

# power finance & risk

The exclusive source for power financing and trading news

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## Web Exclusives

**FirstEnergy** has sealed a \$1 billion loan, despite concerns over its involvement in the recent U.S. blackout.

**Edision Mission Energy** debt has rallied sharply in the last few weeks in the belief it can repay maturing debt next month and avoid bankruptcy.

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

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## FERC RULING OPENS DOORS FOR WALL ST. TRADING...

A Federal Energy Regulatory Commission ruling last week has opened the door for investment and commercial banks to trade physically settled electricity contracts. On Wednesday, the Washington, D.C.-based commission essentially killed a regulation that forbade banks engaged in physical power trading from owning more than 5% of a public utility. While none of the new breed of Wall Street power trading desks has direct ownership of a U.S. utility, there had been a concern that these banks could

(continued on page 12)

## ...AS J.P. MORGAN PLANS POWER DESK

J.P. Morgan is set to join the handful of investment and commercial banks that have begun trading electricity. A senior J.P. Morgan banker says **David Puth**, head of foreign exchange and commodity derivatives in London, is spearheading the push. Calls to Puth were not returned.

J.P. Morgan will take a cautious approach to power trading at first, in part because of its experience working with **Enron**, says the banker. "We're not going [to be] throwing millions of dollars into it right from the outset," he comments. The firm already trades

(continued on page 12)

## Homeward Bound

## EX EL PASO EUROPE CHIEF JOINS CENTRICA NORTH AMERICA

Jay Hellums, former managing director and head of London-based **El Paso Europe**, is set to join **Centrica North America** in Houston Nov. 10 to take charge of energy procurement, trading and risk management. **Peter Symons**, spokesman for **Centrica** in Calgary, Alberta, says Hellums joins as senior v.p. responsible for the company's U.S. gas and power wholesale business. Hellums, reached at home in London, declined to

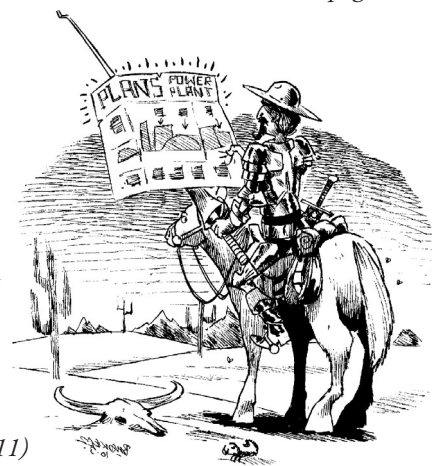
(continued on page 12)

## IBERDROLA WINS 1 GW MEXICO PROJECT

Iberdrola last week landed a **Comision Federal de Electricidad** contract to develop a 975 MW gas-fired cogeneration power project in Mexico, one of five Mexican generation projects with more than 4 GW of combined capacity likely to be launched over the next nine months.

**Eugenio Laris Alanis**, director of new projects at the CFE in Mexico City, says Mexico's national power

(continued on page 11)



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



## At Press Time

### NEG Heavy Hitters Ready Energy Venture

A group of former PG&E National Energy Group executives, including **Lyn Maddox**, former president and coo of NEG's merchant energy group, has launched a venture that will provide third-party energy services, a market which the company estimates could total \$3.5 billion. Irvington, N.Y.-based **Prospect Power** will offer services ranging from trade capture and back office settlement to energy management for owners of generation plants, pipelines and gas storage facilities, according to **Michael McCall**, coo. The company will target new entrants as well as smaller industry players that lack the scale to make handling these activities in-house cost effective.

Prospect Power has lined up **Sarah Barpoulis**, former NEG coo, as executive v.p. in charge of operations, and **Dan Valenti**, former chief information officer at NEG, in a similar role. It is looking to raise \$50 million from investors via a private placement, Maddox told *PFR*.

The company believes it has a competitive advantage over other third-party energy management providers because it does not own assets itself or have a proprietary trading operation.

"Only the largest players do this service efficiently," Maddox comments, explaining that the services Prospect Power will offer, such as processing physical transactions, are highly employee intensive.

Prospect Power was set up by McCall, a former v.p. of origination at **Sempra Energy**, and **John Eslinger**, former president and coo of **Enron Capital & Trade**.

## Cape Crusader

### U.S. Developer Readies Financing Options For First Offshore Wind Farm

**Cape Wind Associates** is close to appointing a financial advisor to help determine the financing structure for an \$800 million wind park, the first such offshore development in the U.S. **Jim Gordon**, president in Boston, says the company plans to look at conventional equity, non-recourse financing, lease-backed financing and the private placement bond market to fund the project.

Financiers say the key to any financing will be tackling the construction risk associated with the project. "We're talking about something that is brand new," says one banker.

The aim is to hire a financial advisor by year-end for the 420 MW farm in Nantucket Sound, off the coast of Cape Cod. Cape Wind is speaking to four candidates, Gordon says, declining to name them.

