

# power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

NOVEMBER 27, 2006

VOL. IX, NO. 47

## Entegra Shortlists Lenders for \$1.3B Recast

**Entegra Power Group** has picked four or five banks to refinance \$1.325 billion in project-level debt tied to two power plants.

*(See story, page 2)*

## Buzz Kill!

### Canadian Tax May Hurt Energy Income Trusts

The Canadian government's decision to start taxing domestic income trust distributions could hinder the cash flows of trusts relying on capital from foreign investors.

*(See story, page 3)*

## In The News

RBS Launches Invenergy	3
Loan Syndication	3
PPM Taps Morgan Stanley	3

## Corporate Strategies

Tri-State Takes Capex Revolver	3
FirstEnergy Buys Back Shares	4
Rates Spark Orlando Muni Refi	4
Del. Midstream Bags \$500M Revolver	4

## Departments

Financing Record	5
Weekly Recap	5

**COPYRIGHT NOTICE:** No part of this publication may be copied, photocopied or duplicated in any form or by any means without Institutional Investor's prior written consent. Copying of this publication is in violation of the Federal Copyright Law (17 USC 101 et seq.). Violators may be subject to criminal penalties as well as liability for substantial monetary damages, including statutory damages up to \$100,000 per infringement, costs and attorney's fees. Copyright 2006 Institutional Investor, Inc. All rights reserved.

For information regarding subscription rates and electronic licenses, please contact Dan Lalor at (212) 224-3045.

## LONE STAR DEVELOPER PLOTS 500 MW BUILD-OUT

Austin, Texas-based developer **Tierra Energy** is looking for construction loans for some 500 MW of permitted wind projects. **David Marks**, president, says the aim is to land debt now because the projects are nearly ready for construction and are about to secure PPAs.

**HSB Nordbank** has been tapped to lead the financings, three of which Marks expects to be ready next year. He declined to discuss the amount being sought. The farms themselves are slated to reach commercial operation in 2008.

The company, which is majority owned by private equity shop **Energy Investors Funds**,

*(continued on page 7)*

## CREDIT SUISSE LINES UP \$475M LAKE ROAD ACQUISITION LOAN

Credit Suisse has structured a roughly \$475 million staple financing for the acquisition of the 780 MW Lake Road gas-fired plant in Killingly, Conn. The loan package is expected to take the form of two-lien financing that will support a prospective buyer's investment in the facility, which was placed on the auction block by private-equity and hedge fund owners affiliated with **Cargill**, **Bear Stearns** and **Merrill Lynch** (PFR, 9/11).

Bidding is in the second round with a deadline for the next phase of acquisition offers set

*(continued on page 7)*

## BNP, CALYON TO SELL DOWN \$1.2B EMIRATES REFI

**BNP Paribas** and **Calyon** plan to launch syndication next month of a \$1.2 billion financing package for **Gulf Total Tractebel Power Co.** The loan refinances some \$900 million of senior debt used to buy a 221 MW Abu Dhabi IWPP project in 2001, Taweelah A1, and expand it to 1.35 GW. About \$300 million of new construction funds for an onsite development known as A-10 also will be sold down. **Emmanuel Rogy**, deputy head of energy project finance at BNP in Paris, declined comment, and **Eugene Kasozi**, head of power and utilities at Calyon in Paris, did not return calls.

*(continued on page 8)*

## LEADS PITCH INTERGEN MEXICAN PLANT REFI

**Leads BNP Paribas**, **Calyon** and **Export Development Canada** have kicked off syndication of a loan refinancing **InterGen's** 1.1 GW La Rosita power plant, say officials close to the deal. The underwriters expect to wrap the \$400 million senior term loan and a \$47 million senior letter of credit by year-end.

The loan replaces a \$563 million senior term loan from 2002 that funded construction. Some of the original debt has been paid down. The loan is divided into senior and subordinated term debt, each with a tenor of 15 years (PFR, 10/16).

*(continued on page 8)*

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



## At Press Time

### Fortis Readies ERCOT Wind Financing

Fortis Capital hopes to kick off construction financing on behalf of Invenergy to support its Camp Springs

Energy Center in Texas. Bankers following the deal expect it to kick off in early or mid December. The 130.5 MW wind project at Snyder, Texas, 50 miles northwest of Abilene, does not have a PPA in place.

It is unclear if a financial hedge will be put in place similar to one completed by Fortis on another Invenergy project in Scurry County, Texas (PFR, 11/20). A Fortis official declined to comment, and an Invenergy official did not return a call.

