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The exclusive source for power financing and trading news

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Web Exclusives

OGE Energy and **NRG Energy** have been forced to renegotiate the timetable for the sale of NRG's McClain power plant because of regulatory delays.

An auction of the 3,360 MW GenHoldings merchant power plant portfolio will likely spill into next year.

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

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TEXAS BILLIONAIRE MAKES GENERATION PUSH, EYES AEP ASSETS

Oscar Wyatt, one of Texas' most colorful energy magnates, is looking to enter the U.S. generation market and is reportedly eyeing some of **American Electric Power's** merchant power plants.

The septuagenarian Wyatt, who famously flew to Iraq in 1990 to secure the release of U.S. hostages being held as human shields, did not return calls, but an attorney at his latest energy concern, **Nucoastal**, confirms the Houston outfit has begun sizing up power plants. "We haven't bought any generation yet," says **Don Nelson**, "but we're looking at [it]." He

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NEG EXPEDITES QF SALE, GOLDMAN SEEN WAITING TO SWOOP

National Energy & Gas Transmission, formerly **PG&E National Energy Group**, is looking to execute a quick-fire divestiture of its stakes in 12 qualifying facilities scattered across the U.S. and has pre-qualified only a small handful of suitors to bid for the assets. The decision to conduct a closed-door and low-key sale process has fanned the flames of speculation that **Goldman Sachs**, which is set to acquire a stake in most of the QFs through its pending \$2.4 billion acquisition of **Cogentrix** (PFR, 10/27), is in the catbird

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BANKS FORECLOSE ON ENRON BRAZILIAN PLANT

A **WestLB**-led syndicate of 18 banks have taken ownership of Enron's newly built 379 MW Eletrobolt gas-fired power plant in Rio de Janeiro State, Brazil. Bankers close to the negotiations say the deal marks one of the very first instances, if not the first, of international lenders foreclosing on a Latin American power plant. Calls to Enron were not returned, and financiers at **WestLB** declined to comment.

The banks foreclosed on the power plant last month with the approval of Enron's bankruptcy judge, following months of protracted negotiations between Enron and its creditors.

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DEUTSCHE BANK SPINS OFF LATAM PRIVATE EQUITY INVESTMENT GROUP

Deutsche Bank has spun off a principal finance and third-party private equity business that focused on investing in the Latin American generation market. The newly independent private equity group, dubbed **Conduit Capital Partners**, will manage some \$257 million of existing generation investments, including \$7 million for Deutsche Bank, through two funds and is looking to raise a further \$400 million in private equity capital.

Conduit Capital Managing Director **George Osorio** says Deutsche Bank decided to

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



At Press Time

Barclays Preps U.S. Trading Push

London-based **Barclays Capital** is looking to set up a U.S. power trading desk early next year. Market watchers say the business will be based in New York and headed by **Joe Gold**, managing director and head of continental European power and gas. Calls to Gold and **Benoit de Vitry**, global head of commodities, were not returned. **Kerry Goodwin**, spokeswoman, was unable to ascertain details by press time.

Barclays already trades oil and gas derivatives out of New York and the move to add power contracts, both physical and financially settled, will strengthen its product mix as it looks to compete with the likes of **Goldman Sachs** and **Morgan Stanley** for client risk management business, explains one energy trader.

Barclays launched its European power business early last year with the hire of some 25 traders and marketers, including Gold, from **Enron Europe** (PFR, 2/10/02).

Japanese JV Eyes Wind Generation Push

San Diego-based **Eurus Energy Holdings**, a joint venture between Japan's **Tomen** and **Tokyo Electric Power Co.**, is looking to build a sizable wind power presence in the U.S., U.K., Spain and Italy and is targeting some \$1.2 billion of renewable energy investments through 2005.

Takao Arai, deputy general manager at **TEPCO's** Washington, D.C. office, says Eurus is set to introduce 100 MW of renewable generation capacity via two projects in California and Oregon and is negotiating PPAs with **Southern California Edison**. A 41 MW wind farm in Umatilla County, Ore., recently received regulatory approval and will commence operations next year.

Eurus currently has four operational wind farms in the U.S. with 189 MW of capacity, says Arai.

Project JOE Sponsors Look To Raise Capital

An attempt by many of the leading project finance banks in the U.K. to pool their distressed generation investments into a single bank-owned IPP appears to be forging ahead. The principal sponsors of Project JOE, advised by **Lazard** and **Greenhill & Co.**, have begun talking to both private equity funds and investment banks about raising capital to fund the creation of the new IPP, say market watchers.