The developer is trying to navigate the permitting and approval process that Gordon says involves 17 state and federal agencies. Some local opposition has also surfaced in an area famed as the summering ground for rich and well-connected New Englanders. Gordon says the attraction of the location is the abundance of wind. "The not-so-good news is that it's surrounded by some of the wealthiest lawyers in the country," Gordon says.

So far the developers have sunk around \$14 million into the project to cover various permitting issues and also to fund a scientific data tower now located on Horsehoe Shoal, the proposed location for the 130 turbine farm five miles from Hyannis.

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## NAES Assumes Brazos Mandate

North American Energy Services will take over operations and maintenance of the Brazos Valley power plant on behalf of the facility's creditors Nov. 1. Officials involved in the deal say creditors led by **ABN AMRO** recently signed a contract with NAES and began looking for a new O&M company when a deal to sell the plant to **Cargill** and **ArcLight Capital Partners** fell through earlier this fall (PFR, 9/29).

The merchant power plant is now back on the market, but an official says the banks hired Issaquah, Wash.-based NAES to eke more capacity out of Brazos and enhance its attractiveness to bidders. "Many people looking at the plant are financial players," says an official close to the deal. "And they'll need NAES when they buy the plant. I don't see a strategic player coming in here and taking control any time soon."

**Glen Canavera**, v.p. of marketing at NAES, declined to comment, citing confidentiality agreement. Calls to **Peter Gaw**, head of the energy investment banking desk at ABN in Houston, were not returned by press time.

## Caithness Awaits Outcome Of Covanta Geothermal Sale

Caithness Energy, backed by **ArcLight Capital Partners**, will find out next month whether it has been successful with a \$170 million bid to acquire a trio of contracted geothermal power plants that **Covanta Energy** is selling. Covanta is looking to sell the three California plants as part of its efforts to emerge from Chapter 11 bankruptcy protection. Officials at Covanta in Fairfield, N.J., declined comment. Calls to **John McNamara** at Caithness in New York were not returned.

Some 15 potential buyers have applied for sales memoranda, according to an official familiar with the process. Caithness will automatically win the sale if none of these potential buyers makes a formal bid by the Nov. 14 deadline, or if none of them exceed Caithness' so-called 'stalking horse' bid, he continues.

In the event that Covanta receives more than one qualified bid with terms more favourable than those offered by Caithness, the plants' debtors will hold an auction at the **United States Bankruptcy Court of the Southern District of New York** on Nov. 19.

All three plants have offtake agreements with **Southern California Edison**, priced at some 5.37 cents per KW/h, says the official. The portfolio consists of the 52 MW Heber plant, the 48 MW SIGC plant and the 40 MW Mammoth plant, which Covanta jointly owns with **Constellation Power Source**. Constellation is also believed to be interested in selling its stake in the Mammoth plant.

## DTE Finds I-Bank Takers

DTE Energy has wrapped an upsized \$1.3 billion loan, buoyed in part by the strong syndicated loan market and also some investment bank commitments. Twenty banks signed up for the deal with allocations at the top and middle tiers cut by around 40%. **Lehman Brothers** and **Morgan Stanley** are among the investment banks signing up for the deal. "DTE is always being mentioned as looking at M&A opportunities," reflects one financier.

The loan is split into a \$700 million chunk for DTE Energy, \$275 million for **Detroit Edison** and a \$325 million piece for **Michigan Consolidated Gas**. Fully drawn pricing is around the 1 1/8% spread over LIBOR mark (PFR, 9/22). **Barclays Capital**, **Bank One** and **Citibank** led the revolver and term-loan package.

## Powergen Seen Divesting IPPs

U.K. utility Powergen is likely to put **Midland Electricity's** stakes in two Asian power plants up for sale if its pending GBP1.15 billion acquisition of the U.K. distribution company gets bondholder approval, predict City analysts and financiers. The portfolio comprises a 31% stake in the 480 MW Trakya CCGT baseload power plant in Turkey and a 40% stake in Uch, a 586 MW CCGT baseload plant in Pakistan. The plants were developed by **Midlands Power International** in the late 1990s and have long-term offtake contracts in place.

One analyst says Powergen's stakes likely have an enterprise value of GBP980-100 million, but are heavily encumbered with project-level debt that will limit Powergen's ability to recoup more than GBP20 million of cash through a sale.

**Jonathan Smith**, a spokesman at Powergen in Coventry, says the utility has yet to determine what to do with the assets as well as Midland's 26% stake in UK generator Teesside Power. "Clearly it's something we need to look at. But we haven't made a decision yet."

Market watchers say the stakes are not a good fit for Powergen, or its parent **E.on**, given the company's focus on owning utilities in Europe and the U.S. Powergen's international IPP business consists of a single Indonesian power plant, says Smith, declining comment on whether it would like to expand its IPP business.

London-based International Power is a likely bidder for the two Midland plants, given that it already owns assets in Pakistan and had been in talks with **Scottish and Southern Energy** to buy the plants if SSE acquired Midlands. "I think they'll be knocking on IP's door," forecasts **Neil Beddall**, a utility analyst at **Barclays Capital**. **Aarti Singhal**, a spokeswoman at IP, declined to comment.



