

power finance & risk

The exclusive source for power financing and M&A news

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First Wind Yanks IPO

As PFR went to press, **First Wind Holdings** has withdrawn its initial public offering amid investor worries over the company's debt and negative cash flow.

See story at iipower.com

Brookfield Takes Stake In Constellation Hydro

Brookfield Renewable Power's U.S. affiliate has bought a stake in a hydro project partly owned by **Constellation Energy Group**.

See story, page 2

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NEXTERA TARGETS CALIF. PEAKER LOAN

NextEra Energy Resources has mandated **Crédit Agricole** and **Lloyds TSB** to lead \$305 million in credit facilities backing a 507 MW combined-cycle plant. Pricing starts at 237.5 basis points over LIBOR, a shade under the recent market low of 250 bps. Step-ups would reach 287.5 bps over the life of the seven-year loan.

In lobbying for the tight margin, the sponsor pointed to the preponderance of recent oversubscribed gas-fired deals, including financings backing **Northland Power** and **Pristine Power**, a syndicator says. More than a dozen banks financed the oversubscribed, \$580 million package backing **Northland Power's** combined-cycle plant in Saskatchewan in August (PFR, 8/31) while **Pristine Power's** \$333 million debt package for its York Energy Centre in Ontario was oversubscribed by \$75 million (PFR, 8/25). Pricing on the Northland deal starts at 250 bps over LIBOR; pricing on the Pristine deal couldn't be learned.

(continued on page 8)

AEP SNIFFS \$1.8B TRANSMISSION FINANCING

American Electric Power is having informal discussions with lenders about financing its \$1.8 billion Potomac-Appalachian Transmission Highline. The 265-mile, 765 kV PATH project is being developed in a 50:50 joint venture with **Allegheny Energy**. Lenders anticipate financing to wrap by early 2012.

The line, which passes through Maryland, Virginia and West Virginia, is attractive to banks because it will be a regulated asset with costs recovered through the rate base, a financier says. The deal will likely contain a bond or private placement component in order to lure life insurance companies with appetites for tenors up to 25 years. "Longer than 10 years for banks is hard," a syndicator in New York says. Some of the larger players in the power space are expected to consider participating, including **Bank of Tokyo-Mitsubishi**, **Deutsche Bank** and **Société Générale**.

(continued on page 8)

RENEWABLES TIPPED FOR SECURITIZATION FLOW

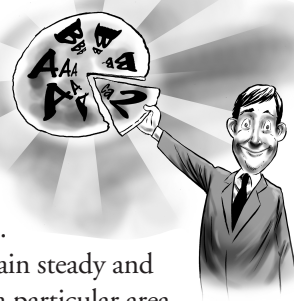
Stricter bank regulatory requirements are expected to spur U.S. renewable energy securitizations.

Ronald Borod, Boston-based partner at DLA Piper, told *PFR* sister publication *Total Securitization* that wind and solar would likely lead the way. "One of the main things you need for a vibrant securitization sector for renewables is modeling related cash flows," he said, explaining that geographic diversity of wind and solar projects provide the requisite pool of receivables.

Combining different regions means that receivables generally remain steady and constant even if there is a low wind or solar resource period from a particular area.

Standard & Poor's is devoting new resources to rating the debt structures as asset-backed securities and is holding an investor forum on the strategy Oct. 28. A focus will be on multi-

(continued on page 8)



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



At Press Time

Six Lenders Commit To GWF Refi

CoBank, Dekabank, GE Energy Financial Services, Helaba, ING and Scotia Bank have committed to a \$305 million refinancing of GWF Energy's three simple-cycle natural gas-fired peakers in California. GWF is also seeking a \$105 million letter of credit. WestLB is among the lenders considering participating in the package, a deal watcher says.

A handful of other banks are expected to commit to the deal, which will likely be oversubscribed. Commitments thus far total just under \$400 million. Mitsubishi UFJ Financial Group is leading the deal and expects to wrap it in mid-November. GWF is owned by multiple Harbert Power-managed funds.