"Things are moving ahead and we could see an announcement of some kind within the next few weeks," says one official.

The banks, led by **Abbey National**, **HBOS**, **Lloyds TSB** and **Royal Bank of Scotland**, have been talking about combining their power plant interests ever since many of the original developers went bust or walked out on unprofitable plants late last year (PFR, 12/22). Financiers at these banks declined to comment or did not return calls.

The banks are looking to raise tens of million of pounds to both finance the legal and advisory expenses and also to buy out project finance lenders that don't want to pool their stakes in creditor-owned plants such as **Damhead Creek**, **Drax** and **Killingholme** into a new IPP say market watchers.

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Institutional Investor NEWS
INTELLIGENCE FIRST

Ireland Awards New PPAs

Glencore subsidiary **Aughinish Alumina** and Galway-based **Tynagh Energy** are set to build two independent power projects in the Republic of Ireland on the back of new 10-year offtake contracts from Irish utility the **Electricity Supply Board**.

Market watchers say Ireland's energy regulator, the **Commission for Energy Regulation (CER)**, last week told the two developers that they had been awarded preferred bidder status to land the PPAs. The CER is expected to ink the contracts by Dec. 17.

Aughinish is set to be awarded a 150 MW PPA and will back the contract through the development of a 150 MW cogeneration facility by the Shannon River in County Limerick, says an official at the company. Tynagh has been awarded a 350 MW contract. PFR was unable to ascertain where Tynagh will source its new generation obligations.

Tynagh and Aughinish beat rival bids from **Rolls Royce Power Ventures**, Dublin-based **Huntstown Power** and **Babcock & Brown** amongst others (PFR, 4/28) to land the contracts.

Ex-NEG Plant Sale Stutters

Potential acquirers for the **PG&E National Energy Group**-developed 840 MW Lake Road Generating facility and 1,121 MW La Paloma Generating plant are still awaiting offer details. **Lehman Brothers**, which is set to run the auction for the lending group that controls the plants (PFR, 9/8), was expected to send out details last month, but nothing has emerged.

One industry official says there is a question mark over how

serious an auction process it would be if it were launched now. **NEG**, now renamed **National Energy & Gas Transmission**, filed for Chapter 11 after parent **PG&E Corp.** decided to cut the IPP loose. But there is a dispute between **NEG** creditors and **PG&E** over who gets the tax credit associated with the write-off of the investment. While that issue remains unresolved, it's unlikely the two plants will be sold because it might impact the ability of the bank and bond creditors to benefit from the tax write-off, one official explains. It's unclear when the tax question will be resolved, he adds.

The natural gas-fueled, combined-cycle La Paloma unit is 40 miles west of Bakersfield, Calif., and the natural gas and fuel oil-fired Lake Road facility is in Killingly, Conn. Both merchant plants are operational. La Paloma was funded via a \$730 million lease-backed financing and Lake Road was built with a similarly structured \$480 million deal.

Bankers Puzzle Over RBS NYC Slot

Royal Bank of Scotland is still hunting for an official to fill its top New York project finance slot and that has project financiers puzzled given the rude health of the bank and its deep pockets. "This bank is a lot larger than most U.S. bankers think," says one market official of the U.K.-owned bank.

The search to fill the slot, which was vacated when **Siobhan Smyth** returned to the U.K. (PFR, 9/2), is being led by **Chuck Zabriskie**, managing director head of the North American project finance business in Houston. Calls to Zabriskie were not returned.

One banker says RBS is in a hirer's market given the slowdown at many lenders and can afford to take its time. "It's not like they've missed business," he adds referring to the thin power deal flows.

Plant Officials Push For MBO At Irish Asset

Officials close to the Edenderry power plant in the Republic of Ireland are looking to execute a management buyout of the 120 MW peat-burning facility, say market watchers. An MBO involving plant manager **Dermott Kelly** has emerged as one of several divestiture options for plant owner **E.on**. Chicago-based energy investment boutique **Insight Energy** is also thought to have placed a bid to land the three-year old plant.

Kelly confirmed that **E.on** is looking to sell **Edenderry Power Ltd.** but declined further comment. **Kevin Smith**, ceo of **Insight**, also declined comment and calls to **Sudhir Bhatt**, an executive at **E.on** subsidiary **Powergen** working on the sale



The Edenderry Plant

were not returned.