## PSE&G Eyes 4Q For Securitization Issue

New Jersey utility **Public Service Gas & Electric** is aiming to launch a \$140 million tariff securitization bond later this quarter, according to CFO **Tom O'Flynn**. The notes will capture in one lump sum tariffs associated with above-market power purchase costs paid out by the utility during the last year of transition to a competitive market in New Jersey. During the year to August 2002, PSE&G was paying market prices for power above what it could charge consumers, explains spokesman **Paul Rosengren**. The note issue will securitize tariffs on consumer bills that cover the above market costs.

The deal would be the second securitization related to deregulation for the Newark, N.J., player. At the turn of 2000, PSE&G sold \$2.525 billion in rate reduction bonds related to its generation portfolio. Rosengren was unable to provide further details by press time.

## Zilkha Renewable Energy Ditches Okla. Wind Loan

**Zilkha Renewable Energy**, the Houston-based developer backed by entrepreneur **Selim Zilkha**, has ditched an effort to raise a \$60 million loan to fund construction of a 74.25 MW wind farm in Oklahoma. **Bayerische Landesbank** had been set to lead the loan (PFR, 9/1). One financier says some permitting issues related to the farm itself and its interconnection have yet to be resolved. He adds the bank market isn't normally willing to take on that sort of risk. Calls to **Joe Romano**, president and ceo of Zilkha Renewable Energy in Houston, and BLB officials in New York were not returned. The precise status and nature of the permitting issues could not be determined.

Construction of the wind farm, located 15 miles northwest of Lawton, has begun, with the first towers erected last month. Financiers say the lack of loan funding won't be a particularly big hurdle for Zilkha Renewable Energy. Unlike other independent developers in the wind sector, the company has strong backing in the form of the wealthy Zilkha family. The company could fund development from its own resources, one banker notes. **Selim Zilkha** founded the U.K. retail chain **Mothercare** and also sold an energy operation to **Sonat Energy** for \$1 billion.

**Western Farmers Electric Cooperative** will buy all 74.25 MW of the output from the first phase of the project under a 20-year offtake contract.

## Calpine Wraps Wis. Loan Syndication

Syndication of Calpine's \$230 million non-recourse loan funding its 600 MW **Riverside Energy Center** has wrapped with **Erste Bank** and **HSB Nordbank** rounding out the retail group. The oversubscribed deal (PFR, 10/13) was parceled out as follows:

Lender	Amount (\$M)
Credit Lyonnais	18
Bayerische Landesbank	18
HypoVereinsbank	18
NordLB	18
CoBank	66
Allied Irish Bank	17
HSB Nordbank	17
SE Banken	17
UFJ Bank	17
Erste Bank	12
General Motors Acceptance Corp.	12

The construction plus three-year term loan is underwritten by **Bayerische Landesbank**, **Credit Lyonnais**, **HypoVereinsbank**, **CoBank** and **NordLB** (PFR, 8/25). Officials at **Credit Lyonnais**, which led syndication, declined comment.

The **Beloit, Wis.**, located plant, which is due online next June, has two nine-year PPAs with **Wisconsin Power & Light** and **Madison Gas & Electric** covering 528 MW of output.

## Sithe Looks to Ramp Up Asset-backed Trading Biz

**Sithe Energies** intends to rebuild its trading operation and go on the prowl for generation assets next year, once its complex ownership structure has been resolved, says a company official. He adds management is waiting until the New Year when **Reservoir Capital Group** is expected to buy the remaining 50% interest in the company. **Matt Sherman**, a spokesperson for **Sithe**, declined to comment and calls to **Melanie Santulin**, a spokeswoman at **Reservoir**, were not returned by press time.

**Sithe** is looking to buy generation to backstop the development of its trading business, explains the **Sithe** official. "A purely speculative trading shop will lose money one year and win the next. You have to have a physical asset base," he adds.

In July, Chicago-based **Exelon** sold a 50% stake in New York-based **Sithe** to **Reservoir**. According to a **Securities and Exchange Commission** filing, **Exelon's** and **Reservoir Capital's** 50% stakes are subject to options that could lead to either owning 100% of the company.



# Electric Industry International Financial Conference

15-18 FEBRUARY 2004

**WHAT:** Edison Electric Institute Electric International Financial Conference. For preliminary agenda go to:  
**[www.eei.org/meetings-intl](http://www.eei.org/meetings-intl)**

**WHO SHOULD ATTEND:** Chief executives, chief financial officers, treasurers and investor relations representatives from the utility industry and members of the financial community.

**PURPOSE:** This conference provides a forum for global utility representatives, analysts, and other investors to meet in a common area to exchange information on industry issues and competitive strategies across multiple markets.

**FORMAT:** The plenary session will take place on Monday and Tuesday morning followed in the afternoons with company visits.

**COMPANY VISITS:** On Monday and Tuesday afternoon utilities will host company visits. This part of the conference program will provide an opportunity for utility representatives and the financial community to discuss strategies, market and regulatory issues and their potential impact on financial performance and shareholder value.

Structured 30-minute 'formal' visits (presentations) will be held concurrently on Monday afternoon in breakout rooms. The 30-minute period includes time for questions and answers.