Details on the expected size and pricing of Camp Springs, which will run on 1.5 MW General Electric wind turbines, could not be learned.

## Entegra Shortlists Lenders For \$1.3B Recast

Entegra Power Group has drawn up a shortlist of four or five banks to refinance \$1.325 billion in project-level debt tied to Gila River Power Station just south of Phoenix and the Union Power Station in El Dorado, Ark. Joff Mitchell, managing director of Kroll Zolfo Cooper and interim president of holding entity Entegra Power Group in New York, declined to specify which banks were in the running or provide a timeframe for when a winner would be selected, noting that the entity was not working under any time constraints to complete the refinancing.

Rumored to be in the mix are Citibank, which handled an earlier refinancing for Entegra (PFR, 4/20), and Credit Suisse, who handled a refinancing for the owners of Exelon Boston that mimics the proposed recasting for Entegra (PFR, 9/18). Also said to be in the running are JPMorgan Chase and Goldman Sachs. Officials at the banks either declined comment or did not return calls.

Entegra owners, consisting of some 40 hedge funds and private equity entities, are asking that payment-in-kind notes that comprise the debt be essentially reworked into at least two tranches—a cash-pay tranche and tranche with a payment-in-kind option component as first reported on PFR's Web site.

The 2.3 GW Gila plant has inked a PPA with Arizona Public Service and Entegra also refinanced about \$400 million in working capital via Citigroup (PFR, 3/20). Formerly known as TECO-Panda, the Union and Gila plants were a joint venture between TECO Wholesale Generation, known at the time as TECO Power Services Corp. and Panda Energy International. The original financing included \$1.675 billion of non-recourse debt and \$500 million in equity bridge loans.

### Tell Us What You Think!

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

## power finance & risk

The exclusive source for power financing and trading news

### EDITORIAL

TOM LAMONT  
Editor

STEVE MURRAY  
Deputy Editor

PETER THOMPSON  
Executive Editor [Chicago]  
(773) 439-1090

MARK DeCambre  
Managing Editor  
(212) 224-3293

BEN MILLER  
Associate Reporter  
(212) 224-3226

KATY BURNE  
Reporter  
(212) 224-3165

STANLEY WILSON  
Washington Bureau Chief  
(202) 393-0728

KIERON BLACK  
Sketch Artist

### PRODUCTION

DANY PEÑA  
Director

LYNETTE STOCK, DEBORAH ZAKEN  
Managers

MICHELLE TOM, ILIJA MILADINOV,  
MELISSA ENSMINGER,  
BRIAN STONE, JAMES BAMBARA  
Associates

JENNY LO  
Web Production & Design Director

MARIA JODICE  
Advertising Production Manager  
(212) 224-3267

### ADVERTISING AND BUSINESS PUBLISHING

JONATHAN WRIGHT  
Publisher  
(212) 224 3566

JESSICA SOMMAR  
Editor, Business Publishing  
(212) 224-3272

CHRIS DEANGELIS  
Online Sales Director  
(212) 224-3618

PAT BERTUCCI, MAGGIE DIAZ,  
LANCE KISLING, Associate Publishers

SAMUEL HARRIS WILLIAMS  
Head of Legal Sales  
(212) 224-3894

LESLIE NG  
Advertising Coordinator  
(212) 224-3212

### PUBLISHING

ELAYNE GLICK  
Publisher  
(212) 224-3069

MIKE FERGUS  
Marketing Director  
(212) 224-3266

AMANDA CATERINA  
Associate Marketing Manager  
(212) 224-3096

VINCENT YESENOSKY  
Senior Operations Manager  
(212) 224-3057

DAVID SILVA  
Senior Fulfillment Manager  
(212) 224-3573

### SUBSCRIPTIONS/ ELECTRONIC LICENSES

One year - \$2,725 (in Canada add \$30 postage, others outside U.S. add \$75).