E.on put the Edenderry power plant in County Offaly up for sale late this summer, barely six months after acquiring the asset from Finnish utility **Fortum** (PFR, 10/7).

The German utility giant took ownership of Edenderry at the beginning of this year as part of a deal with **Fortum** so that the Finnish energy concern would not oppose **E.on's** controversial acquisition of German gas distributor **Ruhrgas**. As part of the settlement **E.on** agreed to buy Edenderry and two Scandinavian utilities from **Fortum**.

The Edenderry plant, the Republic of Ireland's first IPP, came on line in late 2000 and cost some IEP120 million (\$190 million) to build. It sells power to Ireland's state-run power utility the **Electricity Supply Board** under a long-term contract that expires in 2015.

KBC's McCartney Sets Up P-F Advisory Outfit



Eric McCartney

Eric McCartney, the one-time head of **KBC Bank's** New York project finance effort, has left the Belgian bank and set up a project finance advisory outfit based in New York and Cap d'Antibes on the French Riviera. McCartney explains that with the slowdown in the power sector, which had been the backbone of the North American project

finance market, he is looking for a new growth area. He feels European project finance, and in particular oil and gas, offers more opportunities. "The project markets are veering away from power toward energy," he says.

The firm, **Chapin International**, was launched at the start of this month and McCartney's initial approach will be broad until he sees where the business flows are. He will be looking to advise clients on the likely attitude of capital providers to their projects, he says.

McCartney was most latterly director of global business development at KBC, after relinquishing the head of project finance slot last year (PFR, 12/9). Given the current market conditions in the power sector, he adds it is unlikely KBC will replace him.

In addition to the market rationale for being in Europe, McCartney says he also wanted to head to France for personal reasons as his wife is French.

S&P Paints Gloomy Picture Of Int'l Power's U.S. Biz

American National Power's \$1.4 billion project loan facility, which it used to build its U.S. merchant portfolio, is unlikely to be bolstered by a further equity injection from parent company **International Power** as the deal limps toward maturity. **Arleen Spangler**, credit analyst at **Standard & Poor's** in New York, says the project is being squeezed by low power prices and the credit agency now takes the view that London-based IP will not add any further equity to the structure to relieve the plants' debt financing burden. As a result, S&P recently downgraded the loan from BBB minus to a sub-investment grade B rating.

Last year, IP injected \$94 million of equity capital into the structure and also posted \$150 million in letters of credit to support the flagging loan. The facility has \$933 million outstanding and is set to mature in June 2006. **Aarti Singhal**, a spokeswoman at IP in London, declined comment on the equity issue, but notes the company last month raised the possibility of

mothballing its U.S. portfolio. ANP has also been receiving compensation from **Alstom** in relation to the performance of the turbines at plants in Texas and Massachusetts, but these payments are also starting to tail off, says Spangler.

The loan, which was led by **Société Générale**, funded construction of four merchant plants: Hays (1,100 MW, Texas), Midlothian I and II (1,650 MW, Texas), Bellingham (570 MW, Mass.) and Blackstone (570 MW, Mass.). The fifth plant in the deal is an older 160 MW qualifying facility unit at Milford, Mass.

Foreclosure

El Paso Readies Quick Handover Of New England Plant

El Paso Corp. and creditors to its troubled 544 MW gas-fired power plant in Milford, Conn., have asked the **Federal Energy Regulatory Commission** to approve an expedited creditor takeover of the facility so the ownership structure can be clarified by its mid January commissioning date. The lending group, led by **KBC Bank**, has asked the FERC to approve the plant's transfer by Dec. 19, at which time **Competitive Power Ventures**, a Boston-based power plant asset manager, will take over management of the plant. **Susan Silver**, a KBC banker in New York believed to be responsible for coordinating the plant's transfer, did not return calls. **Gary Lambert**, executive v.p. at CPV, confirmed that CPV had been hired.

Bob Kokstein, general manager at the Milford plant, says he hopes to have the station up and running by Jan. 19, so it can be run as a peaking source of energy during the coldest winter months. "It's worthwhile to finish the plant," he explains, adding the plant does not have an offtake contract. "It's a valuable asset sitting there and doing nothing. This way we get control of our own fate." Kokstein adds that if regulatory or market conditions improve the gas-fired plant could become an attractive asset. He declined to comment on whether the banks are looking to sell the plant, but concedes that "banks aren't in the business of holding on to plants forever."

