLB and Panama's **Banco General** have closed a \$175 million bond issue in Panama for local sponsor **Bahia Las Minas**, which will use the proceeds to fund the partial conversion of its 245 MW fuel oil-fired plant in Colon, Panama, to one powered by low-cost coal. The project entity is the nation's largest thermal generating company and is co-owned by **Suez Tractebel** and the local government.

The two-series deal consists of a \$100 million, 12.5-year tranche and a \$75 million, 14.5-year tranche. "It's sort of a hybrid to be able to attract local banks and open the door for foreign banks to round out the transaction," says **Isaac Deutsch**, executive director of structured and corporate finance for Latin America at WestLB in New York.

The deal is also the first of its kind in the local bond market using multiple draws during the construction period and the first of its kind allowed under New York law. "It's an instrument that allows the teaming up of local banks with local knowledge of the market and international banks with strong project finance experience," adds Deutsch, noting that deals of this size or larger often are difficult to syndicate in the Panamanian market.

U.K. IPP Taps Quartet To Fund 850MW CCGT

Carron Energy has mandated four banks to provide financing for its planned 850 MW combined-cycle gas turbine plant near Newport, South Wales. The consortium is led by **Royal Bank of Scotland** and includes **Bank of Tokyo Mitsubishi**, **Calyon** and **KBC Bank**. "We went with these banks because they offered us the best value and were the best prepared," says **Alex Lambie**, ceo of Carron in London, noting that roughly 70% of the estimated GBP600 million (\$1.22 billion) Severn Power project will be debt financed.

Details of the deal's launch still need to be finalized, but the sponsor is targeting financial close at the end of next month. Calls to officials at U.K. boutique **Lexicon Partners**, which is advising on the financing, were not returned and officials at the banks either declined to comment or did not return calls.

Participation in the deal is expected to be hotly contested because greenfield projects in the U.K. are typically undertaken by utilities and financed on balance sheet. "The reason why new build projects are rare in the U.K. is largely due to uncertainty in the market," Lambie says. "But there is going to be a point past 2010 when reserve margins in the U.K. are going to be tight. Anyone who can have a plant connected to the grid by 2010 will be able to get a good return." Construction of Severn Power is expected to start early next year, with the aim of bringing the

plant online by 2010.

KBC underwrote GBP35-40 million (\$71-81 million) of the financing for 360 MW coal-fired Uskmouth Power station, located immediately next to the site where the new plant will be built (PFR, 8/24).

Conduit Readies One Latam Asset, Sells Another

Conduit Capital Partners has inked a purchase and sale agreement for its 70% stake in the 67 MW Mexihidro plant in western Mexico, according to **Scott Swensen**, chairman in New York. The Mexihidro sale, which is not expected to close until year-end, follows the \$173 million sale Oct. 5 of its 81% interest in the 155 MW Termotasajero coal-fired plant in Cucuta, Colombia.

Termotasajero was bought by a group of Colombian pension funds, a Chilean investment fund and a Colombian investment bank, whose identities could not be learned. **BNP Paribas** is advising on the divestiture of the assets, which are part of Conduit's Latin Power I and Latin Power II funds (PFR, 4/13). "We originally wanted to sell these assets as a portfolio, but investors had extremely different perceptions of the two countries involved," Swensen says. "A portfolio sale just wouldn't have maximized value."

Also for sale is Conduit's 124 MW Jamaica Energy Partners plant in Old Harbor, Jamaica; its 100% interest in the 90 MW gas-fired Mamonal plant near Cartagena, Colombia; and its 13.1% stake in the 175 MW integrated Aguaytia facility in Aguaytia, Peru, which is majority owned by **Duke Energy**.

Bidders Invited Into Qualifier For Saudi IWPP

Saudi Arabia's **Power and Water Utility Co. for Jubail and Yanbu**, also known as **Marafiq**, has issued a request for qualifications for its proposed greenfield 1.7 GW/150,000 cubic meters of water per day independent water and power project to be built at Yanbu Industrial City.

The deadline for submissions is Oct. 25, with qualifying bidders expected to submit final proposals by April 30. **HSBC** is sole financial advisor to Marafiq, which has received about 30 expressions of interest, according to one deal tracker. **Zaid Abdulrahman Al-Buti**, general manager for Marafiq in Yanbu, did not return calls and officials at HSBC in London declined to comment.

Likely contenders include **SUEZ Energy International**, which won the tender for the previous 2.5 GW Jubail project (PFR, 6/1), Malaysia's **Malakoff**, Japan's **Sumitomo Corp.** and **Marubeni Corp.** and the U.K.'s **International Power**. Interested local parties include **ACWA Power**, Saudi's **National Power Co.**, as well as trading companies **Arabian Benco** and **Xenel** and a

joint venture between **Olayyan and El Seif Group**.

Marafiq will ultimately control 40% of the estimated \$2 billion oil-fired IWPP, with the winner—announced by the end of next year—controlling the remainder. Commercial operation is expected by 2012.

Players Await Bahrain IWPP

Request for proposals on a planned 1,000-1,500 MW/30 million gallons of water per day greenfield independent water and power project near Ad Dur in Bahrain are expected to go out within a few weeks. **David Cole**, head of **BNP Paribas'** EMEA project finance team in Paris, which is advising Bahrain's Ministry of Finance and Ministry of Electricity and Water, says a series of meetings will be held next week to move the tender process along.

Power producers will be asked to submit proposals by year-end. "We expect a very competitive bidding process," said one market watcher. "I think developers are aware that deals involving the government of Bahrain are fair and transparent, and will generally flock to this deal." The winning contender is expected to close on its construction funds by the middle of next year, with a view to bringing the project online by the end of 2008. The cost of the project could not be determined because it will depend on whether the government elects to expand the facility to 3,000 MW/100 mgd.

BNP also advised on an earlier IWPP project in Bahrain: the \$1.3 billion, 900 MW/90 mgd Al Hidd desalination plant, completed last year by **International Power**, **Suez Energy International** and **Sumitomo Corp.** (PFR, 12/23/05).

New Stalking Horse Emerges In Landfill Gas Auction

Cambrian Energy Development, a Los-Angeles developer, replaced **Montauk Energy Capital** Oct. 4 as the stalking horse in the auction of a bankrupt nine million cubic feet per day landfill gas-to-energy plant in Dallas. Cambrian's \$11.25 million bid for the McCommas Bluff facility (PFR, 8/24) beat out Montauk's \$10.5 million offer. An auction has been tabled for Nov. 12, with a target closing date of Nov. 21 or sooner.