DAN LALOR  
Director of Sales (212) 224-3045

EMILY-JANE STAPLETON  
Account Executive [London]  
(44-20) 7779-8704

KEN LERNER  
Account Executive  
(212) 224-3043

GEORGE WITTMAN  
Client Development Manager  
(212) 224-3019

### REPRINTS

DEWEY PALMIERI  
Reprint & Permission Manager  
(212) 224-3675  
[dpalmieri@institutionalinvestor.com](mailto:dpalmieri@institutionalinvestor.com)

### CORPORATE

GARY MUELLER  
Chairman & CEO

CHRISTOPHER BROWN  
President

DAVID E. ANTIN  
Chief Operating Officer

ROBERT TONCHUK  
Director/Central Operations & Fulfillment

**Customer Service:** PO Box 5016,  
Brentwood, TN 37024-5016.  
Tel: 1-800-715-9195. Fax: 1-615-377-0525  
UK: 44 20 7779 8704  
Hong Kong: 852 2842 6910  
E-mail: [customerservice@iineews.com](mailto:customerservice@iineews.com)

**Editorial Offices:** 225 Park Avenue  
South, New York, NY 10003.  
Tel: (212) 224-3293  
Email: [mdecambre@iineews.com](mailto:mdecambre@iineews.com)

**Power Finance & Risk** is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

**Power Finance & Risk** ©2006  
Institutional Investor, Inc.

Copying prohibited without the permission of the Publisher.

**Institutional Investor NEWS**  
INTELLIGENCE FIRST

## Cannon's Away! RBS Launches Invenergy Loan Syndication

Royal Bank of Scotland has kicked off syndication of a construction loan for Invenergy's Cannon Falls Energy Center—a 357 MW gas-fired peaker in southeastern Minnesota. Bankers tracking the roughly \$200 million loan say fewer than 10 banks are expected to participate with the underwriters aiming to wrap by mid-December.

The project, which will run two GE 7FA combustion turbines, is backed by a long-term power purchase agreement with Xcel Energy (PFR, 11/20). Ground breaking is slated for sometime next year. Officials at Invenergy and RBS declined to comment.

Pricing is being pitched at 112.5 basis points over LIBOR, stepping up incrementally to a max of 175 over the 17.5-year tenor of the loan.

## PPM Taps Morgan Stanley For Latest Wind Farm Financing

PPM Energy is selling an equity stake in its third wind portfolio financing to an affiliate of Morgan Stanley. The Portland, Ore., developer began selling down interests at sites in New York, California and Minnesota among others, earlier this year. The strategy is driven by a bid to monetize investments and finance future developments.

The size of Morgan Stanley's interest in the portfolio, known as Aeolus III, could not be learned and an official declined comment. PPM has seen a flurry of interest from banks, hedge funds and institutional investors and is

### PPM Energy Wind Portfolios

Aeolus III (320 MW):

- 200 MW Big Horn in Klickitat County, Wash.;
- 15 MW and 30 MW units at Maple Ridge II in Lewis County, N.Y. (co-owned by **Horizon Wind Energy**);
- 75 MW Twin Buttes, near Lamar in southeast Colo.

Aeolus II (516 MW):

- 150 MW Elk River in Butler County, Kan.
- 150 MW Shiloh in Solano County, Calif.
- 100.5 MW Trimont in Martin and Jackson Counties, Minn.
- 99 MW Maple Ridge I in Lewis County, N.Y.
- 16.3 MW Maple Ridge Ia in Lewis County, N.Y.

Aeolus I (140.9 MW):

- 51 MW Moraine in Murray and Pipestone Counties, Minn.
- 24 MW Klondike I in Sherman County, Ore.
- 22.4 MW Mountain View III in Riverside County, Calif.
- 43.5 MW Flying Cloud in Dickinson County, Iowa

already planning an Aeolus IV transaction to launch toward the end of next year, a spokeswoman says.

Morgan Stanley was attracted to the 320 MW deal because of the diversity of the wind farms in the portfolio and the quality of the developer behind it, a deal watcher notes.

The financial institution landed the stake in Aeolus III after losing a competitive auction for PPM's second wind portfolio financing last month, an observer says.

**JPMorgan Capital Partners**, which participated in 141 MW Aeolus I in May, won 516 MW Aeolus II (PFR, 10/9), alongside co-investors **Halsey Street Investments**, **New York Life Insurance Co.**, and **Lease Plan North America**, according to a recent regulatory filing. **GE Energy Financial Services** was also understood to have bid for Aeolus II, but a GE EFS spokesman declined to confirm this.

Under the terms of their agreements with the unit of **ScottishPower** the firms are required to hold their investment in the assets for 10 years—the life of the production tax credits awarded to the facilities—before flipping them.

## Canadian Tax Move May Zap Energy Income Trust Cash Flow

The Canadian government's Oct. 31 announcement to start taxing domestic income trust distributions from 2011 could severely hurt energy income trusts relying on capital from foreign investors and retirement accounts.

Companies such as **Epcor Power**, **Algonquin Power** and **Boralex Power**, which house mature generation and transmission assets in income trust structures so as to capture cash flow from them more efficiently, could be constrained. Calls to Epcor and Algonquin were not returned and **Jean-François Thibodeau**, cfo of Boralex, declined comment.