The Milford plant has been plagued by problems, dating back to February 2000 when two construction workers were killed in an accident and the **Occupational Health and Safety Administration** cited the plant's construction company, **Black & Veatch**, of Overland Park, Kan., for inadequately bracing the structure. Black & Veatch suspended construction on the plant and El Paso defaulted on project-level debt repayments in October, 2002. Market watchers say the settlement of litigation between El Paso and Black & Veatch over the construction has paved the way for the plant's completion.

A spokesman for El Paso declined to comment.

Corporate Strategies

AEP Sub Taps Debt Mart

Columbus Southern Power, a wholly owned subsidiary of Columbus, Ohio-based **American Electric Power**, issued \$150 million in senior notes last week to fund, amongst other things, plant maintenance and debt refinancing. **Pamela Sutton-Hall**, a managing director in corporate finance, says the company was looking to spend \$142 million this year on plant upkeep and has spent \$98 million so far. A portion of money from the seven-year notes, issued with a 4.4% coupon, will be used to make up the difference, she explains. "We don't disclose the break out," she says, "but the rest of the money will be split between paying down debt and general corporate purposes."

The AEP unit employed just one investment bank, **Merrill Lynch**, to sell the bonds to institutional investors. "We have a good ongoing relationship with Merrill," says Sutton-Hall of the choice.

Last winter CSP issued \$500 million of bonds in a private placement. Sutton-Hall says there are no plans to issue additional debt in the near future.

Alliant Upsizes E&P IPO

Alliant Energy upsized the initial public offering of its **Whiting Petroleum Corp.** subsidiary from a planned 51% to 92% after picking up on strong investor demand for the stock. "It just evolved as the amount of interest in the market became apparent," says **Chris Schoenherr**, a spokesman at Alliant in Madison, Wis. The company raised \$247.6 million in the long-planned offering, well north of the \$130 million forecast a few months ago (PFR, 9/22).

The other factor in upping the size of the offering was feedback suggesting that investors would be more comfortable if Alliant wasn't retaining such a large chunk of the company. Schoenherr says the company made clear it wouldn't be a long-term holder of the entire 49% stake and the looming prospect of such a large sale of the stock via a follow-on offering might have depressed the initial offering price. The IPO saw 17,250,000 shares issued at \$15.50. Schoenherr says the plan for the remaining 8% Alliant holds hasn't been determined.

Merrill Lynch acted as the lead manager and book runner and **A. G. Edwards & Sons** was co-lead manager. Schoenherr says Alliant felt confident the leads could execute the deal and the offering proved that view to be correct. Merrill has been involved in several capital market deals for Alliant and its subsidiaries over the last 12 months, including taking a co-bookrunner role on a common stock deal for Alliant that

raised \$318.4 million this past summer (PFR, 7/14).

Whiting Petroleum, which is the holding company for Alliant's **Whiting Oil and Gas Corp.**, is based in Denver, and is active in exploration and production in the Western states.

PSEG Power Issues Debt To Pay Down Inter-company Loan

PSEG Power, the unregulated generation subsidiary of Newark, N.J.-based **Public Service Enterprise Group**, issued \$300 million in 12-year 5% notes last week to finance the redemption of short-term inter-company debt. **Sue Carson**, director of financial communications, says PSEG Power wanted to pay down a \$256 million inter-company loan to reduce borrowings from its parent and thereby improve PSEG's financial structure. "This was a good way to keep the parent's balance sheet clean," she explains.

The remaining proceeds will be used for general corporate purposes, says Carson, declining to elaborate.

Credit Suisse First Boston and **Wachovia** underwrote the new bond offering, rated Baa1 by **Moody's Investors Service** and BBB by **Standard & Poor's**. The offering was priced at 99.79.

TransAlta Issues South Of The Border

Calgary, Alberta-based **TransAlta Corp.** tapped the U.S. fixed-income mart for \$300 million to refinance maturing debt and also set up funding for a 450 MW coal-fired plant currently under construction. **Dan Pigeon**, an investor relations official, says the proceeds will take down CAD350 million (\$269 million) of long-term debt falling due later this month and also help fund a CAD50-75 million contribution to construction of the **Genesee Phase 3** generation project.