Pricing is 250 basis points over LIBOR (PFR, 10/8). The loan has a tenor of 10 years plus construction. The size of the banks' tickets couldn't be learned. Pat Molony, Harbert executive v.p. and coo in Birmingham, Ala., declined to comment. Duane Nelsen, GWF president and ceo in Pittsburg, Calif., and officials or spokespeople at Deka, Helaba, ING and Scotia didn't respond to messages by press time. Officials or spokespeople at CoBank, GE EFS, MUFG and WestLB declined to comment.

GWF expects to use the proceeds from the refinancing to convert one of its plants, the 169 MW Tracy facility near Stockton, Calif., to a 314 MW combined-cycle plant. The sponsor will apply the cash flows of all three plants, including the 95 MW Hanford and 97 MW Henrietta facilities, as equity. Pacific Gas & Electric is the offtaker for Tracy.

Brookfield To Buy Stake In Constellation Hydro

Brookfield Renewable Power affiliate Brookfield Power U.S. Holding America is buying a 50% stake in the 35 MW Muck Valley hydro project. Constellation Energy Group will remain the other majority stake holder. Robert Mooney, a director at Caithness Energy, Mendata, a family limited partnership, and Agri Beef are selling their stake in the Malacha Hydro, the indirect subsidiary that holds interests in the project in Lassen County, Calif., according to documents filed with U.S. Federal Energy Regulatory Commission last week.

The plant, which began operation in 1988, has a power purchase agreement with Pacific Gas & Electric through 2029. Constellation's holds the stake via various subsidiaries, including Malacha, says an attorney familiar with the deal. The parties are seeking to finalize the sale by Dec. 6.

Ralf Rank, chief investment officer in Toronto at Brookfield, Mooney in Boise, Idaho, and Robert Rebholtz Jr., president of Agri Beef, also in Boise, did not return calls for comment. Richard Hormachea, owner of the Mendata concern in Boise, could not be reached. The purchase price of the stake and why Brookfield decided to buy the plant could not be learned.

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Project Finance

Invenergy Hunts Ill. Wind Funds

Invenergy is talking to lenders about financing its 150 MW White Oak wind farm in McLean County, Ill. The company is looking for roughly \$300 million in debt, a banker familiar with the deal says.

Chicago-based Invenergy's relationship lenders include **Credit Suisse**, **Dexia Crédit Local**, **Natixis** and **Royal Bank of Canada**. Natixis and RBC are also considering participating in a club deal backing the sponsor's \$326.4 million, 138 MW Le Plateau wind farm in southeastern Quebec (PFR, 10/13). Bank officials either declined to comment or did not return calls. A call to **Andrew Flanagan**, v.p. of business development for Invenergy, was not returned. Details, such as timeline, pricing and structure, could not be learned.

The **Tennessee Valley Authority** is the offtaker for the project, which consists of 100 **General Electric** 1.5 MW turbines. Construction began earlier this year and the project is slated for operation in 2012.

Leads Prep Hudson Transmission Launch

Royal Bank of Scotland and **Société Générale** are planning to launch a \$500-700 million financing backing **Hudson Transmission Partners'** 660 MW transmission line by the middle of next month. The leads are targeting a first quarter close for the deal.

The financing has been on hold for several months as the sponsor clears up an issue with the offtaker, the **New York Power Authority**, a deal watcher says, declining to elaborate. **Ed Stern**, ceo of Hudson in Fairfield, Conn., didn't return a call. A NYPA spokesman decline to comment. The details of the issue or the timeline for resolving it could not be learned.

The financing would likely resemble the \$550 million private placement implemented for HTP affiliate **Neptune Regional Electric Transmission** and its 660 MW undersea transmission line stretching from New Jersey to Long Island, N.Y. SocGen booked 15 life insurance companies for the 22-year notes, which Neptune priced at roughly 6% (PFR, 7/15/05). Neptune and HTP are project companies of Fairfield, Conn.-based **PowerBridge**.