Tuesday afternoon company visits are informal. Each utility company will host a 'home table' in the Ballroom. Investors will be able

to meet with utility executives on an individual basis.

**The following utilities hosted a company visit at the 2003 conference:**

American Electric Power  
Centrica plc  
Dominion Resources  
Duke Energy Corporation  
ENDESA S.A.  
EVN AG  
Iberdrola S.A.  
International Power plc  
KeySpan Corporation  
National Grid Transco plc  
Progress Energy, Inc.  
Red Eléctrica de España, S.A.  
Scottish & Southern Energy plc  
ScottishPower plc  
Southern Company  
TXU Corp.  
Unión Fenosa S.A.  
United Utilities PLC

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The group room rates for the Conference are:

£140 for single/double

Room types include:  
king, queen, single

Contact hotel directly for suite information.

**Room accommodation requests should be made directly with the hotel not with Edison Electric Institute.**

The above room rates are inclusive of a service charge and a 17.5% VAT. Please reference this number when making hotel reservations: **EDIA150204**

**AIRLINE INFORMATION:** We have a discount travel program with United Airlines. The airline offers a 5% discount off any published fare or 10% off coach fare for reservations/ticketing made 60 days prior to the meeting. To receive the lowest possible fares, please call 1-800-521-4041 [Refer to File: 556AF].

#### **EI CONFERENCE CONTACTS:**

For meeting information and registration forms, please contact:

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## Corporate Strategies

### IP&L Flips To Unsecured

**Interstate Power & Light** issued \$100 million of 6.45% 30-year unsecured senior debentures early this month to replace secured notes at a higher coupon. **Karen Whitmer**, a spokesperson at the Cedar Rapids, Iowa-based utility, says IP&L will retire \$94 million in first-mortgage bonds that pay a 7.625% coupon. The remaining cash will be used for general corporate purposes, including the financing of capital expenditures. **Tom Hanson**, treasurer at IP&L's parent company **Alliant Energy**, declined to comment.

**Dot Matthews**, a fixed-income analyst at New York-based **CreditSights**, says despite issuing unsecured debt, IP&L was able to lock in better financing terms because of the attractive interest-rate environment and the utility's strong credit rating. "It's a well rated company, so it can issue unsecured bonds at a lower rate than secured."

**Moody's Investors Service** rated the bonds Baa1, in line with the utility's existing unsecured debt. **Lehman Brothers** and **Merrill Lynch** acted as joint book-runners.

### Tenaska Wraps \$410M Project Bond

**Tenaska Alabama II Partners** has privately placed \$410.5 million of senior secured non-recourse bonds in the 144a market, and is using the proceeds to pay down project-level bank debt tied to an 885 MW combined-cycle plant in central Alabama. Bankers had been taking the planned bond offering as a positive signal that mini-perm loans can be refinanced, as originally envisioned, in the capital markets (PFR, 10/13). The 20-year, BBB minus notes carry a 6.125% coupon and were placed by co-leads **Lehman Brothers** and **Credit Lyonnais Securities**, with **DZ Bank** as co-manager. **Mike Lawler**, executive v.p. and treasurer at project sponsor **Tenaska** in Omaha, Neb., says lenders are happy with the deal, declining further comment.

One market watcher notes that while **Lehman** is a frequent underwriter of structured bond deals, **Credit Lyonnais** and **DZ** are relative newcomers. However, he adds that commercial bank project finance players are increasingly going to be looking to land a slice of bond deals that refinance project loans that they backed. Officials at the three firms either did not return calls or declined comment.

The **Autauga** county plant, which came online in May, was funded with a \$455 million bank loan, headed by **DZ Bank**, **Crédit Lyonnais**, **HypoVereinsbank**, **TD Securities** and **Bank of Tokyo-Mitsubishi** (PFR, 4/30/01).

### SoCalGas Refinances With Lower Coupon Notes

**Southern California Gas Co.**, the largest natural gas distribution utility in the U.S., has tapped the first-mortgage bond market for \$250 million in 14½ year notes to refinance a chunk of expired and called debt. **Charlie McMonagle**, v.p. and treasurer at parent **Sempra Energy** in San Diego, says the new coupon of 5.45% stacks up against the 7% mark in the maturing issues.

**SoCalGas** has been actively refinancing debt, earlier this year placing \$250 million of 4.8% 10-year first mortgage bonds. **McMonagle** says the utility expects to tap the market once again by year-end as more debt matures. The new notes mature in April, 2018, and the 14½ year maturity simply reflects a debt portfolio management move by the company to ensure maturing issues don't overlap, he adds.

**ABN AMRO** and **Banc One Capital Markets** were lead underwriters for the bonds and the co-managers were **Credit Lyonnais Securities**, **The Royal Bank of Scotland**, **Scotia Capital** and **SG Cowen**. **McMonagle** says all those firms participate in **SoCalGas'** corporate loan facility, but the key criterion in selecting underwriters is execution. "We balance some of the business, but there isn't a formal rotation," he adds.