The 10-year paper was placed with a 5.75% coupon by an underwriting group led by joint book-runners **Citigroup** and **Merrill Lynch**. Pigeon was unable to provide details of the CAD350 million of debt maturing and its funding rate.

TransAlta acquired a 50% stake in **EPCOR Utilities'** **Genesee Phase 3** project for approximately CAD395 million earlier this year. The 450 MW addition to the existing **Genesee Generating Station** is owned 50/50 by the two parties and is due online next winter. The new unit will link to Alberta's existing transmission system and the partners will independently dispatch and market their share of the electrical output from the unit through the **Alberta Power Pool**.

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.

Africa

- A New York judge will soon rule whether Swiss engineering firm **ABB** illegally scrapped a deal to sell its stake in a Moroccan power plant jointly owned by **CMS Energy**. The plant, part of a stable of projects ABB is selling to pay down its large debt load, is valued at up to \$500 million by analysts. Luxembourg-based **JLEC Acquisition Co.** is bringing the suit against ABB, claiming the Swiss group unexpectedly jacked up its sale price by 23%. It seeks to block the Swiss group from negotiating with other buyers and return to the bargaining table (*Reuters*, 12/3).

Asia

- **China Guangdong Nuclear Power Group** plans to develop three new nuclear power stations at Lingdong, Yangjiang, and Taishan in Guangdong Province in the coming 20 years. Completion of the three plants should see nuclear power account for some 20% of Guangdong's installed capacity (*Asiaport Daily News*, 12/2).

- Australia will meet peak power demand this summer, thanks to expected benign weather and a rise in generation capacity in vulnerable Victoria state, but the national market operator warns a first ever reserve deficit is looming. The **National Electricity Market Management Co.** says a reserve deficit, an inability to meet demand during an outage at the biggest power generation unit, is only two seasons away. "Our forecasts suggest that in 2005/2006, reserves will be just below the required level in Queensland and the same will apply in New South Wales, Victoria and South Australia," says NEMMCO spokesman **Paul Panther-Price** (*Reuters*, 12/2).

Europe & Middle East

- A last minute attempt by **International Power** to raise its bid for a key slice of the GBP1.3 billion of debt owed by Drax, Europe's biggest power station, was yesterday blocked by the plant's directors. International Power had hoped to acquire a 24% stake in the power station on the back of its improved offer of 95 pence in the pound. The group, which is limiting its spending under the offer to GBP130 million, had previously offered 75% of face value, giving it a 34% stake. But **Gordon Horsfield**, Drax's chairman, and **Gerald Wingrove**, ceo, rejected the sweetened bid saying consideration of the improved bid would require changes to already agreed legal documents, increasing costs and potentially delay the restructuring (*Financial Times*, 12/2).

- The U.K. government is extending its goal for renewable energy production. Energy Minister **Stephen Timms** says it is raising the target from sourcing 10.4% of all U.K. electricity from renewable generation by 2010, to 15.4% by 2015. "We have responded to the calls of the renewable sector to give stability beyond 2010," Timms said (*Dow Jones*, 12/1).

- In an effort to avoid future blackouts, the European Union Commission is set next week to present new draft legislation that would force electricity grid operators to build expensive additional infrastructure, according to a Commission document (*Dow Jones*, 12/1).

- **AEA Technology**, the former commercial arm of the U.K.'s **Atomic Energy Authority**, has completed its exit from the nuclear power industry. It has sold its scientific and consultancy business to **British Nuclear Fuels Ltd.** for GBP9.7 million in cash (*Financial Times*, 12/3).

- **Electricité de France** could be ordered to pay EUR1 billion to the French state within two weeks by the European Commission. **Mario Monti**, Europe's competition minister, is pursuing the energy giant on three issues; accounting practices that allegedly led to it avoiding some EUR1 billion in taxes, the adoption of unlimited state guarantees, and its pension arrangements (*Financial Times*, 12/3).

- Romania needs to press on with key divestitures and revamp its debt-laden energy sector to win European Union membership as early as 2007, according to the **European Bank for Reconstruction and Development**. Under accords with international lenders, Romania had pledged to sell its national oil company **SNP Petrom**, two power distributors and two gas distributors by the end of this year (*Reuters*, 12/3).

- German competition authorities have approved a proposal by Danish energy company **Energi E2** and Germany's **Plambeck Neue Energien** to build a EUR1 billion offshore wind park in the German North Sea. The approval paves the way for the construction of what will be one of the world's largest offshore wind power plants. In the first phase, 77 turbines of 3.6 MW each would be erected before 2007, and four years later, another 80 turbines would be installed (*Dow Jones*, 12/3).