Energy Investors Funds and **Starwood Energy** are backing HTP's eight-mile, 345 kV line connecting Ridgefield, N.J. to midtown Manhattan. The financing also is expected to include a term loan with a long tenor and a construction term (PFR, 6/17). The size of the private placement, the debt-to-equity ratio and deal details, including pricing and tenor, couldn't be learned by press time.

Bank officials either declined to comment or couldn't be

reached for comment. **Brad Nordholm**, ceo of Starwood in Greenwich, Conn., didn't return a call. An EIF spokesman in Los Angeles didn't make an official available by press time.

Horizon Inks JPM Tax Equity

Horizon Wind Energy has finalized a tax equity investment from **JPMorgan** affiliate **JPM Capital** for its 99 MW Meadow Lake II wind farm in White County, Ind.

JPMorgan will have 100% of Class B interests in **Vento VII**, a subsidiary created by Horizon which contains all of the developer's interests in Meadow Lake II. Horizon has 100% of the Class A interests in Vento II and has day-to-day control over Meadow Lake II, according to documents filed with the U.S. **Federal Regulatory Energy Commission**.

Meadow Lake II, which will consist of 66 **Acciona** wind turbines, is under construction. The 199.65 MW Meadow Lake I wind farm, which went online in 2009, sells power into the regional wholesale market. The capacity of the Meadow Lake project could eventually reach up to 1 GW. Whether there is an offtaker for Meadow Lake II or how Horizon financed Meadow Lake I could not be learned.

A call to **Leslie Freiman**, general counsel at Horizon in Houston, was forwarded to a spokeswoman who did not return a call. A spokesman at JPMorgan in New York did not return a call. The size of JPMorgan's investment in the project could not be learned.

Duo Wraps Rollcast Biomass Deal

Mitsubishi UFJ Financial Group and **Investec North America** have closed a \$133 million financing backing **Rollcast Energy's** Piedmont Green Power biomass plant in Barnesville, Ga. **DZ Bank** and **United Overseas Bank of Singapore** took tickets. The deal wrapped Oct. 21.

The financing comprises an \$82 million construction and term loan as well as a \$51 million bridge loan. The average interest rate of the term loan is roughly 5.2% during construction and the first three years. Pricing on the remainder of the term loan, which amortizes over 18 years, couldn't be learned. Details, such as pricing and tenor of the bridge loan, couldn't be learned. The sponsor also anticipates getting a U.S. **Department of Treasury** cash grant roughly 60 days after the 53.5 MW plant starts operations in 2012.

Boston-based **Atlantic Power Corp.**, which owns about 60% of Rollcast, will provide roughly \$75 million in equity for the project. **Georgia Power** has a 20-year offtake agreement for Piedmont (PFR, 8/18). **Patrick Welch**, Atlantic cfo, and a spokeswoman for the DOT, didn't return calls. **Penn Cox**, Rollcast ceo in Charlotte, N.C., didn't return a call. An MUFG

official declined to comment. An Investec official didn't return a call or email by press time. Investec North America is a subsidiary of South African private equity shop and asset manager **Investec**.

Corporate Strategies

Calpine Upsizes Issuance To \$2B

Calpine Corp. has upsized an issuance of 10-year senior secured notes to \$2 billion from \$1.5 billion to take advantage of pricing. The deal closed Oct. 22.

Calpine snagged a coupon of 7.5% for the entire issue when it had originally targeted that coupon for about \$1-1.5 billion of notes. "Pricing in the market is good and Calpine is taking advantage of it. That's why the issue was upsized," says **Swami Venkataraman**, **Standard & Poor's** director of U.S. utilities and infrastructure in San Francisco. The coupon is an improvement over \$1.1 billion in 7.875%, 10-year notes issued this summer (PFR, 7/23). That deal was also upsized from \$750 million.

Proceeds will be used to pay down roughly \$4 billion outstanding on a term loan, which matures in 2014. The term loan started as a \$6 billion bankruptcy exit facility.