Earlier this month **Standard & Poor's** reduced **SoCalGas'** corporate credit rating from A plus to A and senior unsecured debt from A to A minus. The agency made the move because of the increasing revenues parent **Sempra** is deriving from unregulated businesses, says **Swami Venkataraman**, S&P analyst in San Francisco.

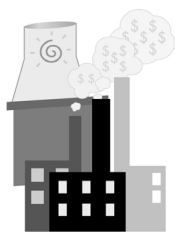


### Middle East & North Africa Oman Readies Sohar RFP

Oman's Ministry of Electricity and Water will send out requests for proposals to 10 prequalified bidders looking to develop the 500 MW and 30 million gallons per day **Sohar** power and water desalination project on Nov. 3, says an advisor to the project. He adds the developers will be asked to submit binding offering to develop the project by next March.

The roster of prequalified bidders includes **AES**, **International Power**, **Marubeni**, **Mitsui Corp**, **Sumitomo Corp**, **Tractebel** and **TotalFinaElf** (PFR, 9/8).

**Société Générale** and **Denton Wilde Sapte** advised the Omani authorities on the bidding process.



## Generation Auction & Sale Calendar

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	N/A	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal		
	El Bajio	Mexico	600 (50%)	Gas	WestLB	
	Mulberry	Fla.	120 (45%)	Gas	CSFB	Seeking non-binding bids by end of October.
	Orange	Fla.	103 (50%)	Gas		
	Brush II	Colo.	68 (50%)	Gas		
	Thermo Cogen	Colo.	272 (50%)	Gas		
American Electric Power	Barney M. Davis	Texas	697	Gas/oil	CSFB	Launched sale process in June as part of deregulation of Texas market.
	E.S. Joslin	Texas	254	Gas/oil		
	J.L. Bates	Texas	182	Gas/oil		
	Laredo	Texas	178	Gas/oil		
	Lon C. Hill	Texas	559	Gas/oil		
	Victoria	Texas	491	Gas/oil		
	La Palma	Texas	255	Gas/oil		
	Nueces Bay	Texas	559	Gas/oil		
	Coleto Creek	Texas	632	Coal		
	Oklaunion	Texas	54 (7.8%)	Coal		
	Eagle Pass	Texas	6	Hydro		
	South Texas	Texas	630 (25%)	Nuclear		
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
Aquila	Koma Kulshan	Wash.	14 (49.9%)	Hydro	Lehman Bros.	Launched sale in June.
	Stockton Cogen	Calif.	60 (50%)	Coal		
	BAF Energy	Calif.	120 (23%)	Gas		
	Badger Creek	Calif.	50 (48.8%)	Gas		
	Lake Cogen	Fla.	110 (99.9%)	Gas		
	Pasco Cogen	Fla.	108 (49.9%)	Gas		
	Orlando Cogen	Fla.	126 (50%)	Gas		
	Rumford Cogen	Maine	85 (24.3)	Coal		
	Topsham	Maine	14 (50%)	Hydro		
	Selkirk Cogen	N.Y.	345 (19.9)	Gas		
	Onondaga Copgen	N.Y.	91	Gas		
	Mid-Georgia Cogen	Ga.	306 (50%)	Gas		
	Jamaica Private Power	Jamaica	65 (21.4%)	Diesel		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant Resources has option to purchase portfolio in early 2004
CMS Energy	Ensenada	Argentina	128	Gas-fired	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Separate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Covanta Energy	Heber	Calif.	52	Geothermal	None	Caithness/ArcLight have bid \$170m for the three plants
	SIGC	Calif.	48	Geothermal	None	
	Mammoth	Calif.	40	Geothermal	None	
Duke Energy North America	Lee Energy	Ill.	640	Gas	J.P. Morgan	
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Duke Energy North America	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Barstrop	Texas	543 (50%)	Gas	Citigroup	Final bids due.
	Bayonne	N.J.	171	Gas		
	Camden	N.J.	150	Gas		
	CDECCA	Conn.	58	Gas		
	Fulton	N.Y.	45	Gas		
	Newark Bay	N.J.	123	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Ace	Calif.	100 (48%)	Coal	Banc of America	Launched sale in June.
	Mt Poso	Calif.	50 (16%)	Coal		
	NCA 1	Nev.	86 (50%)	Gas		
	Front Range	Colo.	480 (50%)	Gas		
	Badger Creek*	Calif.	46 (26%)	Gas		
	Bear Mt*	Calif.	45 (51%)	Gas		
	Chalk Cliff*	Calif.	45 (51%)	Gas		
	Corona*	Calif.	50 (20%)	Gas		
	Crockett*	Calif.	240 (5%)	Gas		
	Double C*	Calif.	46 (26%)	Gas		
	High Sierra*	Calif.	46 (26%)	Gas		
	Kern Front*	Calif.	46 (26%)	Gas		
	Live Oak*	Calif.	45 (51%)	Gas		
	McKittrick*	Calif.	45 (51%)	Gas		
	Cambria	Penn.	85	Coal		
	Colver	Penn.	100 (28%)	Coal		
	Gilberton	Penn.	80 (10%)	Coal		
	Panther Creek	Penn.	82 (50%)	Coal		
	Dartmouth	Mass	68	Gas		
	MassPower	Mass	252 (50%)	Gas		
	Midland Cogen	Miss.	1,500 (44%)	Gas		
	Prime	N.J.	66 (50%)	Gas		
	Mid-Georgia	Ga.	300 (50%)	Gas		
	Mulberry	Fla.	115 (46%)	Gas		
	Orange	Fla.	96 (50%)	Gas		
	Orlando	Fla.	114 (50%)	Gas		
	Vandola	Fla.	680 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan	Looking to sell by year-end.
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	Launched sale in September
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
	Independence	Ark.	842 (15%)	Coal		
Exelon	Mystic 8	Mass.	800	Gas	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 9	Mass.	800	Gas		
	Fore River	Mass.	800	Gas		
Fife Power	Fife	U.K.	115	Coal	KPMG (Administrator)	El Paso placed plant in administration.



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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
InterGen	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB BofA	Ongoing.
	Shady Hills	Fla.	474	Gas		Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		Looking for advisor to assist with sale.
	Wichita Falls	Texas	77	Gas		Looking for advisor to assist with sale.
NRG (Asia)	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	Flinders	Australia	760	Coal		
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		
NRG (Latin America)	TermoRio	Brazil	1040 (50% stake)	Gas	Deutsche Bank	Awaiting bids.
	COBEE	Bolivia	220 (98% stake)	Hydro/Gas		
	Itiquira Energetica	Brazil	160 (98% stake)	Hydro		
	Cementos Pacasmayo	Peru	66	Hydro/Oil		
	Bulo Bulo	Bolivia	90 (60% stake)	Gas-fired		
	Cahua	Peru	45	Hydro		
NRG (Europe)	CEEP	Poland	10 (10% stake)	-	Goldman Sachs	Ongoing.
	Enfield	U.K.	380 (25%)	Gas-fired		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG (U.S.)	Big Cajun II	La.	2,400 (90%)	Coal	-	Ongoing.
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	Bayou Cove	La.	320	Gas		
	Sabine River	Texas	420 (50%)	Gas		
	Sterlington	La.	202	Gas		
	Mustang	Texas	485 (25%)	Gas		
	Pryor Cogen	Okla.	88 (20%)	Gas		
	Timber	Fla.	13.8	Biomass		
	Power Smith	Okla.	80 (9.6%)	Gas		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Ongoing.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
PG&E National Energy Group	Bear Swamp	Mass.	599	Hydro	Lazard Frères	Ongoing.
	Masspower	Mass.	267	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
Reliant Resources	Argener	Argentina	160	CHP	-	-
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
Tractebel North America	Ripon Cogeneration	Calif.	49	Gas	Navigant	Launched sale in May.
	San Gabriel	Calif.	41	Gas		

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

## 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.*

### Europe & Middle East

- **David Crane**, ceo of **International Power**, has quit the company to return to his native U.S. to run **NRG Energy**, the embattled IPP that is emerging from Chapter 11 protection. He is to take up the new post at the end of November. "David was made an offer by NRG which International Power couldn't match and which he couldn't refuse," said a source, adding the position also lets him rejoin his family, who have not moved from the U.S. International Power said Crane's departure was regrettable but amicable and that he left a strong executive team behind him, including **Philip Cox**, cfo, who is expected to seek the chief executive job (*The Times*, 10/22).
- Poland's Treasury Ministry intends made a decision imminently on the sale of the state-owned G-8 distribution company, a privatization process that has dragged on for at least three years. "I think that I will make the decision by the end of next week," said Treasury Minister **Piotr Czystewski**. **El-Dystrybucja**, an SPV set up by Polish investment group **Kulczyk Holding**, is the only bidder to have filed a binding offer. A joint venture between **E.on** and **Electrabel** decided against bidding, citing the Treasury's excessive floor price (*Interfax-Europe*, 10/22).
- **Powergen** has scooped control of **Midlands Electricity** for GBP1.15 billion after pursuing the distribution company for more than seven years. Powergen's parent **E.on**, said it had agreed terms of the deal with **Aquila** and **FirstEnergy**, Midland's U.S. owners, which have been seeking a buyer for months as they retreat to their home markets. Powergen entered the fray last month after **Scottish and Southern Energy** pulled out of a GBP1.1 billion deal to buy Midlands. SSE said it was clear that bondholders would not accept a proposed cash payment worth 86% of their bond's face value. Powergen topped that offer with an approach equivalent to 95.8% (*The Times*, 10/22).
- The U.K. government has given the green light to the development of four off-shore wind farms that, with 456 MW of combined capacity, are capable of powering 230,000 homes, according to energy minister **Stephen Timms**. Two of the schemes are off Skegness, Lincolnshire. The two others are at Cromer, Norfolk and Clacton-On-Sea, Essex (*Financial Times*, 10/23).

### U.S. & Canada

- **El Paso** has agreed to sell its 29.64% stake in **Portland Natural Gas Transmission System** to **TransCanada** for about \$56 million. PNGTS operates a 350 mile interstate natural gas pipeline connecting the Trans-Quebec & Maritimes Pipeline near Pittsburg, N.H., with delivery points in Maine, New Hampshire and Massachusetts. The sale is subject to conditions, including the right of existing partners to purchase their pro rata share under the same terms and conditions. TransCanada will also assume debt of about \$80.7 million (*Dow Jones*, 10/20).
- **Allegheny Energy** COO **Jay Pifer** will retire Dec. 1. Pifer, 66, was appointed interim president and ceo in April and was named coo in June (*Business Wire*, 10/20).
- The **Electric Reliability Council of Texas**, which runs the Lone Star state's power grid, is hunting for a new chief executive. Incumbent **Tom Noel** is planning to retire next June after overseeing the implementation of the restructuring of the state's \$20 billion-a-year electricity market. Noel joined ERCOT in May 2000 and had his contract extended last May for one year (*Houston Chronicle*, 10/21).
- **Enron** creditors have filed over two dozen objections to a disclosure statement describing its business units, saying there isn't adequate information about assets and their proposed allocation to creditors. The objections point to widespread opposition to the company's plan of reorganization. A court hearing to approve the statement scheduled for next week was delayed at Enron's request until Nov. 18 (*Houston Chronicle*, 10/21).
- A judge ruled that **Mirant** can borrow \$200 million immediately and up to \$300 million more once it meets certain conditions to help the bankrupt energy supplier reorganize. Mirant, which filed for bankruptcy July 14, has said that without the money, businesses it is working with "may hesitate or otherwise refuse to engage in transactions" with it. Several creditors had raised objections to Mirant's financing plan. The creditors, affiliated with **Bank One** and **Verizon Capital**, said in court papers that Mirant hasn't adequately shown that, as a bankrupt company still in possession of its assets, it needs the money (*Associated Press*, 10/21).

● **Goldman Sachs** has agreed to acquire North Carolina IPP **Cogentrix Energy** for \$2.4 billion, including the assumption of \$2.3 billion in debt. The move gives the New York investment bank control of 26 power plants and some 3.3 GW of mostly contracted capacity. Goldman also has completed its \$1.06 billion acquisition of the East Coast Power plant in New Jersey (*Financial Times*, 10/21).

● **Moody's Investors Service** downgraded the debt ratings of **Calpine**, including its senior credit rating to B2 from Ba3. The rating action concludes a review for possible downgrade that was initiated on June 20. The rating outlook is stable (*Dow Jones*, 10/21).

● **CenterPoint Energy** beat analyst expectations for the third quarter in part because of strong results at **Texas Genco**. The generation subsidiary, which is 81% owned by CenterPoint and 19% owned by the public, saw strong numbers because of price increases from its non-natural gas

generating portfolio. CenterPoint recorded income of \$183 million against \$162 million last year (*Houston Chronicle*, 10/22).

● **Ex-Enron Chairman Ken Lay** has asked a judge to force federal regulators to either live without 870 pages of documents he has or accept them on Lay's terms. Asserting his Fifth Amendment right against self-incrimination, Lay has refused to release some records to the **Securities and Exchange Commission**. The agency has refused to agree that if Lay produces the documents, it will not construe the production as a waiver of his Fifth Amendment rights (*Houston Chronicle*, 10/22).

● **Constellation Energy Group** has acquired **Blackhawk Energy Services**, a natural gas and electricity provider in Illinois, and **Kaztex Energy Management**, a natural gas provider in Wisconsin, from **Wisconsin Energy Corp.** Financial terms were not disclosed (*Dow Jones*, 10/22).

## Financing Record (OCTOBER 16 - OCTOBER 23)

### Bonds

Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Moody's	S&P	Bookrunner(s)
10/16/03	11/7/33	ENEL Investment	66.9	100	MTNs	5.584	A1	A+	Nomura
10/16/03	10/22/13	Singapore Power	1,000.00	99.396	Notes	5	Aa1	AA+	Morgan Stanley
10/16/03	11/22/08	Singapore Power	600	99.955	Notes	3.8	Aa1	AA+	Morgan Stanley
10/17/03	10/30/13	Azienda Energetica Municipale	584.1	99.767	Fxd/Straight Bd	4.875	NR	A	JP Morgan
									Unicredit Banca Mobiliare/Mediobanca
10/21/03	11/28/13	OBB	575	99.78	Fxd/Straight Bd	4.75	NR	NR	BNP Paribas
10/22/03	11/11/06	EDF	472.4	99.985	Fix/Flt Bond	Floats	Aa3	AA-	CAI/Citi/Merrill/UBS

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

## IBERDROLA

(continued from page 1)

company has awarded Spanish utility Iberdrola the concession to build, own and operate the Altamira V project on the Gulf coast, north of the Yucatan Peninsula.

The Iberdrola mandate reflects the continued commitment of Spanish utilities to investing in Mexico's power sector, while many U.S. and European rivals rein in their ambitions. Alanis says the likes of **Union Fenosa** and Iberdrola are proving the most aggressive in pursuing new development projects. Iberdrola is already building the 500 MW La Laguna II power plant in central Mexico, and is expected to bid on new projects as they come to market. **Deborah Walton**, a spokeswoman at Iberdrola, declined to comment.

A tender to land the Altamira gas-fired, cogeneration project was launched in August and construction is scheduled to begin

### New CFE Projects

Plant	MW	Auction Date	Status
Valadolid III	477	08/19/03	Calpine/Mitsui won mandate
Altamira V	975.2	08/28/03	Iberdrola has won mandate
Tuxpan V	479.2	11/28/03	Pending
Tamazunchale	987	1/12/03	Pending
Tamazunchale II	972	4/1/04	Pending
Agua Prieta II	411	7/7/04	Pending

next year with the plant slated to come on-line by 2006. Alanis says the CFE awards contracts to the lowest cost bidder, declining comment on the terms of the Iberdrola offer for Altamira V.

This week the CFE will accept bids for Tuxpan V, a 480 MW power project on the Gulf of Mexico. "It's difficult to say who will bid right now," says Alanis, "but we expect bids from **Mitsui**, **Iberdrola** and **Electricité de France**, among others."

Tamazunchale, a 967 MW project, will be put out for tender in December.

—N.S.

## EX EL PASO

(continued from page 1)

comment.

The appointment comes as U.K. utility Centrica attempts to ramp up its three-year old unregulated North American retail energy businesses in Texas, the Northeast and Canada and back these supply operations with a combination of power plant acquisitions and offtake contracts. Centrica recently put together a Houston-based team to evaluate generation investment opportunities (PFR, 9/8).

Originating power and gas contracts to cover retail customer needs will be the primary focus for Hellums, notes one market watcher, adding the company's peak load in Texas alone is 4 GW and growing sharply. North America already accounts for close to 12% of Centrica's earnings. The aim is to double that over the next three years, notes one company official.

Centrica has energy trading and procurement desks in Houston and Calgary. **Tim Le France**, v.p. and former head of procurement, left Centrica this summer, notes a company official.

Hellums, a Houston native, spent three and a half years at El Paso in London before **El Paso Corp.** closed its European merchant energy operations late this summer. He previously spent seven years at **Enron** in both London and Houston in several roles, including head of European energy trading and head of European corporate finance origination.

—*Will Ainger*

## FERC RULING

(continued from page 1)

inadvertently end up owning part of a utility via their capital markets or asset management operations.

While some restrictions are still in place, the new FERC ruling gives banks more latitude to conduct both lucrative equity underwriting and asset management businesses while trading power. "We are still reviewing this, but understand that this is a favorable ruling," says **Bank of America** spokesman **Jeff Hershberger**.

FERC initially imposed a 1% limit on a bank's ownership of a public utility in Dec. 2001. Despite raising the bar to 5% this June, **UBS**, which bought **Enron's** trading operation in 2001, and **BofA**, which was granted a power trading license last year, recently filed a joint protest that the reform didn't go far enough. "Quite simply, the burdens they [the regulations] impose on applicants' core banking activities...would far outweigh the prospective benefits of trading electricity in their own right," noted a joint

**UBS/BofA** filing in July.

A **UBS** banker says the ruling is positive if it gives banks the flexibility to both trade and underwrite large bond deals. "There are any number of ways you can find yourself owning more than 5% of a company," says the banker.

**Barbara Connors**, a spokeswoman at **FERC**, declined comment, as did **Mark Arena**, a spokesman for **UBS**.

—*Nina Sovich*

## ...AS J.P. MORGAN

(continued from page 1)

oil and gas, he adds.

The banker says **J.P. Morgan** likely will buy generation assets to trade around, but says the operation will not be connected to, or funded by, **J.P. Morgan Partners**, the private equity arm that is looking to buy power plants. "Maybe if you are trading oil and gas in liquid [markets] you don't need to own assets," says the banker, "but I don't see how you can trade power without owning [generation]."

—*N.S.*

## Calendar

**Synergy** will hold the *EMART Energy 2003* conference at the **RAI Exhibition and Congress Centre**, Amsterdam, Nov. 25-26. Speakers include **Stefan Judisch**, managing director at **RWE Trading**, **Mark Elliot**, general counsel at **Entergy-Koch Trading**, **Paul Dawson**, director at **Barclays Capital**, and **Aitor Moso**, head of power trading at **Iberdrola Generacion**. For further details visit [www.emart-energy.com](http://www.emart-energy.com)

## Quote Of The Week

"The not-so-good news is that it's surrounded by some of the wealthiest lawyers in the country."—**Jim Gordon**, president of **Cape Wind Associates** in Boston, commenting on local opposition to the development of a 420 MW offshore wind farm in Nantucket Sound off the coast of Cape Cod (see story, page 2).

## One Year Ago In Power Finance & Risk

**CMS Energy** put its **CMS Marketing, Services & Trading** unit in Houston up for sale as part of an on-going effort to lower its debt-to-equity ratio and also offload an operation it viewed as non-strategic. [**Sempra Energy Trading**, the Stamford, Conn., trading arm of **Sempra Energy**, bought **CMS'** natural gas trading book for \$18 million a few months later (PFR, 12/9). **Constellation Power Source** bought the wholesale electricity trading book and related supply portfolio for \$33.8 million in April.]