Latin America

- **Tractebel's** Chilean electricity generation subsidiary **Colbun** has signed a contract to supply up to 687 MW of electricity to **Chilectra**, a Chilean power distributor, over the next 15 years. Under the terms of the contract, Colbun will supply 1,260 GWh of electric power between 2004 and 2008 and 4,000 GWh per year between 2009 and 2018. Chilectra is owned by **Enersis**, the Chilean holding company for the regional assets of **Endesa** (*South American Business Information*, 12/1).

U.S. & Canada

- **Enron's** creditors received permission from its bankruptcy judge to sue two Houston law firms, **Arthur Andersen** and several dozen former executives for negligence and fraud related to the company's downfall. The creditors are expected to add the defendants to a lawsuit filed in Montgomery County last year against nine former Enron executives, including ex-Chairman **Ken Lay**, ex-CEO **Jeff Skilling** and former CFO **Andrew Fastow**. The Montgomery County action could be the first civil trial against prominent former Enron executives (*Houston Chronicle*, 12/2).
- The Canadian **National Energy Board** gave conditional approval to the proposed Georgia Strait Crossing pipeline, but it is unclear if the natural gas line from the U.S. to Vancouver Island will get built. Among the conditions was that **BC Hydro** receive approval to build a natural gas fueled power plant near Nanaimo, a plan rejected by provincial utility regulators as too costly to ratepayers. The CAD322.3 million (\$248 million) project is a joint proposal of BC Hydro and a unit of **Williams Cos.** (*Reuters*, 11/28).
- U.S. Rep. **Billy Tauzin**, says he is confident that the Senate will pass a national energy bill, despite the chamber giving up on trying to approve it this year. Tauzin, chairman of the powerful House Energy and Commerce Committee, helped draft the 1,200-page measure that critics contend caters to special interests. Though the House voted 246-180 to approve the bill, a procedural vote in the Senate last week fell shy of the 60 votes needed to end a Democratic filibuster (*The Advocate*, 11/28).
- **Portland General Electric** has gone to federal court in an attempt to block the Oregon attorney general's office from launching another investigation into the Portland utility's controversial power-trading practices. In September, the utility agreed to pay the Federal Energy and Regulatory Commission \$8.5 million, including \$1.3 million to Oregon, to settle the case (*The Oregonian*, 11/28).

- The 50-story Enron Building, the downtown Houston landmark and headquarters of **Enron Corp.** has been sold at auction for \$55.5 million. The building was owned by a group of banks led by **J.P. Morgan Chase & Co.** A group led by a Houston cardiologist has agreed to purchase the tower. The transaction, scheduled to be made final Dec. 16, must be approved by the Enron bankruptcy judge (*Houston Chronicle*, 12/3).

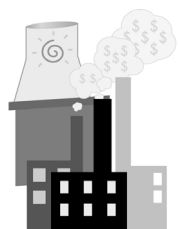
- Lawyers for **Lea Fastow**, the wife of ex-Enron CFO **Andrew Fastow**, wants a series of dating-service-like questions asked of potential jurors in her Feb. 10 criminal trial. "What are your favorite TV shows? and would you describe yourself as impulsive, loyal or thrifty?" are among the questions. Lea Fastow is charged with six criminal counts, including conspiracy to commit wire fraud, money laundering and four counts of making false tax returns. She has pleaded not guilty to all charges (*Houston Chronicle*, 12/3).

- **Black Hills Corp.** is looking to revive plans to build a 900 MW power plant in Oregon that had been put on hold after **Enron**, the project's original backer, went bust. If built, it would be the biggest fossil fuel-fired power plant in the state (*Reuters*, 12/2).

- A group of huge utilities in the U.S. Southeast including **Southern Co.** and **Entergy** say they have suspended efforts to create a regional power grid, citing regulatory concerns. In a statement, the utilities said they had called off a plan to weave their transmission networks together to create the so-called SeTrans grid, which would have extended over eight states from South Carolina to Louisiana (*Reuters*, 12/2).

- **Pacific Gas & Electric** warned California regulators that if they did not back a plan under which the utility will emerge from bankruptcy early next year they risked harming the debt-ridden state's standing in the financial markets (*Reuters*, 12/2).