The ruling, which is considered final, will see dividends paid to income trust unit-holders taxed once at the trust level and again at the unit level—a double taxation event that would make income trusts less attractive to its main institutional investor constituency who tend to eschew heavy taxes. “It will likely constrain the development of the sector, as there won't be as much liquidity and you'll see a higher cost of capital,” notes **Gordon Tait**, a royalty and income trust analyst specializing in energy at **BMO Capital Markets** in Calgary, Alberta.

The C\$200 billion trust composite, comprising all trusts traded in Canada on the **Standard & Poor's/Toronto Stock Exchange** fell 20%, C\$30 billion (\$26.2 billion), in the week following the announcement. It also forced many companies desirous of converting to an income trust structure to reconsider.

Tait predicts that small and medium energy players may become takeover targets as the capacity crunch worsens. “I think



we'll see a lot more private equity get involved and take out some of the smaller energy players, or pension funds buying them directly," he notes. **James Scarlett**, head of the capital markets group at **Torys** law firm in Toronto, agrees. "Everyone's talking about the potential for private equity to dip their toes into the market and buy businesses up," he says.

## Tenaska Constellation Acquisition Loan Nears Launch

Lead underwriters **Credit Suisse** and **Deutsche Bank** expect to unfurl a \$1.1+ billion financing to fund **Tenaska Power Fund's** \$1.64 billion purchase of **Constellation Energy** merchant assets in the next few weeks.

The leads wanted to wait until regulatory approvals were close to being inked for the purchase before launching

syndication, say bankers. Those approvals should be forthcoming over the near term. Financing details will emerge as the debt gets close to hitting the market. Tenaska signed an agreement to purchase the assets in mid October (PFR, 10/16) as first reported on *PFR's* Web site.

A call to **Paul Smith**, managing director at Tenaska in Omaha, Neb., was not returned and officials at **Credit Suisse** and **Deutsche Bank** did not immediately return calls.

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

## Corporate Strategies

### Tri-State To Charge Up \$500M Capex Revolver

The **Tri-State Generation and Transmission Association**, a cooperative that provides power to rural areas of **Colorado**, **Nebraska**, **New Mexico** and **Wyoming**, is close to obtaining a five-year, \$500 million unsecured revolver with an undisclosed bank.

The credit facility, which supplements \$150 million of undrawn facilities already in place, will help bankroll \$315 million of pre-construction costs relating to 2.1 GW of planned baseload generation and 1,000 miles of accompanying transmission infrastructure developments.

**Charles Yetzbacher**, cfo in **Westminster, Colo.**, says ground will be broken on projects including two 700 MW units at an existing coal-fired facility owned by **Sunflower Electric Power Corp.** in **Holcomb, Kan.**, and a separate 700 MW coal plant at a site to be determined in southeast **Colorado**. "We're putting in place this facility as [these plants] are being built. Then as we draw down funds we'll be going to the public debt markets to replace the revolving credit drawn," he adds. The borrowings will likely be paid down via future long-term debt offerings to be handled by relationship banks. He declined to say which bank is providing the new revolver, nor which banks are in its relationship roster.

Tri-State members' energy requirements are expected to grow at an average of 7% over the next five years, according to **Michael Scholder**, analyst at **Standard & Poor's**, which assigned an A-rating to the proposed revolver.

The co-operative has four existing revolvers—split \$75 million between two undisclosed banks—but has not yet

drawn on these facilities. As of Sept. 30, it had about \$1.7 billion in outstanding debt.

### FirstEnergy Tidies Books Via Share Repurchase

**FirstEnergy** has bought back preferred shares at two utility subsidiaries using proceeds from debt offerings and cash on hand. "Our financing strategy this year has been to reduce holding company debt by refunding it with new long-term operating co. issues," says **Matt Richlovsky**, finance manager in **Akron, Ohio**. Redeeming preferred shares, which date back to when the utilities were privately held, helps to balance debt ratios, he adds.

**FirstEnergy** wants to get its operating companies' debt-to-equity ratios near 55:45. As it stands, debt at its operating companies currently is around 30:70. A similar debt-funded repurchase was completed for **Ohio Edison** in June, and **Richlovsky** says another **FirstEnergy** operating company could launch a buyback before year-end. He declined to provide details.

At subsidiary **Toledo Edison** 1,710,000 preferred shares have been redeemed at a cost of \$70.8 million. The redemption was paid for with funds from a \$300 million offering of 6.15%, 30-year senior notes. **Toledo Edison** will use the remaining funds to repurchase \$225.3 million of its common stock held by **FirstEnergy**.

The debt offering was jointly underwritten by **BNY Capital Markets** and **KeyBank**. **Richlovsky** says the underwriters were chosen because they've worked with **FirstEnergy** in the past.

Utility **Pennsylvania Power** will redeem 141,049 preferred

shares at a cost of \$14.6 million. The shares pay dividends between 4.24-4.64%. Cost associated with buyback will be funded with cash on hand, Richlovsky says.

## Rate Downshift Sparks Orlando Muni Refi



John Hearn

**Orlando Utilities Commission** has sold \$124.37 million in system revenue refunding bonds to refinance existing debt of varying tenors. "We didn't expect to see rates drifting down so much," says **John Hearn**, cfo at the city-owned utility. He explains that interest rates have been edging lower over the past 60 to 90 days, even on shorter term-debt, and

therefore the commission viewed now as a good time to step in and get savings on a variety of different tenors.

Orlando Utilities Commission was originally formed as **Orlando Water & Light Co.** in 1901 and acquired by the city of Orlando in 1922.

The new offerings cover 11 different maturities, ranging from 2007 to 2023, and have coupons between 4.75% and 5%. They refund old notes from different series carrying higher coupons, between 5% and 5.25%, Hearn says. Relationship investment bank **Bear Stearns** underwrote the offering.

**Standard & Poor's** rated the bonds, backed by revenue from the company's water and power services, AA with a stable outlook. Orlando issued a similar refinancing last year, and the company might look to do so again if rates fall further, although the financial officer doesn't expect that to occur in the near term.

Next on the Orlando Utilities' agenda is raising new debt to help fund \$300 million to \$500 million in capacity expansion and improvement projects over the next five years. It has \$1.3 billion in outstanding debt. Hearn declined to discuss specifics about future financings.

## War Chest?

## Del. Midstream MLP Pipes In \$500M Revolver

**Genesis Energy**, a Delaware-based midstream master limited partnership, has obtained a new \$500 million revolver. The loan will be used for working capital and acquisitions, notes **Ross Benavides**, cfo in Houston. "We expect to increase the pace of making acquisitions and have a new executive team working to make [that happen]."

Being targeted are qualifying pipelines, storage and terminal assets—most probably along the Gulf of Mexico—allowing the organization to maintain its status as an MLP. Genesis has grown via \$65 million of acquisitions over the past three years.

The joint lead arrangers and bookrunners are **Fortis Capital** and **Deutsche Bank Securities**. The revolver—secured by assets—replaces a \$100 million line of credit arranged by **Bank of America**, which expired Nov. 15. "A new senior executive management team at our general partner [**Denbury Resources**] had prior relationships with bankers at Fortis and Deutsche Bank," says Benavides, explaining why BofA was knocked down the pecking order.

Rounding out the syndicate are co-documentation agents BofA, U.S. Bank and Wachovia, as well as **Bank of Scotland**, **BMO Capital Markets**, **Comerica Bank**, **Guaranty Bank**, **Royal Bank of Canada**, **SunTrust**, **Amegy Bank**, **Regions Bank**, **Sterling Bank** and **Union Bank of California**.

Genesis, which owns and operates crude oil, carbon dioxide and natural gas pipelines across five Gulf of Mexico states, has virtually no long-term debt after repaying borrowings with the proceeds from public equity offerings in December last year and April. As of September 30, it had an average of just \$5 million outstanding on its revolvers on a daily basis.

## Financing Record (NOVEMBER 15-NOVEMBER 17)

### Debt

Date Issued	Issuer	Business Description	Principal (\$M)	Coupon (%)	Security	Maturity	Offer Price	YTM (%)	Spread	S&P	Moody Rating	Fitch Rating
11/16/06	Boardwalk Pipeline Partners LP	Own, op natural gas pipelines	250	5.875	Senior Notes	11/15/16	99.777	5.905	125	BBB	Baa2	BBB

### M&A

Date Announced	Date Effective	Target Name	Target Advisor	Target Nation	Acquiror Name	Acquiror Country	Acquiror Nation	Value (\$mil)
11/15/06	11/15/06	Union Fenosa SA		Spain	ACS	Construction Firms	Spain	705.846
11/16/06		Four Corners LLC	Citigroup Lehman Brothers	United States	Williams Partners LP	Electric, Gas, and Water Distribution	United States	
11/17/06	11/17/06	Kievenergomash JSC		Ukraine	UA Intl Grp	Investment & Commodity Firms, Dealers, Exchanges	Ukraine	

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

## Weekly Recap

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

### North America

- **AES** has signed a contract with Vietnam's state-owned **Vinacomin** to build a 2 GW coal-fired power plant at a cost of \$1.4 billion. AES will contribute 90% of funds for construction of the facility 150 miles east of Hanoi and Vinacomin the remainder (*Associated Press*, 11/17).
- **Duke Energy** Chairman **Paul Anderson** will resign become chairman of **Spectra Energy** when the natural gas unit is spun off in January. Four other Duke board members will also join Spectra's board (*Associated Press*, 11/16).
- **Duke Energy** expects its proposed 800 MW Cliffside coal plants in Rutherford County, N.C., to cost \$3 billion. That is \$1 billion more than original estimates. It attributed the increase to higher material costs and wants to cover it by raising rates (*Reuters*, 11/16).
- **Tenaska Power Fund** has received antitrust approval to acquire six natural gas-fired power plants from **Constellation Energy Group**. Tenaska agreed last month to buy a 3,145 MW portfolio of plants in Illinois, West Virginia, Virginia, Texas and California for \$1.6 billion in cash (*Reuters*, 11/20).
- **Southern California Edison** has signed seven long-term contracts with independent renewable power generators to provide as much as 324 MW of electricity generated by wind, geothermal, biomass and solar projects throughout the state (*Reuters*, 11/20).
- A Louisiana plan to give \$200 million in federal hurricane recovery aid to bankrupt **Entergy New Orleans** was approved by the legislature's key money panel. The full state legislature and federal officials still must approve the deal (*Associated Press*, 11/17).
- **TransCanada** was awarded a 20-year contract by the **Ontario Power Authority** to build, own and operate a C\$670 million (\$588 million) 683 MW natural gas-fired power plant near Halton Hills, Ontario (*Reuters*, 11/17).
- **TXU** is requesting a permit to install emissions reduction technology at each of its three existing Martin Lake units, located near Henderson, Texas. The retrofit is part of a \$500 million plan

to completely offset key emissions from proposed and existing coal-fired plants (*Dallas Business Journal*, 11/17).

- **BP Solar** plans on doubling a solar generating site in Frederick, Md., to 150 MW, at a cost of \$70 million (*Reuters*, 11/16).
- **Dominion Virginia Power** has issued a request for either 300 MW of peaking capacity or demand-side management programs to meet the demand for power in Northern Virginia. It will compare bids for delivery of the capacity to the projected cost of developing generation itself (*Reuters*, 11/21).
- The 22 MW natural gas-fired Mid-Sun Power Generation Facility near Bakersfield, Calif., was sold by **Taft Energy Partners** to **MMC Energy**. Terms of the deal were not revealed (*Central Valley Business Times*, 11/21).
- Colorado regulators have approved a \$107 million rate hike for **Xcel Energy**, raising residential and small business customers' bills about 7.7%. The settlement was \$65 million less than Xcel's original request (*Denver Business Journal*, 11/20).
- Representatives from the U.S. and more than 30 countries signed an agreement to build the €10 billion (\$12.8 billion) International Thermonuclear Experimental Reactor. It will be built at Cadarache, France, near Marseille, and aim to turn seawater into fuel by mimicking the way the sun produces energy. Rather than release energy by splitting atoms, the new reactor will combine atoms (*Reuters*, 11/21).

### Europe

- **Roy Anderson** has resigned as chief nuclear officer at **British Energy**, a move which the company described as a part of its internal reorganization (*The Guardian*, 11/17).
- **Centrica** has inked a 15-year PPA to take capacity at the 400 MW Rijnmond 2 gas-fired plant to be built by **InterGen** near Rotterdam in the Netherlands (*Reuters*, 11/20).
- Spain's **Acciona** has purchased 3.9 million additional shares in **Endesa**, boosting its stake to 20%. It is seeking a 25% stake to thwart a takeover of Endesa by Germany's **E.ON** (*Associated Press*, 11/21).

## Canaport LNG Construction Loan Wrapped

Leads providing a \$756 million construction loan for the Canaport LNG import facility in Saint John, New Brunswick, closed and fully underwrote the debt Nov. 20. **BMO Financial, Banco Santander, La Caixa, BBVA, and Royal Bank of Scotland** each took an equal portion of the 27-year debt facility.

The lenders plan on launching retail syndication in January, says one banker, when they think there will be fewer competing deals (PFR, 11/20). They originally hoped to complete the deal this summer (PFR, 9/1).

Officials at sponsors **Repsol** and **Irving Oil** and the banks either declined to comment or did not return calls.

## CREDIT SUISSE

(continued from page 1)

for around Nov. 30, according to observers. Officials at the creditor groups that own the **PG&E National Energy Group**-developed generation facility either declined to comment or did not return calls. Executives at auctioneer Credit Suisse also declined to comment.

About two years ago **US Power Generating Co.**—a private equity shop run by **Jay Worenklein**—offered to pay about

\$220 million (\$180 million in assumed debt and \$42 million) for the asset until Cargill upended US Power Generating's deal (PFR, 12/26/04).

Although the facility does not carry long-term PPAs, Lake Road's valuation is owed largely to an improved environment for IPPs in ISO New England that encourages new development and promises independent producers they will be paid for providing much-needed capacity. The plant is also eligible for reliability-must-run contracts, which could also provide stable revenue.

—Mark DeCambre

## LONE STAR

(continued from page 1)

has been working with HSH for more than a year on its development pipeline, but will consider auditioning other lenders for a role as its portfolio grows. "We do have a great relationship with HSH, but as we bring on new projects we'll have to evaluate as we go," continues Marks.

Tierra is also in talks with potential equity partners with a view to selling a roughly 40% stake in its projects downstream. An auction for the interests will be officially launched next quarter, but the company has already approached **JPMorgan Capital Partners** and **New York Life Insurance Co.**, says Marks. He declined to discuss further

## SUBSCRIPTION ORDER FORM

www.iipower.com

☐ **YES!** Please send me 1 year (51 issues) of **Power Finance & Risk** at the special price of \$2,395\*. Once I have subscribed I can select a permanent User ID and Password to www.iipower.com at no extra charge.

NAME _____			B400101
TITLE _____			FIRM _____
ADDRESS _____			
CITY/STATE _____	POSTAL CODE/ZIP _____	COUNTRY _____	
TEL _____	FAX _____	E-MAIL _____	

### Options for payment:

- ☐ Bill me   ☐ Check enclosed (please make check payable to Institutional Investor News)  
☐ I am paying by credit card:   ☐ Visa   ☐ Amex   ☐ Mastercard

CREDIT CARD NUMBER \_\_\_\_\_ EXPIRATION DATE \_\_\_\_\_ SIGNATURE \_\_\_\_\_

The information you provide will be safeguarded by the Euromoney Institutional Investor PLC group, whose subsidiaries may use it to keep you informed of relevant products and services. We occasionally allow reputable companies outside the Euromoney Group to mail details of products which may be of interest to you. As an international group, we may transfer your data on a global basis for the purposes indicated above.

- ( ) Please tick if you object to contact by telephone.  
 ( ) Please tick if you object to contact by fax.

- ( ) Please tick if you object to contact by email.  
 ( ) Please tick if you do not want us to share your information with other reputable businesses.

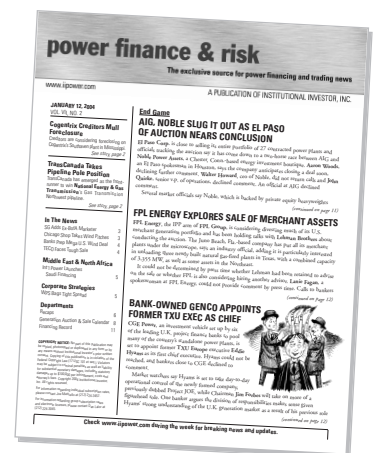
\* In Canada, please add US\$30 for postage. Other non-U.S., please add US\$75.

**Institutional Investor NEWS**  
INTELLIGENCE FIRST

**UNITED STATES**  
Tel: 1-212-224-3570  
Fax: 1-615-377-0525  
Email: customerservice@iinvest.com  
Mail: Institutional Investor News  
P.O. Box 5016  
Brentwood, TN 37024-5016

**UNITED KINGDOM**  
Tel: 44 207 779 8929  
Fax: 44 207 779 8619  
Email: jdavies@euromoneyplc.com  
Mail: Julian Davies  
Institutional Investor News  
Nestor House, Playhouse Yard  
London, EC4V 5EX, England

**HONG KONG**  
Tel: 852 2842 6910  
Fax: 852 2543 7617  
Email: enquiries@euromoneyasia.com  
Mail: Edealia Cheung  
Institutional Investor News  
17/F, Printing House, 6 Duddell Street  
Central, Hong Kong





details on that initiative.

On the drawing board are the 400 MW Notrees project in Ector and Winkler Counties, Texas, the 60 MW Ochoillo farm in Howard County, Texas, and 30 MW Happy Jack in Cheyenne, Wyo. A 20-year PPA for Happy Jack was being signed as *PFR* went to press, and similar long-term options being explored for Ochoillo and Notrees, details of which were not disclosed.

Tierra has 400 MW of additional developments in the pipeline in various stages of permitting, and intends to bring online a further 2 GW over the next five or six years. Preferred locations include Texas, Wyoming as well as the Northeast.

—Katy Burne

## LEADS PITCH

(continued from page 1)

Around 20 banks were invited to participate, according to deal trackers. Details on pricing could not be learned. Officials at the banks did not return calls requesting comment.

Half of the output from the plant outside Mexicali, Mexico is contracted to Mexico's state-owned **Comision Federal de Electricidad**, with Shell subsidiary **Coral Energy** contracted for the other half. The length of both contracts is in the 20-year range.

**Jim Leech**, senior v.p. at **Ontario Teachers' Pension Plan**, which acquired InterGen in a joint venture with **AIG HighStar** (*PFR*, 10/24/2005), could not be reached for comment. Calls to **Chris Lee**, president of **AIG HighStar** in New York, were not returned.

—Ben Miller

## BNP, CALYON

(continued from page 1)

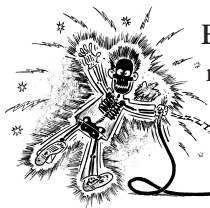
Some 30 commercial banks that participated in the original loan will be invited to look at revised margins and an extended tenor, a banker notes. Pricing on the old debt is rumored to be 55 basis points over LIBOR, benchmarked against earlier Emirates IPP refinancings Barca and Fujairah, (*PFR*, 9/18). Additional banks are being invited to review the deal in case others balk at these terms. "It's five years down the road and certain banks may have merged and be sitting on double exposure, so they may not approve it," the banker says.

Gulf Total Tractebel is a project entity 60% owned by **Gulf Power Co.** and 40% by a joint venture between **Tractebel**, the energy subsidiary of **Suez**, and **TotalFinaElf**.

Taweelah has a 20-year PPA with the **Abu Dhabi Water and Electric Authority**, the offtaker and original owner of the facility.

—K.B.

## Alternating Current



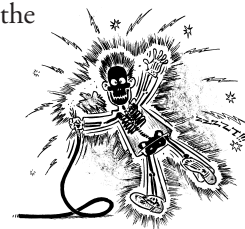
**Enron Corp.**'s demise played out as a musical? . . . the curtain opens on "Enron, the Musical," in Houston next month. In this instance art makes an attempt at imitating life as businessman and freelance

writer **Mark Fraser** pens the story of one of the nation's biggest energy blowups through the eyes of an unspecified former employee.

**Andy Fastow**, **Jeff Skilling** and **Ken Lay** play prominently on stage, along with other characters tied to the company's debacle. Actors belt out numbers such as "The Hills Are Alive with the Sound of Shredding," "On Broadband," "How Do You Solve a Problem Like Jeff Skilling?," "76 Indictments" and "Get Me to the Court on Time."

One tune mocks Enron's notorious Nigerian electricity barge handoff to **Merrill Lynch** with: "There's no business like barge business—a deal where we can't fail."

Fraser, who knows many former Enron employees, says the two-act show featuring six actors evolved from a few sketches wrote for local press spoof shows. The initial run is only slated for two weekends, but he says it could return in the spring if the response is good.



## Quote Of The Week

"Everyone's talking about the potential for private equity to dip their toes into the market and buy businesses up." — **James Scarlett**, head of the capital markets group at **Torys** law firm in Toronto, speculating that private equity shops could look to target generation assets held in energy income trusts in the wake of a recent Canadian ruling that will result in those entities being taxed twice (see story, page 3).

## One Year Ago In Power Finance & Risk

**Dynegy** considered unloading several generation assets, including its 50% interest in **West Coast Power**, and four peaking plants in Texas, Louisiana, Georgia and North Carolina. [Dynegy sold its 50% West Coast Power stake to **NRG Energy** in March for \$205 million. **Duke Energy** bought the 825 MW Rockingham County, N.C., plant for \$195 million (*PFR* 5/22). Dynegy is in the process of merging with **LS Power** in a combination forged in mid September that will see Dynegy acquire LS Power's generation assets while LS Power will take a 40% stake in Dynegy.]