"The bankruptcy court rejected Montauk's bid based on the high amount of representations and warranties they had, its requirement for city approval and [Cambrian's] final topping bid of 5% over the original price," says **William Snyder**, managing partner at **CRG Partners** in Dallas, which is advising **E/S Solutions** and **Bluff Power Partners**, the owners of McCommas, as trustee on the auction.

McCommas originally declared bankruptcy in May this year. Its owners planned to build a plant on the site, but were reportedly unable to obtain financing due in part to the City of

Dallas' demand that they sell energy at a price below the anticipated cost of production. Calls to **Adam Blumenthal** at New York private equity firm **Blue Wolf Capital Management**, which owns Montauk, were not returned by press time.

Cambrian is partnering with U.K. developer **Camco International**, which provides services to companies working on greenhouse gas emission reduction projects. "Our U.S. mission is to invest in companies involved with carbon reduction," says **Evan Williams**, president of Cambrian in Los Angeles. "The capture and destruction of landfill gas ultimately helps with carbon reduction, so this plant fits the bill. We've done about 50 landfill projects in the U.S. over the past 30 years, and there aren't a lot of people who have this kind of knowledge."

Sandy Creek Syndication Set To Close

Syndication is expected to wrap by early this week for debt tied to **LS Power** and **Dynegy's** 900 MW Sandy Creek coal plant in Riesel, Texas, with around \$200-225 million expected to be taken in during an extended retail syndication. Tickets are generally \$25 and \$40 million, with a few participants above and below that.

The debt should be fully subscribed and all financing will be covered by closing time after extending syndication for two commitments expected to come in Friday as *PFR* went to press and Monday, according to deal watchers. More banks are involved with retail syndication than the two leads and 10 co-underwriters combined. The specific number of participants and their names could not be learned. **Credit Suisse** and **Royal Bank of Scotland** lead the deal with **Natixis**, **Union Bank of California**, **BNP Paribas**, **Calyon**, **CoBank**, **Dexia Crédit Local**, **GE Energy Financial Services**, **ING Capital**, **Scotia Capital** and **WestLB** as co-underwriters (PFR, 9/7).

Corporate Strategies

AES Muscles Up Expansion, Refi-Driven Notes

AES Corp. quadrupled a planned \$500 million private placement of senior unsecured notes last Wednesday to \$2 billion for reasons that could not be learned. The proceeds will fund continued growth overseas and refinance some recourse debt. Specifically, up to \$600 million may be used to support its near-term investment requirements, such as the planned purchase of the **Brazilian National Development Bank's** interest in energy holding company **Brasiliana Energia**, co-owned with AES, and other investments in the Philippines, South Africa and Northern Ireland.

"They seem to be switching from a debt reduction strategy to

a growth strategy,” says **Scott Solomon**, credit analyst at **Moody’s Investors Service** in New York. He pointed to AES’ acquisition of the 660 MW Masinloc coal plant in the Philippines, expected to close this quarter, and its planned construction of a 600 MW facility near Durban in KwaZulu-Natal, South Africa, and a 400 MW unit in Port Elizabeth on the Eastern Cape, expected to cost a combined \$500-700 million (PFR, 5/18). AES said in a Sept. 5 presentation that it has 1,682 MW under construction across four countries and more than 25 GW under development, almost half of which are in Asia.

The issue, which priced last Wednesday via underwriters **Deutsche Bank**, **Credit Suisse** and **Merrill Lynch**, consisted of the original \$500 million of 7.75% senior notes, due 2015, and an additional \$1.5 billion of 8% senior notes, due 2017. **Chip Hoagland**, v.p. and treasurer at AES in Arlington, Va., declined to comment on the deal or why these banks were chosen.

As of June 30, the company had \$4.8 billion in debt outstanding.

Hydro-Québec Places C\$500M, Eyes More

Hydro-Québec recently issued C\$500 million (\$509.9 million) of 38-year, 5% notes and may do two to three more similar sized issues within the year. Proceeds will be put towards its C\$5 billion (\$5.09 billion), 900 MW hydro project near James Bay in Québec, which is slated to be complete in 2012.

“We decided to pre-finance our borrowing program for 2008 because the market conditions are appropriate,” says **Jean-Hugues Lafleur**, corporate treasurer in Montréal. “The cost of carry is not so high right now and 5% is pretty cheap.”

National Bank Financial was lead manager on the issue, and **RBC Dominion Securities** and **Scotia Capital** were co-leads. “National Bank Financial has been our lead manager for all our issues over the last 20 years and should be for the next 20 years. We’ve been very satisfied with their performance over the years,” Lafleur says. “And RBC and Scotia are among the main brokers in the Canadian market.”

Other banks will be entertained as co-leads on future issues, Lafleur adds. “If we have to go out to the international market, we will have to adjust. When we do our next issuance depends on market conditions. We thought that issuing the rest of our remaining debt now would put too much pressure on our corporate spreads.”

BMO Nesbitt Burns, **Casgrain & Company**, **CIBC World Markets**, **Desjardins Securities**, **Laurentian Bank Securities**, **Merrill Lynch Canada** and **Toronto-Dominion Bank** were also managers on the deal.

The company’s total debt is C\$33 billion (\$33.4 billion).

PacifiCorp Fuels Capex With Issue



Anne Selting

PacifiCorp, a subsidiary of **MidAmerican Energy Holdings**, issued \$600 million in 30-year, 6.25% first mortgage bonds last week with the aim of funding part of its \$1.5 billion capital expenditure program for the year. “Their capital requirements are significant and this is an appropriate amount of debt issuance for these plans,” says **Anne**

Selting, director of utilities and infrastructure at **Standard & Poor’s** in San Francisco, which rated the offering A-.

Bookrunners on the deal, which priced Sept. 28 and closed Oct. 3, were **Greenwich Capital Markets**, **JPMorgan Securities** and **Lehman Brothers**. Calls to **Bruce Williams**, treasurer, regarding why these banks were selected were not returned and **Allan Urlis**, MidAmerican spokesman in Des Moines, Iowa, declined to comment.

PacifiCorp plans to add 400 MW of renewable energy resources to its generation portfolio by the end of the year. These projects include the recently completed 64.5 MW Wolverine Creek wind farm near Idaho Falls, and 1,200 miles of 500 kV transmission lines beginning in Wyoming and extending through Utah, Idaho and Oregon slated for completion in 2014.

As of June 30, PacifiCorp’s total debt was close to \$4.7 billion.

FP&L To Repay CP, Fund Capex

Florida Power & Light Co. is repaying commercial paper used to fund expansion via \$300 million in 5.55%, 10-year first mortgage bonds issued last week. “They’ve got no lack in investment requirements for their utility business,” says **Ellen Lapson**, managing director at **Fitch Ratings** in New York, referring to Florida’s increasing population. “They have to finance the growth and reinforce their distribution network—transformers, cables, new connections.” The **FPL Group** subsidiary has a history of funding capital expenditures with commercial paper, she says, and in April issued \$300 million in first mortgage bonds for the same reason.

The bonds were offered at 99.972% of par with a yield of 5.553% when held to maturity. **Banc of America Securities**, **BNP Paribas Securities**, and **Credit Suisse Securities** were joint bookrunners on the sale, supported by co-managers **Daiwa Securities**, **Morgan Keegan & Co.**, **Piper Jaffray & Co.**, **Scotia Capital** and **Sovereign Securities**. Officials at FPL in Juno Beach, Fla., did not return calls seeking information about why these banks were selected. Fitch gave the bonds an AA- rating, while **Moody’s Investors Service** rated them Aa3 and **Standard & Poor’s** rated them A. As of June 30, FP&L had total commercial paper debt of \$630 million and long-term debt of \$4.2 billion.

AWEA Wind Power Finance & Investment Workshop

More than 320 renewable energy investment bankers, private equity officials and developers gathered at the Roosevelt Hotel in New York Oct. 10-11 for the AWEA Wind Power Finance & Investment Workshop. Among the topics discussed were new financing structures, the renewal of production tax credits and turbine supply issues. Reporter **Thomas Rains** and Managing Editor **Katy Burne** filed the following stories.

TAX EQUITY

(continued from page 1)

market for tax equity. But uncertainty over how the tax benefits are treated for accounting purposes, and the possibility of federal production tax credits not being extended beyond 2008, threatens to dampen their interest. Without more clarity, innovation in financing structures will be stifled, said **Tim Rosenzweig**, cfo of **UPC Wind**. "A little more viability on the industry would be helpful, allowing more time to plan. Whenever you have uncertainty, those resource constraints cost us," he said.

Also clouding the picture is developers' desire to start putting debt at the project level, creating a levered tax equity structure. This places tax equity investors at a disadvantage, because in the event of default, tax equity is behind debt and while investors want to demand higher returns for that risk, the flow of new

investors is capping returns.

"As more players enter the market, rates are coming down," said **Deborah Gronvold**, v.p. and treasurer of **PPM Energy**. "We believe that instead of 250 basis points, [the spread between levered and unlevered deals] will be between 100 and 150 basis points difference," added **Kelly Lloyd**, cfo of **enXco**, which is creating a proprietary tax equity structure, details of which were not disclosed.

Couple all this with developers' forecasts being up to 8-9% off actual income from their projects, there is a bleak outlook for the tax equity investment community, warned **John Eber**, managing director of energy investments at **JPMorgan Capital**. "We have got to get these things right if we are going to keep businesses in," he said. Participants will deploy their capital elsewhere if conditions do not improve, said **Jason Cavaliere**, executive director in the global structured products group at **Morgan Stanley**.
—*Thomas Rains & K.B.*

Turbine Bottleneck Draws Attention

The shortage of turbines is becoming an increasingly important for developers. "[If you] order turbines today, you're talking 2010 to get your order," program chairman **Keith Martin**, partner in the project finance group at law firm **Chadbourn & Parke**, told *PFR* on the sidelines of the conference.

Due to the production bottleneck, turbine orders are getting larger and being submitted earlier—sometimes before sites are mapped out, said **Thomas Emmons**, head of structured finance at **HSB Nordbank**, on a panel discussing the top 10 current issues facing developers and financiers. The costs of turbines have risen about 50% since 2002, added **Michael Skelly**, chief development officer at **Horizon Wind Energy**, noting production tax credits awarded to projects do not rise in step with costs.

There is an urgent need for more manufacturers to set up shop in the U.S., said **Deborah Gronvold**, v.p. and treasurer at **PPM Energy**. She said **PPM** has used **Suzlon Wind Energy** equipment but is now trying to expand its portfolio with different manufacturers and recently hired someone in India to assess new models as they are produced.

Jim Murphy, senior v.p. and cfo of **Invenergy**, said turbine issues are inextricably linked to the extension of the production tax credits, which, if resolved, would drive up supply. "With limited turbines and demand so high, we end up competing internally with our European counterparts. Turbines will go where there is more certainty. Happily, we have now found

turbine loans from banks beyond the PTC extension; we had been using equity to get us out to 2009."



Reporter's Notebook

- While some attendees hobnobbed at AWEA's open bar cocktail reception Wednesday night, a good number were conspicuous by their absence. A bevy of seasoned wind specialists from the likes of **Babcock & Brown** and **PPM Wind Energy** were at an **HSB Nordbank** shindig at 230 Park Avenue nearby. "Anyone who's anyone was there," sniffed one partygoer, trying not to sound too snobbish.
- Republican presidential candidate **Fred Thompson** didn't seem to have scored any points with the conference crowd after his primary debate premiere on television Tuesday night. When program chairman **Keith Martin** asked delegates who had watched the debate, only two raised their hands and neither had appreciated the former Tennessee senator's performance.
- **Ruff Fant**, chairman of structured financier **TowPath Partners'** renewables practice, was the lucky winner of a **Meridian Clean Fuels** baseball cap on a game show-style panel discussing financing innovations. The cap was passed between the panelists during the rest of the game, which featured a *Wheel of Fortune*-style question wheel determining the topics they would discuss.

AWEA Wind Power Finance & Investment Workshop (cont'd)

Transmission Issues Surface

Developers are having to invest in new transmission to justify the projects they want to bring online, as more farms are sited away from local grids. **Michael Skelly**, chief development officer of Houston-based **Horizon Wind Energy**, said in order to have iron in the ground, transmission issues should be ironed out early.

Compounding the problem is a lack of clarity in Federal Energy Regulation Commission regulations, says **James Tynion**, chair of the finance and financial institutions practice at law firm **Foley & Lardner**. Privately owned transmission can be tapped into by unrelated projects nearby, presenting hurdles when it

comes to financing and begging the question of who should pay for the wire. "[Wind development] is in the sixth or seventh inning of a baseball game, and developers are just starting to realize that this is really going to complicate things."

Oak Creek Energy Systems turned its interest in Californian transmission into a jumbo 1.5 GW wind project, backed by Australia's **Allco Financial Group**. "The development happened because Oak Creek was invested in the transmission opportunity and [offtaker] **Southern California Edison** needed it to justify their transmission, so the timing was just right to get the PPA," said **Ken Grismore**, senior v.p. at Oak Creek on the sidelines of the conference. The project is dependent on a \$1.8 billion transmission upgrade, which will be put into ratebase.

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.

Americas

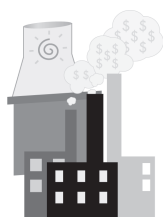
- Investors led by private-equity firms **Kohlberg Kravis Roberts** and **TPG Capital** have closed their buyout of **TXU Corp.** The target company's new name is **Energy Future Holdings Corp.** (*Associated Press*, 10/10).
- **Kinder Morgan Energy Partners** filed an application with the **Federal Energy Regulatory Commission** for authorization to construct and operate the \$1.27 billion Midcontinent Express Pipeline (*Dow Jones*, 10/10).
- **Energy Transfer Partners** said it plans to spend \$260 million to expand two of its existing Texas pipelines. Construction is expected to begin next June and complete by next September (*CNNMoney.com*, 10/9).
- The administration of New Jersey Gov. **Jon Corzine** wants to create a state-run power authority (*Newark Star-Ledger*, 10/10).
- Some 88% of **Aquila** shareholders voted to approve **Great Plains Energy's** proposed \$1.7 billion purchase of the company, after which Great Plains will sell the natural gas operations in Iowa, Kansas and Nebraska to **Black Hills Corp.** for \$940 million (*Wichita Business Journal*, 10/9).
- **American Electric Power** reached a \$4.6 billion settlement with the U.S. government designed to reduce pollution from 16 coal plants (*Reuters*, 10/9).
- **Robert McGehee**, chairman and ceo of **Progress Energy**, died after suffering a stroke in London. President and coo **William Johnson** has assumed McGehee's duties (*Market Watch*, 10/9).
- **Bechtel Overseas Power Corp.** and **GE Energy** signed an

agreement with **TransCanada Corp.** to develop the first polygeneration facility in Canada, designed to be able to use petroleum coke and incorporate carbon capture and storage (*Houston Business Journal*, 10/9).

- **Pacific Gas & Electric** is laying the groundwork for a 500-kV transmission line stretching more than 130 miles from its Midway Substation in Kern County to a new substation in the foothills of eastern Fresno County (*The Fresno Bee*, 10/6).
- **Suez Energy International** said it is considering an expansion of its operations in Chile (*Reuters*, 10/4).

Europe

- Attempts by French utilities **Suez** and **Gaz de France** to sell or swap their assets in response to the European Commission's antitrust concerns are reportedly drawing multiple potential buyers, including **E.ON**, **RWE**, **Électricité de France**, **Enel**, **Iberdrola** and **Centrica** (*Datamonitor*, 10/10).
- **Tony Hayward**, chief executive of **BP**, announced a wide-ranging restructuring program (*Financial Times*, 10/11).
- **Gaz de France** said it will buy a 95% stake in **Erelia**, a developer and operator of wind farms in France (*International Herald Tribune*, 10/9).
- **Électricité de France** has said it will build Britain's first new nuclear plant in more than 10 years by 2017 and will build a total of four by 2025 (*Evening Standard*, 10/8).
- Turkish energy company **Enerjisa**, owned by **Sabancı Holding** and Austria's **Verbund**, has applied to regulators to build a 919 MW gas-fired power plant in Turkey (*Reuters*, 10/8).



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 **Katy Burne**, Managing Editor, at (212) 224-3165 or e-mail kburne@iinews.com.

| Seller | Plants | Location | MW | Plant Type | Advisor | Status/Comments |
|--|---------------------------------|---------------------------|----------------------------|--------------------|---------------------------|--|
| Airtricity North America | Various | North America | 6,500 | Wind | Credit Suisse | E.ON agreed to buy for \$1.4 billion (PFR, 10/8). |
| American Electric Power | Fort Phantom | Abilene, Texas | 362 | Gas | N/A | Took indicative bids Sept. 7 (PFR, 9/7). |
| | Abilene Power Station | Abilene, Texas | 18 | | | |
| | Lake Pauline | Quanah, Texas | 35 | | | |
| | Rio Pecos | Girvin, Texas | 136 | | | |
| | Oak Creek | Bronte, Texas | 75 | | | |
| | Paint Creek | Stamford, Texas | 218 | | | |
| | San Angelo | San Angelo, Texas | 110 | | | |
| ArcLight Capital Partners | Crete Energy Venture | Crete, Ill. | 203 (50%) | Gas | Lehman Brothers | Tenaska Capital Management to acquire. Debt to be led by Lehman Brothers and Calyon (PFR, 9/26). |
| | Lincoln Generating | Manhattan, Ill. | 656 (90%) | Gas | | |
| Astoria Energy | Astoria plant | Queens, N.Y. | 500 MW; 1 GW permitted | Gas | N/A | Owners fielding offers. Suez Energy acquiring a 30% stake (PFR 9/29). |
| Atlantic Power Corp. | Jamaica Private Power Corp | Kingston, Jamaica | 60 | Oil | N/A | Atlantic's 24.1% stake (14 MW) being sold. Buyer unknown. |
| Barry Bates and Michael Underwood | Thompson River Cogen | Montana | 16 | Coal, Waste Wood | Energy Advisory | Teasers went out late June. Plant has a 20-year PPA with Avista Utilities. |
| Besicorp-Empire | To be constructed | Rensselaer, N.Y. | 535 | Gas Cogen | Merrill Lynch | Being bought by Energy Capital Partners (PFR, 7/19). Debt to be led by Barclays and Union Bank of California. |
| Bicent Power | Mountain View | Palm Springs, Calif. | 67 | Wind | Goldman Sachs | Teasers dispatched early Sept. (PFR, 9/17). |
| Bluff Power Partners E/S Solutions | McCommas Bluff | Dallas, Texas | | Landfill Gas | CRG Partners | Federal district court approved Section 363 auction. Montauk Energy Capital named stalking horse (PFR, 8/27). |
| Calpine | Acadia Energy Center | Eunice, La. | 1,016 (50%) | Gas | Miller Buckfire | Sold to Cajun Gas Energy for \$189 million (PFR, 8/6). Plant 70% complete. Teasers dispatched mid-June (PFR, 6/18). |
| | Fremont Energy Center | Sandusky County, Ohio | 512 | Gas | | |
| | Hillabee Energy Center | Alexandra City, Ala. | 774 MW | Gas | | |
| Catamount Energy | Sweetwater | Nolan County, Texas | 505 (50%) | Wind | Goldman Sachs | Unsolicited approaches have been made to backer Diamond Castle Holdings (PFR, 8/31). |
| | Ryegate Power | Vermont | 20 | Wood waste | | |
| | Rumford | Rumford, Me. | 85 | Cogen | | |
| CIT Group | RockGen Energy Center | Cambridge, Wis. | 460 | Gas | Bear Stearns | Status unclear. |
| Central Vermont Public Service | Various | Vermont | 70 in summer, 86 in winter | Hydro | Morgan Stanley | Believed to be in advanced stages. |
| City of Vernon | Malburg Generating Station | Southern Calif. | 134 | Gas | Lehman Brothers | Assets being offered debt-free, with promise of 15-year PPA with seller and related transmission. Status unclear. |
| | Palo Verde Power | Southern Calif. | 11 | Nuclear | | |
| | Hoover Upgrading | Southern Calif. | 22 | Hydro | | |
| CMS Enterprises | Dearborn Industrial Generation | Dearborn, Mich. | 710 | Gas | JPMorgan | Teasers dispatched 10/9 (PFR, 10/9). |
| | Kalamazoo | Comstock, Mich. | 68 | Gas | | |
| | Livingston | Gaylord, Mich. | 150 | Gas | | |
| Conduit Capital | Various | Latin America Caribbean | 939 net ownership | Diverse | BNP Paribas | Agreed to sell 155 MW Colombian coal plant 10/5 (PFR, 10/10). |
| Con Ed Development | CEEMI | Springfield, Mass. | 185 | Gas, Oil, Hydro | Morgan Stanley | First-round bids taken July 10. Final bids are due mid October. In the running are American National Power, AllCapital, Energy Capital Partners, Marubeni Power International and Tenaska Power Fund (PFR 8/20). |
| | CEEMI expansion | Springfield, Mass. | 96 | Gas, Oil | | |
| | Newington Energy | Newington, N.H. | 525 (99.5%) | Gas | | |
| | Ada Cogeneration | Ada, Mich. | 29 (48%) | Gas | | |
| | Lakewood | Lakewood, N.J. | 246 (80%) | Gas | | |
| | Ocean Peaking Power | Lakewood, N.J. | 339 | Gas | | |
| | Rock Springs | Rising Sun, Md. | 670 (50%) | Gas | | |
| | Genor | Puerto Barrios, Guatemala | 42 (49.5%) | Oil | | |
| | Ever Power Wind | NEPOOL, NY, PJM | 500 planned | Wind | | |
| Complete Energy Holdings | La Paloma | McKittrick, Calif. | 1,022 | Gas | Morgan Stanley | KGen Power has said it is now unlikely to buy the portfolio for \$1.3 billion (PFR, 10/8). |
| | Batesville | Batesville, Mis. | 837 | Gas | | |
| Desert Power | Desert Power plant | Rowley, Utah | 65 installed | Gas | Miller Buckfire | Lender of record, Morgan Stanley, to acquire. |
| Dominion Resources | Dresden Energy | Muskingum County, Ohio | 580 | Gas | N/A | American Electric Power agreed to buy for \$85 million. |
| DONG Energy | Energi E2 | Spain | 265 | Predominantly Wind | NM Rothschild & Sons, FIH | E.ON to buy for EUR722M (\$988.7 million). |
| DTE Energy | Removables Ibericas | | | | | |
| | Crete Energy Venture | Crete, Ill. | 304 (50%) | Gas | Lehman Brothers | Tenaska to acquire (see above). |
| | East China | East China, Mich. | 320 | Gas | N/A | Seller exploring options, including outright sale. |
| Dynergy | River Rouge | Detroit, Mich. | 240 | Gas | N/A | On books at scrap value, decommissioned. |
| | Plum Point | Osceola, Ark. | 665 MW (40%) | Coal | N/A | Stake in the asset being shopped (PFR, 8/17). |
| | Saltillo | Ramos Arizpe, Coahuila | 248 | Gas | JPMorgan Chase | Mitsui and Japanese utility believed to be in pole position. |
| Electricite de France International unit | Anahuac (RB2) | Valle Hermoso, Tamaulipas | 495 | Gas | | |
| Controladora del Golfo | Lomas de Real (RB3) | Valle Hermoso, Tamaulipas | 495 | Gas | | |
| | Valle Hermoso (RB4) | Valle Hermoso, Tamaulipas | 500 | Gas | | |
| | Electricidad Aguila de Altamira | Altamira | 495 (51%) | Gas | | |

Generation Auction & Sale Calendar (cont'd)

| Seller | Plants | Location | MW | Plant Type | Advisor | Status/Comments |
|-------------------------------------|---------------------------|-------------------------------------|----------------------|--------------|-------------------------------|--|
| Entergy Corp. | Gasoducto del Rio | 54 km pipeline | 330,000M Btu/D | | | |
| | 50% stake in Top | Worth County, Iowa | 40 | Wind | New Harbor | Seller wants about \$500 million for the assets. |
| | Deer Wind Ventures | Carsen County, Texas | 40 | | | Bidders shortlisted to four players: two financial; |
| | RS Cogen | Lake Charles, La. | 212 | Gas | | two infrastructure (PFR, 6/18). |
| | Roy S. Nelson | Westlake, La. | 60 | Gas/Oil | | |
| | Warren Power | Vicksburg, Miss. | 225 | Gas | | |
| | Harrison | Marshall, Texas | 335 | Gas | | |
| | Independence | Newark, Ark. | 121 | Coal | | |
| | Robert Ritchie | Helena, Ark. | 544 | Gas/Oil | | |
| | Offtake Contract | Sam Rayburn Power Agency | 50-80 | | | |
| Fluor | Greater Gabbard | Thames Estuary, U.K. | 500 | Wind | RBC Capital Markets | Specs went out in late Aug. for Fluor's 40% stake (PFR, 8/20). Co-owned by Airtricity. |
| Foresight Wind Energy | Various | Arizona, New Mexico | 2 GW pipeline | Wind | CP Energy | Delayed (PFR, 10/8). |
| General Electric | Baglan Bay | Port Talbot, Wales | 510 | Gas | Lexicon Partners | GE deferred sale until next year. |
| Globeleq | Emerging market portfolio | Asia, Africa, Americas | 2,082 | Mixed | Lehman Brothers | Americas assets to be sold to D.S. Constructions and Israel Corp. Asia and Africa assets to be sold to Tanjong Energy Holdings and Aljomaih in \$1 billion deal. |
| Goldman Sachs (Cogentrix Energy) | Indiantown | Martin County, Fla. | 355 | Coal | Goldman Sachs | Energy Investors Funds agreed to buy portfolio through United States Power III affiliate (PFR, 9/19). Banks set to lead acquisition financing unclear. |
| | Logan | Logan Township, N.J. | 218 | Coal | | |
| | Cottage Grove | Cottage Grove, Minn. | 245 (35%) | Gas/Oil | | |
| | Whitewater | Whitewater, Wis. | 236.5 (35%) | Gas/Oil | | |
| | Scrubgrass | Venango County, Pa. | 85 (50%) | Coal/Waste | | |
| | Selkirk | Selkirk, N.Y. | 345 (47.2%) | Gas | | |
| | Northampton | Northampton County, Pa. | 112 (80%) | Coal/Waste | | |
| | Quachita | Sterlington, La. | 804 (80%) | Gas | | |
| | Carneys Point | Carneys Point, N.J. | 262 (60%) | Coal | | |
| | Richmond | Richmond, Va. | 209 (80%) | Coal | | |
| | Rocky Mount | Rocky Mount, N.C. | 118 (80%) | Coal | | |
| | Morgantown | Morgantown, Va. | 60 (15%) | Coal/Waste | | |
| | Plains End I, II | Golden, Colo. | 182 (80%) | Gas | | |
| | Rathdrum | Rathdrum, Idaho | 275 | Gas | | |
| | Kelson Holdings | Dogwood | Pleasant Hill, Mo. | 620 | | |
| Redbud | | Luther, Okla. | 1,230 | Gas | | |
| Cottonwood | | Deweyville, Texas | 1,230 | Gas | | |
| Magnolia | | Benton County, Miss. | 922 | Gas | | |
| La Compagnie du Vent | Various | France | 98 MW installed | Wind | Calyon | Preliminary bids were taken August 10 (PFR, 8/20). |
| Landfill Energy Systems | Various | Various | 80 | Landfill gas | Ewing Bemiss | Final bids taken July 25. Macquarie Power and Infrastructure Income Fund tipped to have won (PFR, 8/10). |
| LS Power | Bosque | Laguna Park, Texas | 805 (570) | Gas | N/A | In second round (PFR, 9/19). |
| | Shady Hills | Shady Hills, Fla. | 477 | Gas/Oil | N/A | GE Energy Financial Services acquired with a \$160 million loan from WestLB. (PFR, 7/16). |
| | Zeeland | Zeeland, Mich. | 946 | Gas | N/A | To be acquired by CMS Energy for \$517 million. |
| Mirant Corp. | Diverse U.S. assets | PJM, NEPOOL, Calif. | 10,650 | Various | JPMorgan | JP Morgan took first-round bids June 12 from bidders including US Power Generating Co. (PFR 4/5). |
| National Grid | Ravenswood Station | Queens, N.Y. | 2,450 | Gas | Merrill Lynch | Teasers to go out later this month (PFR, 10/8). |
| Noble Environmental Power | Various | NY, Mich. | 385 | Wind | Goldman Sachs | First round bids reportedly taken August 13 (PFR, 8/21). |
| PSEG Global | Electroandes | Andean region, Peru | 180 | Hydro | JPMorgan | Statkraft Power Invest to buy for circa \$390 million. |
| | Chilquinta Energia (50%) | Chile | | | Citigroup | |
| | Luz del Sur (38%) | Peru | | | | |
| Reliant Energy | Channelview | Lyondell, Texas | 830 | Gas | Houlihan LoKey | Filed for bankruptcy protection Aug. 21. |
| Ridgeline Energy | Various | Idaho, Oregon, Washington | 3,700 in development | Wind | Marathon Capital | Back in play after talks were nixed with a southern U.S. utility (PFR, 10/8). |
| Temasek Holdings | PowerSeraya | Singapore | 3,100 | Gas | Credit Suisse, Morgan Stanley | Teasers to go out in September (PFR, 6/25). |
| | Senoko Power | | 3,300 | Oil | | |
| | Tuas Power | | 2,670 | Steam | | |
| TransAlta | Western Canada, Ontario | Diverse U.S. | 404 | Gas, Coal | BMO Capital Markets | In second round. |
| Trinergy | Various | Italy, Germany, Ireland, U.K. Spain | 648 | Wind | RBC Capital Markets | International Power agreed to buy portfolio for EUR 1.8 billion (\$2.5 billion). |
| Tyche Power Partners | Brooklyn Navy Yard | Brooklyn, N.Y. | 286 | Gas Cogen | Credit Suisse | Status unclear. |
| UPC Wind | Various | North America | 3GW in development | Wind | JPMorgan | Market test did not lead to a sale, so company is reportedly weighing an IPO (PFR, 6/8). |
| Waterbury Generation | Waterbury Generation | Waterbury, Conn. | 96 | Gas | N/A | Energy Capital Partners in negotiations to buy development rights (PFR, 8/29) |
| Wheelabrator Technologies | Shasta | Anderson, Calif. | 49 | Biomass | ABN Amro | Seller evaluating strategic options, including a sale (PFR, 7/23) |

Project Finance Deal Book

Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call Katy Burne, Managing Editor, at (212) 224-3165 or e-mail kburne@iineews.com.

Live Deals: Americas

| Sponsor | Project | Location | Lead(s) | Loan | Amount | Tenor | Notes |
|-------------------------------------|--|--|--|--|-------------------------|--------------------|---|
| Airtricity | 2008 Turbine Supply | Various | HVB, Mizuho | \$325M | | | Timeline unclear. |
| Empresas ICA | Champion (126.5 MW Wind) | Central New York | HVB, NordLB, BayernLB | Construction Loan | | | Financing to be arranged. |
| | La Yesca (750 MW Hydro) | Nayarit, Mexico | WestLB, Citibank/Banamex, HSBC, BBVA Bancomer, Grupo Santander, NordLB | Construction Loan | \$910M | 4-yr, 9m | Syndication to launch at end of Oct. |
| Third Planet Windpower | Name unknown (325 MW Wind) | Loraine, Texas | TBA | TBA | TBA | TBA | Selecting lenders. |
| Northland Power | Thorold CoGen (265 MW Gas) | Thorold, Ontario | BMO, Manulife, Sun Life | Construction Loan | C\$415M | 20-yr | Sept. syndication expected. |
| SUEZ Energy International | Central Termoeléctrica | Northern Chile | TBA | TBA | | | Looking for banks for \$500M. |
| LS Power | Sandy Creek (800 MW Coal) | Riesel, Texas | Credit Suisse, RBS | Term Loan | \$1.2B | 8-yr | Mid-Oct. close expected. |
| Carlyle/Riverstone | Portfolio (1.5 GW Gas) | Various, Texas | TBA | TBA | \$900M | | RFP sent out 7/23. |
| Granite Ridge | Granite Ridge (720 MW Gas) | Londonderry, N.H. | TBA | TBA | \$500-\$600M | | Choosing lead banks. |
| AES | Termoeléctrico de Penoles (230 MW Petcoke) | Tamuin, Mexico | TBA | TBA | TBA | TBA | Timeline unclear. |
| RES | Hackberry Wind (165 MW Wind) | Shackelford Co., Texas | WestLB | Construction Loan | \$352M | 17-yr | Syndication launched 9/19. |
| Borealis Infrastructure | Bruce Power (4.6 GW) | Tiverton, Ontario | Scotia, Dexia | TBA | C\$750M (\$710M) | TBA | Retail syndication to begin in 4Q. |
| LEP Holdings | Liberty Electric Power (568 MW Gas) | Eddystone, Pa. | Credit Suisse, JPMorgan, Deutsche Bank | OpCo loan Revolver | \$300M \$35M | 7-yr | Syndication launched 10/2. |
| Nacogdoches Power | Nacogdoches (100 MW Biomass, 300 MW Gas) | Sacul, Texas | TBA | HoldCo Loan TBA | \$75M | | Looking for debt/equity for \$600M project. |
| J-Power USA | Pala (86.5 MW Gas) | San Diego Co., Calif. | TBA | TBA | | | Looking for lead bank. |
| | Orange Grove (95 MN Gas) | Orange Grove, Calif. | Royal Bank of Scotland | Construction Loan LC Facility Equity Bridge Loan | \$70M \$25M \$30M | 25-yr | Syndication launched 9/25. |
| MACH Gen | Portfolio (800 MW Coal) | Various | Credit Suisse | TBA | \$850M | TBA | Refinancing of \$850M second lien. |
| Acciona Solar Power | Nevada Solar One (64 MW) | Boulder City, Nev. | Santander, BBVA, La Caixa | Term Loan | \$140M | | Syndication expected in Sept. |
| Shell, Dominion | Mt.Storm (264 MW, Wind) | Grant Co., W.Va. | TBA | Construction Loan | \$288M | TBA | Fortis tipped as sole lead. |
| Invenergy | St. Clair Power Station (570 MW Gas) | Sarnia, Ontario, Canada | RBC | Construction Loan LC facility | \$383M \$96M | 5-yr | Syndication re-launched 7/2. |
| Perennial Power | Hermiston (474 MW Gas) | Hermiston, Ore. | TBA | TBA | \$130M | 10-yr | Status unclear. |
| Noble Environmental Power | Altona, Ellenberg, Clinton and Bliss (339 MW Wind) | Altona, Ellenberg, Clinton and Bliss, N.Y. | HSH Nordbank, Dexia | Non-recourse loan | \$445M | 10-year | Commitments due 9/27. |
| Guacolda | Maitencillo (152 MW Thermo) | Maitencillo, Chile | Calyon | Construction Loan | \$260M | 15-year | Chose Calyon to lead. |
| Energy Capital Partners | Rensselaer (535 MW Gas) | Rensselaer, N.Y. | Barclays, UBoC | Construction Loan Revolver | \$400M \$100M | 8-yr | Syndication launched 10/3. |
| Terrawinds Resources | Riviere-Du-loop (201 MW Wind) | Riviere-Du-loop, Quebec | HSH Nordbank | Construction and term loan | C\$300M (\$300M) | | Syndication Launched 9/18. |
| Plutonic Power, GE Energy Financial | Toba Montrose (196 MW Hydro) | British Columbia | Manulife, Standard Life, Canada Life, SunLife, Industrial Alliance | Construction Loan | \$500M | | Financing to close mid-Oct. |
| Harbinger Capital Partners | Calgary Energy (300 MW Gas) | Alberta, Canada | UBoC | Refinancing | C\$319M (\$319M) | | Commitments due 9/26. |
| Bahia Las Miñas | Bahia Las Miñas (245 MW oil) | Calon, Panama | WestLB, Banco General | Bond | \$100M \$75M | 12.5 yr 14.5 yr | Closed 10/11. |

Live Deals: Europe/Middle East/Africa

| Sponsor | Project | Location | Lead(s) | Loan | Amount | Tenor | Notes |
|---|---|----------------------------|---|-----------------------------------|------------------|---------|---|
| EdF Energies Nouvelles | C-Power (30 MW Wind) | Zeebrugge, Belgium | Dexia, Rabobank | Construction Loan | EUR126M | 15-year | Preparing retail syndication. |
| Eolicas de Portugal | (1.2 GW Wind) | Porto, Portugal | TBA | TBA | TBA | | Selecting lenders. |
| Cobra, ACS Group | La Boga II (355 MW Wind) | Andalucia, Spain | Natixis, La Caixa | Term loan | EUR205M (\$283M) | | Debt slated to close 7/20. |
| Abaste | El Bonillo (20 MW Solar) | El Bonillo, Spain | Deutsche Bank | Bond Offering | \$207M | 24.5 yr | Iberdrola offtake. |
| Industrial Promotion Services, Sithe Global | Bujagali (250 MW Hydro) | Southern Uganda | International France Corp., Absa Capital, EIB, Standard Chartered | Term loan | \$630M | TBA | Uganda Electricity Transmission Co. offtake. |
| Spanish Egyptian Gas Co. | Damietta LNG | Damietta, Egypt | TBA | Term loan Bank Facility | \$600M \$250M | 15 yr | 25-year tolling agreement. |
| Solucar Energia | SolNova (100 MW, Solar) | Sanlucar La Major, Spain | Caja Madrid, SocGen, Calyon Natixis, Santander | TBA | EUR450-500M | (-) | Sept. syndication expected. |
| Botswana Power Corp. | Morpule (1.2 GW Coal) | Palapye, Botswana | TBA | TBA | | | Project Financing Solutions advising. |
| InterGen | Rijnmond Energie Center (820 MW, Cogen) | Rotterdam, Netherlands | TBA | TBA | | | Accepting financing options. Advizorum is advising. |
| Dhofar Power Co. | Salalah (192 MW Gas Refi) | Salalah, Oman | Calyon | TBA | \$340M | TBA | Timeline unclear. |
| Tanjong Broup | Port Said East (683 MW Gas) | Port Said, Egypt | Calyon | TBA | \$500-675M | TBA | Timeline unclear. |
| Ras Laffan Power Co. (AES) | Ras Laffan A (750 MW IWPP) | Doha, Qatar | TBA | TBA | \$572M | | Looking for lead banks. |
| AES Oasis, Mitsui & Co. | Almanakher (370 MW Gas) | Almanakher, Jordan | Sumitomi Mitsui, Overseas Private Investment Corp., JIBC | Senior facility Equity tranche | \$255M \$75M | | Near close. National Electric Power Co. offtake. |
| Electricite de France, Delta | Sloe (820 MW Gas) | Vlissingen, Netherlands | TBA | TBA | | | Proposals due from banks 9/1. |
| Eclipse Energy | Ormonde (200 MW Wind/Gas) | Irish Sea | TBA | TBA | Apr. GBP200M | | Choosing Banks. |
| Carron Energy | Severn Power (850 MW Gas) | South Wales | TBA | TBA | | | Choosing Banks. |
| Greentech Energy Systems | Sardinia and Sicily wind (140 MW) | Sardinia and Sicily, Italy | TBA | TBA | EUR200M | | In discussion with banks. |
| Conergy | Epuron (8 MW Solar Thermal) | Southern Spain | WestLB | TBA | \$113.3M | | Syndication launched 9/21. |
| Guris | Germencik (47.7 MW Geothermal) | Aydin, Turkey | WestLB | TBA | | | Commitments due mid-Nov. |

CMS MIDWEST

(continued from page 1)

needs on the River Rouge complex. Also on the block are two peakers: 68 MW Kalamazoo in Comstock, Mich., and the circa 150 MW Livingston in Gaylord, Mich.

It is unclear why CMS is selling. It has been using proceeds from unregulated asset sales, primarily in Latin America, to reduce debt and bolster the balance sheet of its Michigan-based electric and natural gas utility, **Consumers Energy**. But the utility is also underweight in generation, so has been looking to develop new projects and acquire existing plants, such as the 946 MW Zeeland from **LS Power** for \$517 million.

One observer suggested that the company may be motivated by unfavorable contracts on one of the assets, which would be costly to negotiate. Calls to **Jeff Holyfield**, CMS spokesman in Jackson, Mich., and JPMorgan in New York were not returned by press time. —K.B.

TXU DEAL

(continued from page 1)

275 with an OID of 96-97. "I think it has the potential to go over like First Data because it's in a pretty conservative industry—utilities. It won't sell at par, but at the right price, there is likely to be pretty nice reception for it," said one investor. "It is a very high-profile sector people know and understand," said another.

The outline deal structure was revealed Oct. 5 in a regulatory filing. **Citigroup** is left lead on \$24.5 billion of senior secured loans, priced at LIBOR plus 350, for **Texas Competitive Electric Holdings Co.** That portion consists of a \$16.45 billion term loan B; a \$4.1 billion delayed-draw term loan B; a \$1.25 billion letter of credit and \$2.7 billion revolver.

Supporting this is \$11.25 billion in senior unsecured bridge loans, which are expected to be taken out by future bond offerings. **Goldman Sachs** is left lead on a \$6.75 billion portion at the TCEH level, of which \$5 billion has cash pay features and \$1.75 billion is PIK/toggle, as well as a to-be-determined cash collateral posting facility. **Morgan Stanley** is left lead on \$4.5 billion to be placed at TXU Corp., containing \$2.5 billion with PIK/toggle features and \$2 billion of cash pay loans. Separately, **JPMorgan** is left lead on a \$2 billion revolver for TXU's wires business, **Oncor Electric Delivery Co.**, which is not being used to fund the acquisition. The new owners plan to sell up to 20% of Oncor to help pay down the debt (PFR, 9/7). Rounding out the arranger line up is **Lehman Brothers** and **Credit Suisse**, which joined the deal late after serving as sell-side advisor (PFR, 6/22).

—Katy Burne

KELSON RETAINS

(continued from page 1)

Southeastern Reliability Council.

Repeated calls to **Jesse Gardner**, cfo of **Kelson Energy** in Columbia, Md., were not returned and **Gabriel Santos**, who is running the process at Goldman, declined to comment. Kelson's portfolio is housed in a newly created entity, **Free State Management**, and comprises 620 MW Dogwood in Pleasant Hill, Mo.; 1,230 MW Redbud in Luther, Okla.; 1,230 MW Cottonwood in Deweyville, Texas; and 922 MW Magnolia in Benton County, Miss.

Merrill Lynch led a \$1.7 billion refinancing of the portfolio in March (PFR, 3/23), which was recently quoted by traders in the 96-97 context. The debt consisted of a \$990 million term loan B and six-year, \$50 million revolver on the first lien, both priced at LIBOR plus 325. The second lien comprised a \$470 million tranche priced at LIBOR plus 575, or 650 if Kelson used a payment-in-kind, toggle feature; and a \$160 million, seven-and-a-half-year mezzanine tranche with a fixed-rate PIK coupon priced at 13.459%, or LIBOR plus 850 equivalent. —K.B.

Quote Of The Week

"It's sort of a hybrid to be able to attract local banks and open the door for foreign banks to round out the transaction." —**Isaac Deutsch**, executive director of structured and corporate finance for Latin America at **WestLB** in New York, on the \$175 million bond issue the firm and **Banco General** closed, funding **Bahia Las Minas's** partial conversation of a 245 MW plant in Colon, Panama (see story, page 4).

One Year Ago In Power Finance & Risk

Calpine Corp. and **Mitsui & Co.** had mandated **BMO Financial** and an undisclosed lender, seeking C\$500-800 (\$513-821 million) in construction financing for their 1 GW Greenfield Energy Center near Sarnia, Ontario. [BMO, **Bank of Tokyo-Mitsubishi** and four sub-underwriters, **BayernLB**, **HSH Nordbank**, **NordLB** and **Helaba**, funded \$665 million to the sponsors, drawing 14 banks in syndication. The deal was 30-40% oversubscribed (PFR, 7/27).]

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