- The energy bill pending in Congress includes a provision tailored to help a company that wants to build a uranium-enrichment plant in New Mexico, the home of Senate Energy Committee Chairman **Pete Domenici**. The prime beneficiary is **Louisiana Energy Services**, a European-led consortium that wants to build a \$1.2 billion uranium-enrichment plant near tiny Eunice, N.M. The provision would speed up the regulatory process, ordering the Nuclear Regulatory Commission to reach a licensing decision on new enrichment plants within two years (*Wall Street Journal*, 12/11).



Generation Auction & Sale Calendar

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	Citi	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal	Citi	
	El Bajio	Mexico	600 (50%)	Gas	WestLB	Seeking non-binding bids by end of October.
	Mulberry	Fla.	120 (45%)	Gas	CSFB	
	Orange	Fla.	103 (50%)	Gas		
	Brush II	Colo.	68 (50%)	Gas		
	Thermo Cogen	Colo.	272 (50%)	Gas		
American Electric Power	Barney M. Davis	Texas	697	Gas/oil	CSFB	Launched sale process in June as part of deregulation of Texas market.
	E.S. Joslin	Texas	254	Gas/oil		
	J.L. Bates	Texas	182	Gas/oil		
	Laredo	Texas	178	Gas/oil		
	Lon C. Hill	Texas	559	Gas/oil		
	Victoria	Texas	491	Gas/oil		
	La Palma	Texas	255	Gas/oil		
	Nueces Bay	Texas	559	Gas/oil		
	Coletto Creek	Texas	632	Coal		
	Oklaunion	Texas	54 (7.8%)	Coal		
	Eagle Pass	Texas	6	Hydro		
	South Texas	Texas	630 (25%)	Nuclear		
AES Fifeots Point	Fifeots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant Resources has option to purchase portfolio in early 2004
CMS Energy	Ensenada	Argentina	128	Gas-fired	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Seperate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Covanta Energy	Heber	Calif.	52	Geothermal	None	Caithness/ArcLight have bid \$170m for the three plants
	SIGC	Calif.	48	Geothermal	None	
	Mammoth	Calif.	40	Geothermal	None	
Dynegy	Oyster Creek	Texas	424 (50%)	Gas	N/A	Ongoing
	Hartwell	Ga.	300 (50%)	Gas		
	Michigan Power	Mich.	123 (50%)	Gas		
	Commonwealth	Va.	340 (50%)	Gas		
Duke Energy North America	Lee Energy	Ill.	640	Gas	J.P. Morgan	
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
	Enfield	U.K.	396 (25%)	Gas		
El Paso Europe	EMA Power	Hungary	70	Coal	No Advisor	Looking to exit Europe.
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Barstrop	Texas	543 (50%)	Gas	Citigroup	Final bids due.
	Bayonne	N.J.	171	Gas		
	Camden	N.J.	150	Gas		
	CDECCA	Conn.	58	Gas		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
El Paso North America (Merchant assets)	Fulton	N.Y.	45	Gas	Citigroup	Final bids due.
	Newark Bay	N.J.	123	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Ace	Calif.	100 (48%)	Coal	Banc of America	Launched sale in June.
	Mt Poso	Calif.	50 (16%)	Coal		
	NCA 1	Nev.	86 (50%)	Gas		
	Front Range	Colo.	480 (50%)	Gas		
	Badger Creek*	Calif.	46 (26%)	Gas		
	Bear Mt*	Calif.	45 (51%)	Gas		
	Chalk Cliff*	Calif.	45 (51%)	Gas		
	Corona*	Calif.	50 (20%)	Gas		
	Crockett*	Calif.	240 (5%)	Gas		
	Double C*	Calif.	46 (26%)	Gas		
	High Sierra*	Calif.	46 (26%)	Gas		
	Kern Front*	Calif.	46 (26%)	Gas		
	Live Oak*	Calif.	45 (51%)	Gas		
	McKittrick*	Calif.	45 (51%)	Gas		
	Cambria	Penn.	85	Coal		
	Colver	Penn.	100 (28%)	Coal		
	Gilberton	Penn.	80 (10%)	Coal		
	Panther Creek	Penn.	82 (50%)	Coal		
	Dartmouth	Mass	68	Gas		
	MassPower	Mass	252 (50%)	Gas		
	Midland Cogen	Miss.	1,500 (44%)	Gas		
	Prime	N.J.	66 (50%)	Gas		
	Mid-Georgia	Ga.	300 (50%)	Gas		
	Mulberry	Fla.	115 (46%)	Gas		
	Orange	Fla.	96 (50%)	Gas		
	Orlando	Fla.	114 (50%)	Gas		
	Vandola	Fla.	680 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan/Concentric	Has agreed sale to Constellation Energy.
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	Launched sale in September.
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
Exelon	Independence	Ark.	842 (15%)	Coal	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 8	Mass.	800	Gas		
	Mystic 9	Mass.	800	Gas		
	Fore River	Mass.	800	Gas		
Fife Power	Fife	U.K.	115	Coal	KPMG (Administrator)	El Paso placed plant in administration.
InterGen	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB	Ongoing.
	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		Looking for advisor to assist with sale.
	Wichita Falls	Texas	77	Gas		Looking for advisor to assist with sale.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
National Energy Gas & Transmission	Cedar Bay	Fla.	258 (64%)	Coal	Lazard	Initial bids due Dec. 12.
	Panther Creek	Penn.	80 (55%)	Coal	Lazard	
	Logan	N.J.	226 (50%)	Coal	Lazard	
	Northampton	Penn.	110 (50%)	Coal	Lazard	
	Indiantown	Fla.	330 (51%)	Coal	Lazard	
	Carneys Point	N.J.	245 (51%)	Coal	Lazard	
	Selkirk	N.Y.	345 (42%)	Gas	Lazard	
	Altresco Pittsfield	Mass.	173 (89%)	Gas	Lazard	
	Masspower	Mass.	267 (13%)	Gas	Lazard	
	Scrubgrass	Penn.	87 (51%)	Coal	Lazard	
	Colstrip Energy	Mont.	40 (17%)	Coal	Lazard	
	Hermiston	Ore.	474 (25%)	Gas	Lazard	
National Energy Gas & Transmission	Bear Swamp	Mass.	599	Hydro	Lazard	Ongoing.
	Masspower	Mass.	267	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
NRG (Asia)	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	Flinders	Australia	760	Coal		
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		
NRG (Latin America)	TermoRio	Brazil	1040 (50% stake)	Gas	Deutsche Bank	Awaiting bids.
	COBEE	Bolivia	220 (98% stake)	Hydro/Gas		
	Itiquira Energetica	Brazil	160 (98% stake)	Hydro		
	Cementos Pacasmayo	Peru	66	Hydro/Oil		
	Bulo Bulo	Bolivia	90 (60% stake)	Gas-fired		
	Cahua	Peru	45	Hydro		
NRG (Europe)	CEEP	Poland	10 (10% stake)	-	Goldman Sachs	Ongoing.
	Enfield	U.K.	380 (25%)	Gas-fired		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG (U.S.)	Big Cajun II	La.	2,400 (90%)	Coal	-	Ongoing.
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	Bayou Cove	La.	320	Gas		
	Sabine River	Texas	420 (50%)	Gas		
	Sterlington	La.	202	Gas		
	Mustang	Texas	485 (25%)	Gas		
	Pryor Cogen	Okla.	88 (20%)	Gas		
	Timber	Fla.	13.8	Biomass		
	Power Smith	Okla.	80 (9.6%)	Gas		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Ongoing.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
Reliant Resources	Argener	Argentina	160	CHP	-	-
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
Tractebel North America	Ripon Cogeneration	Calif.	49	Gas	Navigant	Launched sale in May.
	San Gabriel	Calif.	41	Gas		

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

divest the unit as its appetite for deploying its balance sheet into private equity investments is on the wane. He described the parting as amicable. **Rohini Pragasam**, a spokeswoman at Deutsche Bank in New York, did not immediately return calls.

Financiers close to New York-based Conduit Capital say the fund also went independent to better allow it to raise \$400 million for a third Latin American fund, which the bank was unwilling to support. The new money is earmarked to buy plants in Brazil, Peru, and Chile. The fund has identified 90 plants in Latin America that may be for sale, most of which are small to mid-sized plants.

—*N.S.*

Bonds

Issue Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
12/01/03	-	CMS Energy	225	50	Perp Pfd Stk	-	-	NR	NR	Merrill Lynch/Citigroup
12/02/03	12/15/10	Virginia Electric & Power	230	99.37	Notes	4.5	73	A3	BBB+	Lehman/Deutsche Bank
12/02/03	12/15/15	Virginia Electric & