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KGen Holdings has put off the sale of its assets due to the unstable financial markets.

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SECTOR TIPPED FOR FURTHER CONSOLIDATION

Consolidation in the U.S. power and energy sector is seen as inevitable as valuations of power companies fall on the public markets and private equity funds need to invest capital within set time horizons. "The U.S. is just going to be a great opportunity," says **Karl Miller**, senior industry consultant and founder of acquisition company **MMC Energy**, noting it is the world's most fragmented power market.

Evidence of consolidation can be seen with **Exelon's** \$6.2 billion bid for **NRG** and

(continued on page 11)

Company	Miller's Targets				Change from High to Close
	Market Cap (Bln)	52-Week High	52-Week Low	Closing Price Oct. 23	
Reliant Energy	\$1.92	28.74	2.77	5.49	-80.10%
Constellation Energy Group	\$4.24	107.97	13.00	23.75	-78.00%
Dynegy	\$1.49	9.92	2.03	3.02	-69.60%
Mirant Corp.	\$2.89	43.48	11.99	15.57	-64.20%
AES Corp.	\$5.65	23.09	6.66	8.42	-63.50%
Calpine	\$4.46	23.36	7.60	10.55	-54.80%
NRG Energy	\$5.16	46.56	14.39	21.86	-53.00%
TransAlta Corp.	\$3.88	37.84	16.16	19.63	-48.10%

Is This The Way To Amarillo?

LONE STAR DEVELOPERS LOOK FOR \$1.2B



Richard Walling

Dallas-based **Higher Perpetual Energy** and joint venture partner **DeWind** are seeking 35% equity and 65% debt for their \$1.2 billion 620 MW Texas wind generation portfolio. "We can get these projects built quickly and get them turned around," says **Richard Walling**, v.p. of British wind developer **Perpetual Energy**, a 50:50 JV partner in **HPE**. **Perpetual Energy** formed **HPE** with Texas landholding and acquisitions company **Higher Power** in 2007.

The company, which hopes to land all of the funding by July, is in talks with a variety of private equity funds and wealthy individuals for the \$420 million

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VIETNAM COAL PLANT DEVELOPERS PLOT FINANCING

A joint venture owned by **Mitsubishi Corp.**, Hong Kong's **CLP Holdings** and state-owned **Vietnam Electricity** plans to seek some \$1 billion in commercial bank financing to cover 40% of the cost of a 2 GW supercritical coal-fired project in Vietnam. **Ian Fox**, v.p. and chief representative in Hanoi for **OneEnergy Limited**, says via e-mail, "Apart from low interest and long tenors, like 18-20 [years], we will look for banks

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



At Press Time KGen Ices Asset Sale

KGen will wait for the market turmoil to relent before concluding its sale process for its assets or the entire company. In a letter to investors Oct. 17 which was posted to its Web site last week, the board said it believes the company and shareholders "would realize even greater value, with more certainty of closing, in a more stable financial market." That would allow bidders "greater, and more certain, access to capital and financing instruments." **Dan Hudson**, chairman of the board, declined to comment beyond the letter. Calls to auctioneer **Credit Suisse** were not returned.

The company says it received indicative bids for the entire company and individual assets from both strategic and financial parties. The auction moved into the second round late last summer after releasing teasers in July (PFR, 9/12). The company owns five combined cycle facilities developed by **Duke Energy North America** ranging between 520-640 MW in Arkansas, Georgia and Mississippi.

S.C. Utilities Mulls Financing For Nuke Expansion

Santee Cooper and **South Carolina Electric & Gas** will finance their \$10.7 billion, 2.2 GW expansion of the Summer Nuclear Station in Jenkinsville with debt, equity and the **Department of Energy's** Loan Guarantee Program.

SCANA subsidiary **SCE&G** will finance its 55%, \$6.3 billion stake with equal portions of debt and equity before the two 1.1 GW reactors come online in 2016 and 2019. "It's a traditional, conservative approach, which is the profile of our company," says **Bryan Hatchell**, investor relations manager in Columbia. The company will issue commercial paper and then roll it into first mortgage bond issuances. Hatchell says that the utility has applied for the DOE program to cover up to 80% of project costs, but may forego it due to asset-backing requirements. He says the company will look for financial stability, market presence and responsiveness in underwriters, but declined to comment on timing.

Moncks Corner-based **Santee Cooper** has applied for \$1.5 billion in loan guarantees to bridge finance part of its \$4.4 billion portion. The remaining costs will be financed with equal portions of debt and equity, says **Jeff Armfield**, v.p. and treasurer. CP issued will ultimately be rolled into \$350-700 million first mortgage bond offerings. The company issued \$350 million in bonds this month (see story, page 7) and will issue again at the end of next year. **Goldman Sachs** and **Citigroup** will lead the issue.

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Thomas Rains**, managing editor, at 212-224-3226 or trains@iinews.com.

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**Institutional
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INTELLIGENCE FIRST

Details Emerge On South Point Tax Equity

Biomass Group is looking for \$160 million of tax equity for its 200 MW wood-fuel South Point, Ohio, project and is also considering selling the project outright. "We may need to let the markets settle down a little, but the energy space is still alive," says **Mark Harris**, founder of the Lexington, Ky.-based sponsor. Harris will pitch the project to more than 24 institutional investors starting this week and hopes to garner the tax equity in the next 60 days.

Harris notes that company is also open to potential buyers for the project. "At some point we want to monetize it... We're definitely interested in selling down some of the project to some strategic investor." **WestLB** has been mandated to syndicate \$350-400 million in debt for the project this fall (PFR, 8/8), however bank officials note that syndication has been put on hold until next year due to frozen credit markets. Harris insists that the financing is set to close by the end of this year and declined to identify potential investors. Details of the debt financing, including pricing and amortization could not be learned.

The company has begun preliminary construction on the project, which is set to go online at the end of 2010. South Point will hook up to the PJM interconnection with a 10-year swap hedging output (PFR, 7/11) and saw mills and the surrounding forestry in a 150-mile radius will provide fuel.

Hydro Developer Seeks Strategic Investors

Fall River, Mass.-based **Ocean Renewable Power Company** is seeking equity investors for its three maiden \$122-148 million projects. "Our first choice would be people that don't bring just money but a strategic advantage to us... A strategic manufacturer or supplier would be preferred," says **Chris Sauer**, president and ceo in the company's Portland, Maine office. The company was formed in 2004 by several former **Pacific Gas & Electric** executives and a cruise ship operator.

First up are the \$55-65 million Western Passage tidal project in Eastport, Maine, and the \$2-8 million Tenana River run-of-river project near Nenana, Alaska. Each project will generate up to 5 MW by 2011 and the Western Passage project will generate 80-100 MW by 2015. The \$65-75 million Cook Inlet tidal project in Cook Inlet, Alaska, will follow a year later and build to 80-100 MW capacity in 2016.

ORPC aims to nail down the bulk of the equity for the projects in 2011, pending permitting and is in talks with potential investors for \$6-10 million of capital by year-end. The funds will go toward preliminary project work and company

operations through 2010. Sauer declined to identify the potential investors.

The company has been negotiating power purchase agreements with Alaskan utilities including **Chugach Electric** and the **Matanuska Electric Association**. A power marketer will sell generation from Western Passage, which will hook up to the **New England Independent Systems Operator** through an interconnection with **Bangor Hydro**. Sauer says ORPC will finalize a PPA and choose a marketer sometime in 2010 or 2011. He declined to specify any marketers under consideration.

Ocean Renewable's pipeline also includes six ocean current projects in the Gulf Stream off the Florida coast, which Sauer notes could each generate hundreds of megawatts.

South Africa Preps 3.2 GW RFP

The **Coega Development Corp.**, a South African government agency, is gearing up to issue a request for proposal aimed at international developers for a 3.2 GW gas-fired facility in Port Elizabeth, South Africa. "We will look for a bidder who will offer a complete energy to power solution and who will use an international network," says **Khwezi Tiya**, executive manager of business development. The winning bid will likely include plans for generation and supporting gas storage and transmission facilities.

Coega will issue the RFP by year-end or during the first quarter of next year, after it contracts a transaction advisor. "We need to have someone on our side who understands how to put this project together," explains Kwezi, adding that the advisor will structure and manage the RFP and help the agency evaluate bids. Coega closed a transaction advisor RFP aimed at South Africa-based companies on Oct. 14 and will select a company from the pool of ten bidders by Nov. 14. The agency will choose a bid for the power project in June, 2009. The first 800 MW phase of the facility is slated for operation in 2011, with overall completion scheduled for 2013.

The advisor will also facilitate power purchase agreement negotiations with national grid owner **Eskom**. While the government has mandated Coega to build the project to create competition in the Eskom-dominated electricity market and encourage international investment, the utility may still bid into the RFP under national law. Eskom is also preparing its own tender for 2.4-4.5 GW of generation. Kwezi declined to identify transaction advisor candidates.

Due to the size of the project and the possible requirements for gas storage and transmission, Kwezi says that several companies will likely need to cooperate on a single bid in order to meet the RFP requirements. Bidders will need to demonstrate their ability to finance proposals with good credit and experience, though financing does not need to be in place at the time of submission.

Details of the evaluation process could not be learned.

Coega was created by the government in 1999 to encourage industrial and commercial development and attract international investment in South Africa.

Dominion Aims To Hook Up With BP For More Wind

Dominion is looking to partner with **BP Alternative Energy** again on wind projects in Virginia. The integrated utility is developing 750 MW Fowler Ridge wind farm about 90 miles northwest of Indianapolis with **BP Alternative Energy** (PFR, 10/16).

More greenfield development sites will be announced by the first quarter, **James Martin**, senior v.p. of business development and generation construction, told *PFR* on the sidelines of Platt's *Financing U.S. Power* conference in New York Tuesday. He declined to disclose the scale of projects or potential investment size. But he noted Virginia has been chosen as the development location because it provides superior wind resources when compared to North Carolina and West Virginia's best sites have already been exploited.

The company is expanding in biomass as well. It broke ground in August on its 585 MW Virginia City Hybrid Energy Center clean coal and biomass facility in southwest Virginia. "It helps us respond to any carbon legislation Congress may enact in the future," Martin said. A spokesman for BP did not return a call.

Cogen Developer Lands Belgium Financing



John Keppler

Richmond, Va.-based renewables company **Intrinergy** and a partner have landed EUR34 million (\$47 million) in senior secured debt for a cogeneration biomass project in Belgium. **NordLB** leads the non-recourse Intrinergy VARE Holdings funding. "NordLB is obviously a leader in this business...and pushed this deal across the line," says **John Keppler**, Intrinergy CEO, on getting the deal done in the tight credit market.

The debt covers 83% of the total cost, says Keppler, with the remaining 17% from Intrinergy and its partner: U.K.-based waste management company **Shanks Group**. "I don't mean to call it a plain vanilla project finance, but it really is," he says, noting the amount of debt is possible due to cash coverage and healthy credit. "We're delighted with the amount of leverage on this."

The plant will generate up to 5 MW of power and 12 MW of steam when it comes online late next year or early 2010. A portion of the power will be sold to a local utility under a five-

year PPA, while the steam and balance of the power will run a wood-pellet manufacturing plant on the same site. The pellets produced can be used to replace coal, heating oil or natural gas for residential and commercial buildings.

Intrinergy has similar projects in Germany, the Dominican Republic and the U.S. as well as more than 35 facilities in development in the continental U.S., Mexico, Hawaii and in the Caribbean. Calls to NordLB were not returned.

Private Equity, Clubs Tipped To Fuel Renewables



Left to Right: Paul Ho, Brian Goldstein, Steven Cheng

The number of private equity investments and club deals for renewables will rise as lending costs soar in the wake of financial market turmoil, say industry bigwigs. Of the 15-16 wind projects that were set to reach

financial close this year, roughly half of them remain without financing, said **Keith Martin**, partner at **Chadbourne & Park**, on Oct. 17 at the firm's *Green Business Summit II* in New York.

"Banks are having trouble finding capital... They've filled up their balance sheets and now they have some credit challenges," said **Brian Goldstein**, managing director of **BNP Paribas**, adding that future deals will be priced with an eye to recovering capital. **Steven Cheng**, managing director at **Credit Suisse**, pointed out that the price of lending for developers with B-range credit ratings has almost quintupled in the last year from 200 to 1,000 basis points over LIBOR.

Paul Ho, principal at **Hudson Clean Energy Partners**, explained that the difficult credit market and the disappearing tax equity players, which account for 50% of funding for solar and more than 60% for wind, provide opportunity for private equity investors. "Despite the doomsday sentiments... for people who have money to spend, I feel like a kid in a candy store. It's a great time for private equity," Ho said, adding that private equity's expected returns will be higher than traditional lenders.

On the debt side, Goldstein noted that smaller deals have a good chance of getting funding, especially when club financed. "We're clubbing up deals and if they're small, it makes them increasingly easier to syndicate," said Goldstein. Alternatively, he added that larger deals remain attractive to some because there are less costly to develop per megawatt. "Utility-scale is helpful. You need scale to make sure it makes sense."

JPM Wraps Another Spanish Tariff Securitization

JPMorgan has closed the third securitization of a Spanish power tariff deficit worth EUR582.6 million (\$771 million). Rayo Finance Ireland is based on a shortfall in payments accumulated in Spain in 2005, for which the issuer acquired 16.47% of the total EUR3.7 billion (\$4.8 billion) deficit remaining.

More deals are expected as only 21% of the shortfall as been securitized thus far. Investors interested in future deficits may have limited opportunity to secure repayment rights, though, as the distinctive Spanish tariff system is expected to be abolished by 2009. BNP Paribas and Banesto did the first tariff deal (PFR, 7/25). Dexia and Depfa Bank followed with a EUR1.28 billion (\$1.7 billion) deal from the 2007 deficit (PFR, 9/12). The discrepancies occur from a shortfall between power generation and delivery costs and the consumer price set by regulators in Spain.

Rayo will issue two classes of notes rated Aaa by Moody's Investors Service. The repayment dues will be remunerated to the issuer by the Comisión Nacional de Energía. The CNE will collect the amounts owing from distributors through a surcharge imposed on consumers, but distributors will be liable to make payments even if customers fail to do so.

U.S. Bank National Association will act as trustee for the deal, which is set to mature in 2021. A JPMorgan official did not return a request for comment.

Developer Plots Financing For Premiere Project



John Wood

One Planet Energy is planning to build its first greenfield project—a 9 MW waste-to-energy facility in Puerto Rico for about \$60-80 million. The Kansas City, Mo.-based developer is hoping to finance the project with tax-exempt bonds, says John Wood, ceo, who notes the company can access industrial revenue bonds allotted for waste

processing and airports.

“Our waste conversion is good at providing baseload power,” says Wood, who started the company last year after obtaining the licensing rights in North America and the Caribbean to a gasification technology that 300 plants employ. Wood spent more than 30 years in the project and corporate finance space, including stints at Smith Barney and Kidder Peabody. The project is for a large, undisclosed manufacturer, he says. It is negotiating PPA terms with the sponsor for the project, which is scheduled to come online at the end of next year.

One Planet plans to build, own and operate waste-to-energy

projects in the 5-25 MW range. Wood says it costs around \$10 million per megawatt to construct the facilities. It is focusing on development mainly of ring-fenced projects because permits are easier to obtain, he says, in places like New England, Hawaii, California and the Caribbean, where there are renewable portfolio standards. It will look to expand to Europe after obtaining licenses for gasification technology in the region.

It is also partnering with an undisclosed alternative energy fund to provide ring-fenced solar generation for industrial customers. The 9-10 MW solar plants will provide peak power and the around 5 MW waste-to-energy facilities will provide baseload power for the customers. Wood declined to elaborate.

Baylor Foundation Eyes Midstream Play

Baylor University's roughly \$1 billion endowment is scouting for investment opportunities in energy following the recent upheaval in the financial markets. “Last week created an enormous amount of opportunities,” says Charles Wall, interim cio, according to PFR sister publication *Foundation & Endowment Money Management*.

Baylor has been considering the sector, along with bank loans, distressed debt and real estate, for several months, Wall says. Specifically, the foundation is keen on scouting other possibilities in the midstream space. Its 3% energy allocation already includes master limited partnerships as well as some upstream investments.

Wall is overseeing the portfolio on an interim basis following the departure of long-time CIO Jonathan Hook who left to take a similar position at The Ohio State University. The school is planning to conduct a search for a new cio. Wall, formerly CIO of Texas Tech University, is a candidate to take the job permanently.

Infrastructure Investor Targets Distressed Plants

Infrastructure investment manager Capital Innovations has started investing in distressed power plants, specifically those in need of project finance and operational improvements, among other ailments, according to PFR sister publication *Distressed Investing News*. “The distressed power opportunity is a 2008 phenomenon,” says Michael Underhill, ceo. “We’re mainly looking [to invest with] private equity people who have workout or turnaround experience.”

CI sets up customized segregated accounts, funds-of-funds and co-investment vehicles for institutional investor clients. For this endeavor into distressed power generation assets, the company is mainly acting as a fund of funds, but is also undertaking co-

investments. "In this environment it's very difficult to build a new power plant due to environmental [issues] and it's impossible to finance them," says the director of a distressed fund at a \$7 billion private equity firm. "And I've got to imagine that the disarray in the derivatives market is probably making it [even] more difficult and expensive to do things to help on the financing side."

The average power deal Capital Innovations enters into is for \$50-75 million, but it has also been presented with \$200-300 million deals. There is no specific geographic area the firm is targeting, Underhill says. Investments hinge on a client's "allocation and risk preferences depending on where they want to focus."

RBS Adds JPM Banker To Power Group

Asha Kostrzewa-Millet has joined Royal Bank of Scotland as a v.p. in the power and utilities group after 13 years at JPMorgan, where she departed as v.p. of syndicated finance. "It's a change... I was a syndication product specialist and now I'm in client coverage. It's been a challenging market," says Kostrzewa-Millet in New York. She began Oct. 6 and reports to Mike Keating, managing director in the group.

"She's well-known in the markets and well known to a number of our key accounts... She's been very much in the frontline there with large power and utilities," Keating says, adding that the position was created in order support the group's growth. JPMorgan officials did not return calls.

Wind Group Sees Bottleneck Easing, Financial Issues Rising

The turbine bottleneck plaguing the wind industry could ease thanks to an increase of manufacturing facilities in the U.S., but the industry faces new challenges due to the poor economy, according to the American Wind Energy Association. "I don't think we will be talking about a turbine shortage next year. What we will be talking about is a tax equity shortage," says Kathy Belyeu, manager of industry information in Washington, D.C.

Belyeu estimates 3.5-4 GW of new wind will come online next year, down from an estimated 7.5 GW this year due to the reduced amounts of tax equity financing. "Some developers continue to be confident, and some developers have stopped work... The big energy companies rely on tax equity a little less and will still be able to do some projects." One alternative may be large developers investing traditional equity in smaller farms. "Big energy companies that have been building projects on their balance sheet, they may still be in a position to provide equity financing," she says.

The trade group's third quarter market report released Wednesday notes that 50% of turbine components for U.S. wind

farms are now produced domestically, up from 30% last year. That rise is due to eight new facilities, the expansion of nine others. Additionally, 19 other facilities have been announced, including ones to be built by Nordex, Siemens, and Vestas.

NRG, Sector Jump In Secondary After Takeover Bid

NRG Energy bonds and loans jumped five to seven points in the secondary market today after Exelon's \$6.2 billion bid for the Princeton, N.J.-based energy producer. The bonds hit a high of 88 1/4 Monday morning before trading back down but still well above Oct. 17's closing price of 81. The bank debt rose over five points to 85 1/2-88 1/2 Monday, from Oct. 17's close of 80, according to *PFR* sister publication *Credit Investment News*.

Other IPPs benefited as well, in particular Energy Future Holdings, formerly TXU, traded up about five points to 77-79, and Calpine was also up about five points. "Everything in the space is up a point to a point and a half, generically speaking," one trader says, while specific names were up much more.

Exelon's offer, which is 37% higher than NRG's closing price on Oct. 17, suggests these IPPs are undervalued right now, a buy-side analyst explained. "All the IPPs – where they're trading today is clearly not justified," he says, adding that NRG, which has over 24 GW of generation capacity, has a lot of embedded value that isn't reflected in its valuation.

Exelon said in a call last Monday it will attempt to go through with the deal regardless of NRG's response. The buy-side analyst says the acquisition looks like a good deal for both sides. "From a business perspective it makes sense... [Exelon has] a number of very valuable nuclear assets... NRG has a very valuable coal-fired fleet that I think complements the business well." He adds Exelon says it could bring its rating back to investment grade in two to three years. A NRG spokeswoman and an Exelon spokesman did not return calls.

Corporate Strategies

EFH Taps Revolver As A Precaution

Energy Future Holdings Corp. and its subsidiaries have drawn down \$570 million from its \$2.7 billion senior secured revolver to provide it with "greater financial flexibility," according to an 8-K filing. As of Oct. 14, that brings borrowings to \$2.5 billion under the revolver for the company formerly known as TXU. The revolver was put in place Oct. 10 last year with Citibank as the administrative agent.

"We drew down on the revolver now in light of current financial market conditions and as a precautionary measure," says a spokeswoman who declined to make a financial official

available for comment. “[The company] expects to maintain the cash proceeds from the borrowings in highly liquid short term investments,” she adds.

Sharon Bonelli, director at **Fitch Ratings** in New York, says it is simply a safeguard. “They have adequate liquidity. They are certainly not unique in taking down their revolver. We’ve seen a lot of companies do this.” Fitch last issued a B long-term rating to the company Oct. 8.

Santee Cooper Taps Bonds For Capital For Projects

South Carolina Public Service Authority will use proceeds from a \$350 million bond issue to help refinance a \$2.6 billion capital improvements program that includes new generation and transmission upgrades. **Nan Cline**, debt administrator at the Moncks Corner, S.C.-based Santee Cooper, says the proceeds will pay down commercial paper placed on behalf of the projects and fund preliminary work.

The issue is composed of a \$300 million tax exempt 2008 series A tranche with tenors ranging from two to 20 years and a \$50 million 2008 series B taxable tranche with a six-year tenor. The issue priced last Thursday and will close this Thursday. “Pricing seems to be all over the place to be honest with you,” says Cline of the utility’s expectations, adding six-year tenors for the \$50 million taxable tranche were chosen because it believes that markets will improve enough during that period to favorably refinance the bonds. The tenors on the \$300 million tax exempt tranche reflect the life of underlying generation and transmission assets.

The three-year improvements program allocates \$225 million for the 580 MW Cross Unit 4 coal-fired facility, in Berkeley County, which went online earlier this month, \$415 million for the 600 MW coal-fired Pee Dee unit in Kingsburg County, scheduled to go online in 2013 and \$1.2 billion for two 1.1 GW reactors at the Summer Nuclear Station in Jenkinsville, scheduled for operation between 2016 and 2018. The plan also allocates \$772 million for updates to Santee Cooper’s 4,600 miles of transmission lines. Construction on Pee Dee is slated for the end of next year while construction on the Summer Nuclear units will likely begin sometime in 2011, pending permitting.

The authority will finance Pee Dee and the transmission updates with CP that will be taken down by debt issuances when it reaches a critical amount. The utility, which has a 45% stake in the \$10 billion Summer Station reactors, has applied for **Department of Energy’s** loan guarantee program to finance up to 80% of the costs. **SCANA** is the other stakeholder in the

project. The utilities will finance the project with a combination of debt, equity and the DOE’s program.

Goldman Sachs and **Citigroup** are co-lead arrangers and **Merrill Lynch** and **Morgan Stanley** are co-managers. “They have various strengths and all of them absolutely bring something to the table or they wouldn’t be on our team,” Cline notes.

PPL Sub Sets Up Bond Liquidity Boost



Jim Abel

PPL Electric Utilities will use proceeds from \$400 million, 7.125% senior secured bonds to ensure liquidity in uncertain financial markets and then next August, the funds will be put towards redeeming \$485 million in bonds. “We just thought it was prudent to pre-fund it in this marketplace,” says **Jim Abel**, v.p. of finance and treasury at the

Allentown, Pa.-based company. The issue of five-year notes priced on Oct. 15 and closed on Oct. 17.

The utility will place proceeds from the sale in short-term investments during the interim before the \$485 million refunding and will also use a portion of proceeds for general corporate purposes. **PPLEU** chose a shorter tenor for the notes because it expects the markets to improve in the near future, says Abel. “We’re very satisfied with the 7.8% coupon and we’re very satisfied with getting the transaction accomplished.”

The company has a \$2 billion capex plan over the next five years which includes a \$500 million segment of the 130-mile Susquehanna-Roseland transmission project, notes **Robert Hornick**, senior director at Fitch in New York. “Transmission investments are particularly attractive because they’re regulated by FERC, not states, and they typically allow for higher returns,” Hornick says. **PPLEU** will start building the 100-mile Pennsylvania portion of the 500 kV line that runs between Berwick, Pa. and the Delaware River at the end of next year. **Public Service Electric & Gas** will build the remaining 30-mile portion from the river to Roseland, N.J. and the line is slated for operation in 2012. **PPL Corp.** also has plans for its 1.6 GW nuclear Bell Bend plant in Berwick, Pa., but Abel declined to comment on the financing for these projects.

Barclays Capital, **BNP Paribas**, **Lazard Capital Markets** and **Scotia Capital** were joint bookrunning managers with \$91 million tranches and **BNY Mellon Capital**, **PNC Capital** and **U.S. Bancorp Investments** are co-managers with \$11 million tranches. **Fitch Ratings** rates the notes A-. **PPLEU** has \$1.5 billion of outstanding long term debt as of this month.

Platts 10th Annual Financing U.S. Power

More than 230 bankers, developers and consultants convened at the Marriott Hotel New York Oct. 20-21 for the Platts 10th Annual Financing U.S. Power conference. Among the topics discussed were asset value recovery, investing in carbon and bridging the generation gap. Reporter Katie Hale filed the following stories.

Pros & Cons Of Carbon Underlined

Investing in carbon is obviously a potential growth area but one with risks due to the lack of federal legislation. “The equity upside can be almost astronomical,” said **Ed Chapman**, managing director of **Ziegler Capital**, an investment banking and asset management firm.

Steve Herman, managing director of **Energy Capital Partners**, said his firm is examining the risks of carbon investments and factors in carbon costs even if a project is not in a region with a carbon tax. ECP has made a carbon investment that it has yet to announce, Herman said, declining to elaborate beyond saying he sees opportunities on both the development and operational side.

Many risks around such investments hang on the uncertainty of federal legislation. But most agree no matter who wins the election this fall there will be some sort of carbon legislation. “The various states are passing the federal government on the left,” says Chapman. Two million tons of carbon was traded on the **Chicago Climate Exchange** in 2006 and in the first quarter of this year that number jumped to 16 million. “Go find a place you can get money with carbon, because it’s coming,” he advised.

Gas Touted As Coal Costs Climb

Gas-fired generation is being pitched again as a more practical and relatively affordable solution to tackle the baseload generation gap. “Coal has not only the permitting and environmental concerns, but it’s also coal prices,” said **Chris Moscardelli**, director of project and energy finance at **Société Générale**, noting costs have more than doubled. “Nuclear is a great solution,” he said but noted the long lead time for construction. “Renewable certainly doesn’t lend itself to baseload generation. That leaves gas-fired.”

Recent natural gas prices have hovered around \$6-7 per million BTU and have hit as high as \$14, but Moscardelli notes that they will not stay there. “Sure there’s volatility, but there’s a regression to the mean,” he said. “The need for power sometimes trumps that volatility.”

John Foster, executive v.p. at **Competitive Power Ventures** believes the push for renewables development will be great, but that gas-fired generation will be needed in conjunction with that expansion. “Gas is actually critical to back up intermittent resources.”

Sector Financing Set To Be OffLine Through Year-End

Power project and acquisition financing will be generally stalled until at least the first quarter of next year. That was the grim consensus among attendees.

Andrew Platt, managing director at **BNP Paribas**, said banks are deploying the minimum possible capital through the year-end and many deals are being shelved until next year. “What we knew as project financing and acquisition financing is closed, if not gone,” reflected **Andrew Gilbert**, v.p. at **International Power**. Platt said the quality, investment grade level deals involving contracted generation will be the ones to be done first—if at all.

Financings over \$400 million that were commonplace a few months ago have vanished because banks don’t have the appetite. “Doing an underwriting transaction is extremely difficult if not impossible these days,” said Platt. LIBOR isn’t seen as reliable and as of Oct. 10 the TED spread—the difference between the interest rates on interbank loans and short-term U.S. government debt—was 459 basis points over

Reporter’s Notebook

- **Jonathan Milley**, v.p. at **NRG**, didn’t show up for his presentation Monday following the news that morning that **Exelon** was bidding for his company. One can only imagine questions he would have had to field after his panel.
- *A Halloween Prank?* Attendees got goose bumps when a ghostly voice echoed through the hall during Q&A after a panel to announce, “I’ve really enjoyed the presentation ...” It wasn’t a fan from the audience, but feedback from the microphone crossing with another frequency.
- Ramping up for the World Series sans New York teams, **John Foster**, executive v.p. of **Competitive Power Ventures**, felt the need to throw out a baseball analogy comparing his team to the reliable standard for baseload generation: “The Yanks still have the coal position firmly locked up!”
- Market anxiety manifested itself among restless conference goers at the elevators, which were remarkably slow for a small hotel. Some were heard asking for directions to the stairs so they could dash down the three flights rather than wait for a ride.

LIBOR, he noted—an all time high. The long term average of the TED spread has been 30 bps.

Integrated utilities will meet funding needs on balance sheet, said Gilbert, and strategics will do the same, said John

McGowan, managing member at investment firm Energy Invest. But McGowan noted that can only occur for a limited amount of time—two to three months—then the debt markets will need to be open.

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 Thomas Rains at (212) 224-3226 or e-mail trains@iineews.com.

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Abengoa Solar	Solana (280 MW Solar)	Gila Bend, Ariz.	TBA	TBA	TBA	TBA	Will seek debt/tax equity (PFR, 7/7).
Acciona	Eurus (250 MW Wind)	Oaxaca, Mexico	BBVA	TBA	TBA	TBA	BBVA tipped as lead (PFR, 6/2).
	Red Hills (130 MW Wind)	Oklahoma	BayernLB	TBA	TBA	TBA	Lead mandated (PFR, 9/1).
AEI	Jaguar (275 MW Coal)	Escuintla, Guatemala	BNP, Mizuho, Scotia	TBA	TBA	TBA	Leads arranging financing (PFR, 7/23).
AES	Fonseca (250 MW Coal)	La Unión, El Salvador	ABN, HSBC, WestLB	TBA	TBA	TBA	Leads mandated (PFR, 8/4).
	Angamos (520 MW Coal)	Antofagasta Region, Chile	ABN, BNP	Term Loan	\$700M	17.5	Flexed up pricing (PFR 8/25).
				Construction Loan	\$350M		
AIMPowerGen	SOP Phase I (40 MW Wind)	Ontario	Fortis	Term Loan	\$75M	15-yr	Syndication ongoing (PFR, 7/21).
Alberta Wind Energy	Oldman River (50 MW Wind)	Pincher Creek, Canada	TBA	TBA	TBA	TBA	Seeking JV partners (PFR, 9/15).
Alliant	Nelson Dewey (300 MW Coal)	Cassville, Wis.	TBA	TBA	TBA	TBA	Looking to finance with debt and equity in 2009 (PFR, 9/22).
	Sutherland (649 MW Hybrid Coal)	Marshalltown, Iowa	TBA	TBA	TBA	TBA	
Americas Waste-to-Energy	Various (Waste)	Various	TBA	TBA	TBA	TBA	Looking for equity (PFR, 9/8).
Arclight Capital and SGR	Southern Pines (Gas Storage)	Greene County, Miss.	SunTrust	TBA	\$100M	TBA	Financing to close this month (PFR, 9/8).
Astoria Energy II	Astoria II (500 MW Gas)	Queens, N.Y.	TBA	TBA	TBA	TBA	Near mandating banks (PFR 8/18).
Babcock & Brown	2009 Turbine Supply	Various	TBA	Turbine supply	TBA	TBA	Selecting lenders.
	2008 Portfolio (638 MW Wind)	Various	TBA	TBA	TBA	TBA	Seeking tax equity (PFR, 4/4).
	2009-2010 Portfolio (Wind)	Various	TBA	TBA	TBA	TBA	Seeking project finance (PFR, 9/8).
Baha Power, Grupo Garza Ponce	Genermax (142 MW Gas)	Nuevo León, Mexico	TBA	TBA	TBA	TBA	Near close on debt, equity (PFR, 6/16).
Biomass Gas & Electric	Various (195 MW Biomass)	Florida	TBA	TBA	TBA	TBA	Will seek project financing and equity (PFR, 9/22).
Biomass Group	South Point (200 MW Biomass)	South Point, Ohio	WestLB	Construction Loan	\$265-300M	TBA	Looking for \$160M tax equity (PFR, 10/21).
BNB Renewable Energy	Unknown (Wind)	Ohio	TBA	TBA	TBA	TBA	Seeking JV partner (PFR, 7/7).
Borealis Infrastructure	Bruce Power (4.6 GW)	Tiverton, Ontario	Scotia, Dexia	TBA	C\$750M (\$710M)	TBA	Leads considering relaunch in U.S.
				HoldCo Loan	\$100M	TBA	
BP, Dominion	Fowler Ridge (750 MW Wind)	Indiana	Bank of Tokyo Mitsubishi, BBVA, Société Générale	TBA	\$425-430M	TBA	Considering club deal (PFR, 10/20).
Brick Power Holdings	Tiverton (265 MW Gas)	Tiverton, R.I.	Barclays, Goldman	Recapitalization	\$200M	TBA	Deal to wrap next month (PFR, 9/24).
	Rumford (265 MW Gas)	Rumford, Maine			TBA	TBA	
BrightSource Energy	Various (3.5 GW Solar)	Southwest	TBA	TBA	TBA	TBA	Will seek project financing.
Caletta Renewable Energy	Port Erie (90 MW Tires)	Erie, Pa.	BoA	TBA	TBA	TBA	BoA selected for financing (PFR, 7/16).
Cannon Power	Windy Point (500 MW Wind)	Klickitat County, Wash	HSH	Construction Loan	\$360M	TBA	In syndication (PFR, 8/25).
Central Maine Power, Maine & Maritimes	Maine Power Connection (150-200 Mile, 345 kV wire)	Maine	TBA	TBA	TBA	TBA	Beginning financing talks (PFR, 6/18).
CPV	Sentinel (800 MW Gas)	Desert Hot Springs, Calif.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 3/14).
CPV, ArcLight	Beech Hollow (300 MW Waste Coal)	Washington County, Calif.	TBA	TBA	TBA	TBA	In early lending talks (PFR, 6/23).
DeWind	Little Pringle (10 MW Wind)	Hutchinson County, Texas	ANV Partners	TBA	TBA	TBA	Seeking tax equity (PFR, 8/8).
EarthFirst Canada	Dokie I (144 MW Wind)	Peace River, British Columbia	WestLB	Term Loan	\$C200M	10-yr	Six lenders have signed up (PFR, 8/5).
				Revolver	\$C15.75M		
Econergy International	La Gloria (50 MW Wind)	Costa Rica	NordLB	Term Loan	\$125M	TBA	Timeline unclear.
EdF Energias Nouvelles	La Ventosa (67.5 MW Wind)	Oaxaca, Mexico	TBA	TBA	TBA	TBA	Near mandating leads (PFR, 6/2).
Edison Mission	Walnut Creek (500 MW Gas)	City of Industry, Calif.	TBA	TBA	TBA	TBA	Selecting lenders (PFR 5/5).
Enel	Portfolio (198.5 MW Wind/Geo)	Nevada and Salina, Kan.	TBA	TBA	TBA	TBA	Seeking tax equity (PFR, 9/11).
Emera	Brunswick (145km pipeline)	Canada	TBA	TBA	TBA	TBA	Will line up debt in Q3 (PFR, 8/4).
Energy Investors Fund	Hot Springs (48MW Geo)	Elko, Nev.	DZ Bank, Fortis Capital	TBA	\$120M	TBA	Timeline unclear.
Energy Management	Various (Biomass)	Various	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/2).
ENMAX Energy	Calgary (1.2 GW Gas)	Calgary, Alberta	TBA	TBA	TBA	TBA	Timeline unclear.
enXco	Shiloh II (150 MW Wind)	Solano County, Calif.	NordLB	TBA	TBA	TBA	Price increased for subs (PFR, 8/25).
Eurus Energy Americas	Bull Creek (180 MW Wind)	Borden County, Texas	Mizuho	TBA	\$296.1M	TBA	In syndication (PFR, 7/8).
Everpower Renewables	2009 Turbine Supply	Midwest, Pacific N.W.	KeyBanc Capital Markets	Turbine supply	\$140M		Looking for financing (PFR, 5/23).
	Highland II (50-70 MW Wind)	Krayn, Pa.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/23).
	Howard (50-63 MW Wind)	Steuben County, N.Y.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/23).
	Buckeye (300 MW Wind)	Ohio	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/23).
Excelsior Energy	Mesaba Energy (603 MW IGCC)	Minn.	TBA	TBA	TBA	TBA	Applying for loan guarantee (PFR, 7/11).
Falcon Gas Storage	MoBay (50Bcf Gas Storage)	Mobile County, Ala.	BNP, ING, WestLB, RBS	Construction/Term Loan	\$400M	7-yr	Syndication set for Sept. (PFR, 7/30).
Finavera Renewables	Various (300 MW Wind)	British Columbia	TBA	TBA	\$C200M	TBA	Selecting lenders (PFR, 7/11).

Live Deals: Americas (cont'd)

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
First Reserve, Gen Power	Longview Power (695 MW Coal)	Maidsville, W.Va.	Merrill Lynch	TBA	\$250M	7-yr	Commitments due (PFR, 10/6).
FORTISTAR	Various	Various	TBA	Refinancing	\$30M	TBA	Selecting lenders (PFR, 8/4).
Garden State Offshore Energy	Unidentified (350 MW Wind)	New Jersey	TBA	TBA	TBA	TBA	Looking for debt, tax equity (PFR 10/6).
Gilead Power Corp.	Ostrander (20 MW Wind)	Ontario	TBA	TBA	TBA	TBA	Selecting lenders.
GNL Quintero	LNG Receiving/Regasification	Quintero Bay, Chile	Banesto, BBVA, Caylon, Fortis, ING, Intesa SanPaolo, Mizuho Santander, WestLB	Term Loan	\$660	15-yr	DnB Nor, BTM, Deka joined (PFR, 8/15).
				Senior Loan	TBA	TBA	
Green Energy Capital	PA Solar Park (10 MW PV)	Pennsylvania	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 7/11).
Partners	Ohio Solar Park (10 MW PV)	Ohio	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 7/11).
Green Rock Energy	Green Rock (Gasification)	St. James Parish, La.	TBA	TBA	\$1B	TBA	Selecting lenders.
Heartland Renewable Energy	Unidentified (20 MW Wind)	Texas	TBA	TBA	TBA	TBA	Seeking JV partner (PFR, 10/20).
Horizon Wind	Various (697 MW Wind)	Various	TBA	TBA	TBA	TBA	Seeking tax equity (PFR, 9/8).
Hunton Energy	Freeport (400 MW Gas, Steam)	Freeport, Texas	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 4/2).
Hydro Green Energy	Unidentified (200 kW hydro)	Hastings, Minn	TBA	TBA	TBA	TBA	Looking for financing by Nov. (PFR, 8/25).
Independent Wind	Various (155-175 MW Wind)	Maine	TBA	TBA	TBA	TBA	Looking for lenders by 2009 (PFR, 9/8).
Infinite Energy Resources	Arabella (300 MW Wind)	Santa Rosa, N.M.	TBA	TBA	TBA	TBA	Selecting JV partner (PFR, 7/7).
Innergex	Carleton (109.5 MW Wind)	Quebec	TBA	TBA	TBA	TBA	Looking for financing (PFR, 8/18).
	Fitzsimmons Creek (7.5 MW Hydro)	British Columbia	TBA	TBA	TBA	TBA	Mandate expected in Nov. (PFR, 9/8).
	Kwoiek (49.9 MW Hydro)	British Columbia	TBA	TBA	TBA	TBA	Seek financing this year (PFR, 8/18).
	Matawin (15 MW Hydro)	British Columbia	TBA	TBA	TBA	TBA	Seek financing this year (PFR, 8/18).
Jefferson Renewable	Mahoning (90 MW)	Alliance, Ohio	TBA	TBA	TBA		In talks with lenders (PFR, 8/25)
Kelson Transmission	Canal-to-Deweyville (95-mile wire)	Texas	TBA	TBA	TBA	TBA	Selecting lenders, (PFR, 6/30).
L.Solé	Sustainable Energy and Power Center (523 MW Biomass)	Baytown, Texas	BBVA	TBA	TBA	TBA	Lead considering options (PFR, 8/25).
Liberty Energy	Liberty Energy Center (10 MW Biosolid)	Hamilton, Ontario	TBA	TBA	TBA	TBA	In talks with lenders (PFR, 6/30).
	Banning (15 MW Biosolid)	City of Banning, Calif.	TBA	TBA	TBA	TBA	In talks with lenders (PFR, 6/30).
LNG Development	Pipeline (117 miles)	Warrenton to Moalla, Ore.	TBA	TBA	TBA	TBA	Looking for debt and equity (PFR, 9/15)
LSPower, Dynegy	Bridgeport II (400 MW Gas)	Bridgeport, Conn.	TBA	TBA	TBA	TBA	Soliciting bids (PFR, 9/23).
LVE Energy Partners	LVE Energy Center (16 MW backup power)	Las Vegas, Nev.	Sumitomo Mitsui Banking Corp.	Term Loan	\$145M	TBA	Timeline unclear.
				LC	\$20M	TBA	
				LC	\$100M	TBA	
Martin Resources, ECP	Cardinal (Gas Storage)	Southeast	TBA	TBA	TBA	TBA	Looking for debt (PFR, 5/12).
Mesa Power	Mesa Power (4 GW Wind)	Texas	TBA	Turbine Supply Loan	TBA	TBA	Timeline unclear (PFR, 2/22).
Mitsui, Korea Gas, Samsung	Manzanillo (500 bcf LNG Regas)	Manzanillo, Mexico	Mizuho, KEXIM, Calyon	TBA	TBA	TBA	Calyon added to club financing (PFR, 6/19).
MMC Energy	Escondido (44 MW Gas), Chula Vista (44 MW Gas)	San Diego County, Calif.	GE EFS	Turbine Financing	\$25.5M	150-day	GE mandated (PFR, 7/11).
Momentum Renewable	Unknown (10 MW Solar)	Phoenix, Ariz.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 7/21).
Morris Energy	Various	Northeast	TBA	TBA	\$100M	TBA	Considering options (PFR, 5/13).
Nacogdoches Power	Nacogdoches (100 MW Biomass, 300 MW Gas)	Sacul, Texas	TBA	TBA	TBA	TBA	Near mandate (PFR, 9/8).
National Wind	Root River (250 MW Wind)	Fillmore County, Minn.	TBA	Tax Equity	TBA	TBA	Selecting investors (PFR, 7/7).
	Lake Country (250 MW)	Meeker, Kandiyohi Counties, Minn.	TBA	Tax Equity	TBA	TBA	Selecting investors (PFR, 7/7).
Nevada Wind	Various (650-950 MW Wind)	Nevada	TBA	TBA	TBA	TBA	Looking for JV partners (PFR, 9/15).
New Green Technologies	Various (Eight 12-16 MW Waste)	Various	Two TBA Banks	TBA	TBA	TBA	Looking for JV partners (PFR, 7/14).
NextLight Renewable Power	Unknown (50-150 MW Solar)	California	TBA	TBA	TBA	TBA	Talking to lenders (PFR, 9/29).
NGS Energy Fund	Tres Palacios (36.4bcf Gas Storage)	Matagorda County, Texas	Credit Suisse	Term Loan	\$170M	7-yr	Lead ends best efforts syndication (PFR, 9/22).
				Lease Facility	\$138M	7-yr	
Noble Environmental	Turbine Supply Loan	Various	HSH, KeyBanc	Turbine Supply Loan	\$460M	3-yr	Pricing flexed up (PFR, 4/8).
Power	2008 Portfolio	Upstate New York	Citibank, BBVA, Lloyds, Scotia, HSH, RBS	Construction Loan	\$625M	15-yr	Deka, EDC, Prudential joined (PFR, 8/15).
				Energy Hedge LC	\$72.5M	15-yr	
				Debt Service Reserve LC	\$72.5M	15-yr	
NorthWestern Energy	Great Plains (114 MW Wind)	Texas Panhandle	UBoC, Bayern, AIG	TBA	\$265M	TBA	Leads tipped in March (PFR, 3/4).
	Mill Creek (120-220 MW Gas)	Anaconda, Mont.	TBA	TBA	TBA	TBA	Seeking project financing for 50% (PFR, 3/14).
	Transmission	Montana-Idaho	TBA	TBA	TBA	TBA	
NRG, UI	GenConn (194 MW Gas)	Milford, Conn.	TBA	Construction Bridge	\$100M	TBA	Near mandate (PFR, 7/7).
NuCoastal	Lon C. Hill (530 MW Gas)	Corpus Christi, Texas	TBA	TBA	TBA	TBA	Seeking lenders.
NW Natural, Transcanada	Palomar (200 miles)	Oregon to Washington	TBA	TBA	TBA	TBA	Looking for bridge facility (PFR, 9/29).
NW Natural, PG&E	Gill Ranch (1.4 bcf)	Fresno, Calif.	TBA	TBA	TBA	TBA	Looking to finance \$175M (PFR, 9/29).
Oglethorpe Power	Vogtle (2.2 GW nuclear)	Waynesboro, Ga.	TBA	TBA	TBA	TBA	Talking to lenders (PFR, 9/1).
OptiSolar Farms Canada	Various (10 MW Solar)	Ontario	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 3/24).
Otter Tail Power	Big Stone II (500-580 MW Coal)	Big Stone City, S.D.	TBA	TBA	TBA	TBA	Looking to finance in 2009 (PFR, 9/22).
PacificHydro	Chacayes (106 Hydro)	Cachapoal River, Chile	TBA	TBA	TBA	TBA	Seeking financing (PFR, 9/8).
Perennial Power	Hermiston (474 MW Gas) and Bliss (339 MW Wind)	Hermiston, Ore.	TBA	TBA	\$130M	10-yr	Status unclear.
		Clinton and Bliss, N.Y.					
Pondera Capital Mngt.	Unnamed (3.5 GW Gas)	Harris County, Texas	TBA	TBA	TBA	TBA	To tap market in Q3 (PFR, 3/18).
Pristine Power	EnPower Green Energy (2 5 MW Waste Heat)	British Columbia	TBA	TBA	TBA	TBA	In talks with lenders (PFR, 6/16).

For a complete listing of the Project Finance Deal Book, please go to iipower.com

SECTOR TIPPED

(continued from page 1)

Warren Buffet-backed **MidAmerican Energy Holdings Co.**'s plans to purchase **Constellation Energy** for about \$4.7 billion. Miller says consolidation in the form of mergers or buyouts is going to occur sooner rather than later—within 12-18 months. "The capital markets are not treating the investor-owned very well," says **Douglas Davidson**, partner at **Thelen** law firm in New York. "There are some real values out there."

Miller believes **Dynegy** and **AES** will go into play soon, and noted other possible targets as well (See chart, page 1). He notes **AES** is especially at risk because of its exposure in emerging markets. "Right now when the big boy gets a cold, they get a cold 10 times worse." He says generating companies that converted auction-rate securities to variable-rate securities months ago are being hit especially hard due to the price fluctuations. A spokesman at **Dynegy** declined to comment on market rumor or speculation, but says, "Consolidation would be good for the sector." Calls to cfo's at **Dynegy** and **AES** were not returned.

European strategics, private equity firms like **Kohlberg Kravis Roberts & Co.**, **Riverstone Holdings**, **The Blackstone Group** and **Texas Pacific Group** and utilities within their

service territories will be on the hunt, says Miller, but notes they will be more tactical in their purchases. Strategics are better-positioned to buy because private equity firms are sitting on the sidelines hoarding cash, says Davidson. "The private equity shops are in a quagmire," says Miller, noting they have a lot of cash they haven't deployed. They need to adjust to return thresholds that have dropped to low double digits or under, he adds. But Miller says even with diminished returns on investments, "There's plenty to go around. You'll never see anything as good as this." Officials at the firms were not available for comment or did not return calls.

—Katie Hale

VIETNAM COAL

(continued from page 1)

that can accept modest [political risk insurance] cover in consideration of huge market demand for power and the relative competitiveness of our project."

Fox, who is also ceo of the project company developing the roughly \$2.7 billion **Vinh Tan Power Complex** in the southern province of **Binh Thuan**, emphasizes the high demand for new generation in the country in relation to the political risk. Competitively priced power "is seen as a militating factor

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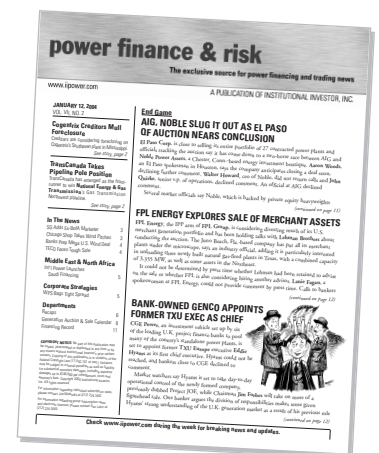
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against a breach for political risk," he says. The country's demand for power has averaged 14% growth annually over the last five years and it needs 12 GW of new generation by 2012.

Remaining funds will likely come from western export credit agencies covering roughly 30% of the cost and bilateral and multilateral agencies providing the balance, Fox estimates, noting it will depend on lender appetite when the company looks to line up the funds in 2010. "If we could do it all with commercial banks... it might make things less complicated but there are country and project limits on lending."

As a JV, the company will likely draw on its parents' relationships for the Vietnam project, says Fox. Hong Kong-based OneEnergy was formed by CLP and Mitsubishi in 2006 with each holding 50%. The company has roughly 1.5 GW of installed capacity in both Taiwan and Thailand and is constructing a large hydro project in Laos.

Construction for the Vinh Tan project is set to begin in early 2011 ahead of the project coming online in phases—specifics of which are still being determined—over the following 36-42 months.

—Thomas Rains

LONE STAR

(continued from page 1)



David Tatton

equity portion. "It's a broad [reach] because these days all the fancy money is gone and cash is king," adds David Tatton, president. Walling notes that Perpetual Energy will also contribute roughly 5% equity from cash flows.

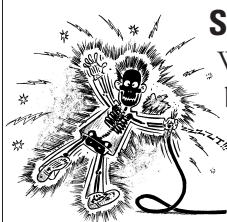
Walling notes that the partners will wait until May to talk to lenders, due to the current freeze in credit markets and that the company will look for banks with experience. "We want somebody who understands the technology, the product and the market from a power sale standpoint and someone who's done this before." Royal Bank of Scotland arranged \$10 million in financing for Perpetual Energy's combined 2 MW photovoltaic installations on IKEA stores in Europe and New York this year.

The Amarillo, Texas, portfolio includes the \$20-22 million Little Pringle I and II projects, which are 10 MW each, the \$400 million, 200 MW Big Pringle project and the \$800 million 400 MW Palo Duro project. The Little Pringle projects have construction financing and offtakes with Xcel. They are slated for operation by year-end. Big Pringle and the first 200 MW phase of Palo Duro will go online in 2010. Palo Duro's second phase will go online in 2011.

HPE owns 80% of the JV and hooking up with DeWind guarantees adequate turbine supply. "It's difficult to secure

Alternating Current

Spooky Savings



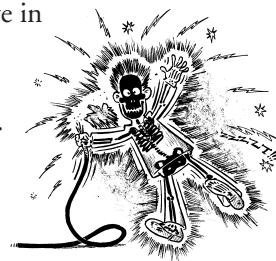
With the credit crisis in full swing and bonuses being cut, Street bankers and energy executives alike might want to take advantage of some saving tips to craft golden parachutes of their own. For

the consumer in everyone, Google has come to the rescue with a Halloween-themed energy calculator to determine how small changes in your household can slash costs and usage.

Most of the tricks utilities have had on their lists of energy-saving tips for years, like setting computers to sleep when not in use and replacing incandescent bulbs with energy-efficient compact fluorescent ones. Another technique is to install a programmable thermostat. When added up, this can all save hundreds of dollars and thousands of pounds of CO₂ each year—especially if you live in Al Gore's house.

There's nothing more frightening than broke bankers out on Main Street. Just take care in where you stash the funds—who knows which bank will vanish next.

For the calculator and energy saving tips, visit <http://www.google.com/hauntedhouse08/>.



turbine supply with the manufacturers because they're already tied up with orders from larger developers... It gives us access to a very good machine and it gives them access to a developer," Tatton explains.

—Sara Rosner

Quote Of The Week

"It's a broad [reach] because these days all the fancy money is gone and cash is king." —David Tatton, president of Higher Perpetual Energy, on approaching a range of private equity investors for the company's 620 MW wind portfolio (see story, page 1).

One Year Ago In Power Finance & Risk

Credit Suisse was auctioning Black Hills Corp.'s 974 MW gas-fired portfolio [Hastings Funds Management and IIF BH Investment clinched the \$840 million deal (PFR, 5/1) and Royal Bank of Scotland lead a \$560 million financing for the acquisition (PFR, 5/16) which brought in more than a dozen lenders in syndication (PFR, 8/1).]