Bank of America, **Barclays Capital**, **Citigroup**, **Credit Suisse**, **Deutsche Bank**, **Goldman Sachs**, **JPMorgan**, **Morgan Stanley** and **UBS** were among the joint bookrunners on the \$2 billion issuance. **ING**, **Mitsubishi UFJ Financial Group** and **Royal Bank of Scotland** were co-managers. **Moody's Investors Service** rated the issuance B1.

A message for **Zamir Rauf**, cfo in Houston, wasn't returned by press time. A Calpine spokeswoman declined to comment. Bank officials and spokespeople either declined to comment or didn't return calls.

EFH Targets Debt Exchange, Refi With Notes

An **Energy Future Holdings** subsidiary has issued \$686 million in 144A bonds to take down a portion of a \$24.4 billion loan and to do a debt exchange. **Texas Competitive Electric Holdings Co.** issued the two sets of 2021 bonds earlier this month.

The company priced all of the senior secured second lien notes at 15%. EFH plans to take \$350 million of the proceeds of the deal to pay down a portion of TCEH's credit agreement or buy back a portion of outstanding bonds. TCEH has about \$31 billion in debt left over from **Kohlberg Kravis Roberts & Co.** and **TPG Capital's** buyout of EFH in 2007. **Fitch Ratings** assigns a B and **Moody's Investors Service** assigns a Caa2 rating.

An unidentified investor will exchange a trio of notes expiring in 2015 and 2016 for the remaining \$336 million senior secured second lien notes. The investor surrendered \$478 million combined of 10.25% notes due 2015 and 10.5% and 11.25%

toggle notes due 2016. The move up from the unsecured level to the second lien was likely attractive to a creditor looking for increased investment security, says an analyst.

Holders of the notes targeted in the exchange include **Franklin Advisors**, **Fidelity Management & Research**, **Vanguard Group**, **Government Employees Insurance Co.**, **John Hancock** and **General Reinsurance Corp.** Officials at the investors either declined to comment or could not be reached by press time. Why the investor would trade an extra \$142 million in bonds could not be learned.

Additional debt exchanges are expected as the company has capacity to issue more second lien debt, says an analyst. The company continually watches the market for opportunities to refinance, says an EFH spokeswoman in Dallas. She declined to comment on the pricing of the notes, identify the investor or offer a timeline for future transactions.

Citigroup, **Credit Suisse**, **Goldman Sachs** and **JPMorgan** were bookrunners on both transactions.

Mergers & Acquisitions

Second Round Bids Due For Wolf Hollow

Second round bids are coming due in the next few weeks for **Stark Investments'** 730 MW gas-fired Wolf Hollow plant. **ArcLight Capital Partners**, **LS Power**, **Energy Capital Partners** are reportedly looking at the plant, a deal watcher says. **JPMorgan** is running the sale.

The amount of debt tied to the plant in Hood County, Texas, and its expiring hedge with **Goldman Sachs** are likely softening interest from potential buyers, the deal watcher notes. **KBC Bank** was the sole creditor on a \$285 million mini-perm loan that financed construction by AES (PFR, 2/15/04). The loan matured in 2004 and Stark wrapped a \$240 million financing via **Goldman** and **WestLB** to back its purchase of the plant in 2005 (PFR, 12/16/2005).

A call to **Brian Stark**, founder in St. Francis, Wis., was forwarded to a spokeswoman who did not respond to messages. A spokesman for ECP in Short Hills, N.J., declined to comment. **Joe Esteves**, cfo of LS Power in New York, **Paul Dabbar**, head of power and gas mergers & acquisitions for JPMorgan, **Dan Revers**, managing director of ArcLight in Boston, and a spokeswoman for Goldman in New York, did not return calls.

Exelon is seven years into a 20-year PPA for a portion of the capacity of the project. Goldman subsidiary **J. Aron & Co.** also had a contract to buy some of the plant's capacity (PFR, 8/13).



Atlantic Power Scoops ArcLight Biomass

Boston-based Atlantic Power has purchased a 38 MW Cadillac biomass facility from **ArcLight Capital Partners** and **Olympus Power** for \$77 million, or \$1,944/kW. The sellers have asked the U.S. Federal Energy Regulatory Commission to approve the sale by Nov. 24, according to documents filed with the commission.

The independent power producer will finance the purchase with \$35 million of cash on hand and will assume \$42 million of non-recourse debt. Atlantic did not use an advisor on the

purchase, says **Paul Rapisarda**, managing director of acquisitions and asset management at Atlantic. Details on the non-recourse debt such as tenor, the identity of the lender or pricing, could not be learned. **Ewing Bemiss & Co.** ran the auction (PFR, 10/13); an official there in Richmond, Va., could not be reached by press time.

The wood-fired facility in Cadillac, Mich., began operating in 1993 and has a 35-year power purchase agreement with **Consumers Energy Co.** **Robb Turner**, partner at ArcLight in Boston, did not return a call and **John Twomey**, director of finance for Olympus in Morristown, N.J., declined to comment.

Project Finance Deal Book

*Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Senior Reporter **Brian Eckhouse** at (212) 224-3624 or e-mail beckhouse@iineews.com.*

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Alpine Energy	Unknown (16 MW Waste)	St. Croix, U.S. Virgin Islands	TBA	TBA	TBA	TBA	Alpine targeting 80% debt (PFR, 10/25).
American Electric Power, Allegheny Energy	PATH (Transmission)	Maryland, Virginia and West Virginia	TBA	TBA	TBA	TBA	Sponsors initiate informal talks with banks (see story, page 1).
ArcLight Capital Partners	Various (Gas and Transmission)	TBA	Barclays, Credit Suisse	Term Loan	\$400M	TBA	Loan sought to lever existing assets (PFR, 10/25).
BP, Sempra	Fowler Ridge II (199.5 MW Wind)	Benton County, Ind.	TBA	TBA	TBA	TBA	Deal wraps (PFR, 10/18).
BP Wind Energy	Cedar Creek II (250.8 MW Wind)	Weld County, Colo.	TBA	TBA	\$400M	10-12-yr	Commitments due Oct. 21 (PFR, 10/18).
Caithness Energy, GE Energy	Shepherds Flat (909 MW Wind)	Oregon	BoTM, WestLB, Morgan Stanley, Credit Suisse, RBS, Citi	TBA	TBA	TBA	Sponsors snag partial loan guarantee (PFR, 10/18).
Cannon Power	Windy (100 MW Wind)	Klickitat h County, Was	TBA	\$180M	TBA	TBA	Siemens likely to be mandated for next phase (PFR, 10/25).
enXco	Lakefield (201 MW Wind)	Minnesota	Dexia, SocGen	TBA	TBA	TBA	CoBank weighs taking ticket (PFR, 10/25).
Exergy Development Group	Various (183 MW Wind)	Idaho	GE EFS	TBA	\$322M	15-18-yr	BoTM wraps \$242 million, first phase of financing (PFR, 10/18).
GWF Energy	Tracy (314 MW Combined Cycle)	Tracy, Calif.	MUFG	TBA	\$305M	TBA	Six banks commit to loan (see story, page 2).
Hudson Transmission Partners	Hudson Transmission	Ridgefield, N.J.-New York	RBS, SocGen	TBA	TBA	TBA	Deal expected to launch in November (see story, page 4).
Invenergy	Le Plateau (138 MW Wind)	Quebec, Canada	TBA	TBA	TBA	TBA	Natixis and RBC mull participation (PFR, 10/18).
	White Oak (150 MW Wind)	McLean County, Ill.	TBA	TBA	\$300M	TBA	Talking to banks for financing. (PFR, 11/1).
Lincoln Renewable Energy	Various (100 MW Solar PV)	New Jersey	TBA	TBA	\$400-500M	TBA	Sponsor targets relationship lenders of Airtricity and SunPower (PFR, 10/11/10).
Mirant	Marsh Landing (760 MW Gas-Fired)	Antioch, Calif.	WestLB, RBS, RBC	TBA	\$630M	10-yr	Syndication wraps as retail round launches (PFR, 10/18).
NextEra Energy Resources	Unknown (Concentrating Solar)	Florida	TBA	TBA	TBA	TBA	Sponsor begins hunt for debt (PFR, 10/25).
	Unknown (500 MW Gas-Fired)	Blythe, Calif.	Crédit Agricole, Lloyds TSB	TBA	\$300M	TBA	NextEra mandates banks to lever existing plant (see story, page 1).
Rollcast Energy	Piedmont Green Power (50MW Biomass)	Barnesville, Ga.	MUFG, Investec	TBA	\$133M	TBA	MUFG, Investec wrap \$133 million financing (see story, page 4).
SolarReserve	Rice (150 MW Solar Thermal)	Blythe, Calif.	TBA	TBA	TBA	TBA	SolarReserve seeks loan from Federal Financing Bank (PFR, 10/18).
Terra-Gen Power	Alta Phases 5-8 (300-500 MW Wind)	Tehachapi, Calif.	TBA	TBA	TBA	TBA	Sponsor talks with lenders about financing next phases (PFR, 10/25).

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

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 Sara Rosner at (212) 224-3165 or e-mail srosner@iineews.com.

Seller	Assets	Location	Advisor	Status/Comments
Ameren	Coffeen Power Station (950 MW Coal) Electric Energy (800 MW Coal) Hutsonville Power Station (156 MW Coal) Meredosia Power Station (513 MW Coal) Newton Power Plant (1.15 GW Coal) Columbia Energy Center (140 MW Gas) Elgin Energy Center (460 MW Gas) Gibson City Power Plant (228 MW Gas) Grand Tower Power Plant (511 MW Gas) Joppa (165 MW Gas)	Coffeen, Ill. Joppa, Ill. Hutsonville, Ill. Meredosia, Ill. Newton, Ill. Columbia, Mo. Elgin, Ill. Gibson City, Ill. Grand Tower, Ill. Joppa, Ill.	JPMorgan	Ameren is quietly selling its unregulated generation facilities (PFR, 8/30).
ArcLight Capital Parnters, Olympus Power	Cadillac (38 MW wood-fired)	Cadillac, Mich.	Ewing Bemiss & Co.	Atlantic Power is buying the facility for \$77M (see story, page 6).
BlackRock Subsidiary and investor group	Milford Power (559 MW CCGT)	Milford, Conn.	JPMorgan	Teasers for the facility went out late last month (PFR, 8/30).
Brick Power	Tiverton (265 MW Natural Gas) Rumford (265 MW Natural Gas)	Tiverton, R.I. Rumford, Me.	Deutsche Bank	First Reserve, Capital Power, Centrica, Energy Capital Partners and Constellation Energy submit bids (PFR, 8/16).
Carlyle/Riverstone	Coastal Carolina Clean Power (27.5 MW biomass)	Kenansville, N.C.	TBA	Teasers for the facility are expected to go out soon (PFR, 10/25).
Cogentrix Energy	20% interest in Calypso Energy Holdings	Various in U.S.	Goldman Sachs	Wants to exit the 2.8 GW Calypso portfolio that consists of coal and gas-fired facilities (PFR, 8/2).
GE Energy Financial Services	Oyster Creek (424 MW CCGT)	Freeport, Texas	TBA	Toyota Tsusho buys 45% stake for \$100M.
Invenergy	St. Clair (570 MW, CCGT) Raleigh (78 MW wind project)	Ontario Ontario		Divesting Canadian assets to focus on development in the U.S. (PFR, 9/20).
JPMorgan	Triton (550 MW NatGas)	Jackson, Mich.	JPMorgan	JPMorgan is flipping a facility that unit Arroyo Energy Investors just bought from Kinder Morgan (PFR, 10/4).
PSEG	Guadalupe (1 GW, CCGT) Odessa (1 GW, CCGT)	Marion, Texas Ector County, Texas	Goldman Sachs	Bids due Oct. 22 (PFR, 10/25).
Raser Technologies	Thermo 1 (14 MW Geothermal, development assets)	Thermo, Utah	Bodington & Co.	The developer is selling its operational geothermal facility to redeploy the funds to other development projects (PFR, 10/4).
Renegy Holdings	Snowflake (24 MW wood fired)	Snowflake, Ariz.	Ewing Bemiss & Co.	Najafi Companies expects to close the \$4.75 million acquisition by Nov. 1; is eyeing additional purchase opportunities (PFR, 10/11).
Ridgewood Renewable Power	Brea (5 MW landfill gas-to-energy) Providence (20 MW landfill gas-to-energy)	Brea, Calif. Providence, R.I.	Ewing Bemiss & Co.	Macquarie Infrastructure Partners is buying for \$25 million and will look to finance expansions (PFR, 9/13).
Royal Dutch Shell	Shell Wind Energy (stakes in 1.1 GW) 50% Rock River (50 MW) 50% White Deer (80 MW) 50% Top of Iowa (80 MW) 50% Cabazon (41 MW) 50% Whitewater Hill (60 MW) 50% Brazos (160 MW) 50% Colorado Green (162 MW) 50% NedPower Mount Storm (264 MW) European wind (200 MW)	U.S. and Europe Wyoming Amarillo, Texas Joice, Iowa Palm Spring, Calif. Palm Spring, Calif. Lubbock, Texas Lamar, Colo. Grant County, W.Va. Various	Morgan Stanley	Selling its wind development unit; teasers out last week (PFR, 9/6).
Stark Investments	Wolf's Hollow (730 MW Gas)	Hood County, Texas	JPMorgan	Second round bids coming due (see story, page 5).
Tenaska	35% of 70% Alabama II (885 MW Gas) 35% of 70% Virginia (885 MW Gas) 35% of 20% Kiowa (1.222 GW Gas) 22% of 32% Gateway (845 MW Gas) 35% of 70% Georgia (944 MW Peaker)	Billingsley, Ala. Scottsville, Va. Kiowa, Okla. Mt. Enterprise, Texas Frankling, Ga.	Citigroup, Morgan Stanley	Tyr Energy and Chubu Electric Power Co. partnered to buy the stakes (PFR, 10/25).
Terra-Gen Power	Alta 1 (150 MW wind)	Tehachapi, Calif.	No advisor	Initial bids for first phase of the 3 GW project due earlier this month (PFR, 10/25).
U.S. Power Generating Co.	Boston Generating Mystic 8 (801 MW Gas fired) Mystic 9 (801 MW Gas fired) Fore River (801 MW Gas fired) Mystic 7 (560 MW Gas fired) Astoria Generating (1.28 GW Natural Gas) Gowanus (542 MW Fuel, oil and gas-fired) Narrows (276 MW Fuel oil and gas-fired)	Greater Boston area New York City New York City New York City	JPMorgan Goldman Sachs	JPMorgan is trying to drum up more bidders for the court-run auction on Nov. 15 (PFR, 10/18). Three bidders are in the second round (PFR, 10/11).

AEP SNIFFS \$1.8B

(continued from page 1)

The financing may wind up resembling **Neptune Regional Electric Transmission's** \$550 million private placement in 2005 for its undersea transmission line from New Jersey to Long Island, N.Y. (PFR, 7/15/05). More than a dozen insurance companies took pieces of the 22-year notes. The partners may also look to a U.S. **Department of Energy** loan guarantee. **LS Power** affiliate **Great Basin Transmission** expects to close a more than \$300 million loan from the **Federal Financing Bank** by year-end, for its One Nevada Transmission Line it is developing with **NV Energy** (PFR, 9/21).

AEP and Allegheny have to complete permitting in the three states. They filed an application with the **Virginia State Corporation Commission** in September asking to build the line through the state and the commission has up to a year to consider the application, according to an SCS spokesman in Richmond, Va. He declined to speculate on a timeline.

AEP is reportedly considering retaining New York-based **Latham & Watkins** as counsel for the financing. Desired pricing, the targeted debt-to-equity split and whether they're pursuing a DOE loan guarantee couldn't be learned by press time. An AEP spokeswoman in Columbus, Ohio, and an Allegheny spokesman in Greensburg, Penn., declined to comment and a Latham spokeswoman didn't make an official available by press time. Bank officials either declined to comment or didn't return calls.

—**Brian Eckhouse**

RENEWABLES TIPPED

(continued from page 1)

layered tranching based on revenue streams from these diverse asset pools, rather than the previous "on/off switch" of tracking correlated wind patterns risks with particular projects, according to officials.

Prompting the securitization effort is the specter of Basel III, which will require banks to shore up more capital reserves against the amount of debt they hold on a project. "How you fund [renewable projects] becomes a key criteria for banks, which need to match [capital reserves] with funding for a typical 18-year project," a project financier notes. "My high-level view would be that there will be a scarcity of capital in the asset finance world. That makes a securitization exit more attractive." Basel III will go into effect in January 2013.

"No one is going to take 100% risk of a single asset class on balance sheet anymore," Borod explained. "Financial institutions will shy away from that."

To date, **NextEra Energy's** launch in 2005 of its **FPL Energy** series of subordinate bond offerings have been the ABS sector's only domestic renewable-related offerings. But the prospect of

senior ABS structures based on receivables from projects backed by the U.S. **Department of Energy** loan guarantee is expected to tempt investors.

Still, industry players say slow action by the DOE in awarding guarantees and a lack of standardization among various assets types are potential roadblocks to building a renewable ABS industry. "The big thing has been developers don't share data on wind output, which they consider very proprietary," one industry executive said.

—**Joy Wiltermuth**

NEXTERA TARGETS

(continued from page 1)

The banker anticipates that NextEra will snag its desired pricing as lenders compete in a period of scant deal flow and look to put capital to work before year-end—and because the Blythe, Calif.-based plant, which went into operation in 2003, has no construction risk. "NextEra is always the most aggressive sponsor," adds another financier in New York, noting that the company's relationship banks generally bend for it, because of its reputation, experience, development pipeline and strong balance sheet (PFR, 10/8). Relationship banks include **Bank of Tokyo-Mitsubishi**, **Helaba**, **Royal Bank of Scotland**, **Scotia Capital** and **UniCredit**.

The deal comprises a \$225 million term loan and an \$80 million letter of credit. "They're looking to lever it up," a deal watcher says, noting NextEra's tendency to build projects on balance sheet and then scout debt for future development. The timeline to wrap financing and how NextEra plans to use proceeds from the deal couldn't be learned by press time. A call to **Paul Cutler**, treasurer of **NextEra Energy** in Juno Beach, Fla., wasn't returned. Bank officials either declined to comment or didn't return calls. **Southern California Edison** inked a 10-year offtake agreement for the Blythe Energy Center this August.

—**Brian Eckhouse**

Quote Of The Week

"No one is going to take 100% risk of a single asset class on balance sheet anymore. Financial institutions will shy away from that."

Ronald Borod, partner at **DLA Piper** in Boston on banks looking to securitize receivables, from renewables projects as they contend with capital requirements under Basel III (see story, page 1).

One Year Ago In Power Finance & Risk

Competitive Power Ventures was looking to finance a roughly \$1.2 billion, 600 MW pipeline of wind farms. [The Braintree, Mass.-based developer inked an oversubscribed financing for its 152 MW Keenan II farm via seven banks (PFR, 2/5). CPV expects to award mandates to finance two wind farms costing \$550-730 million (PFR, 10/1).]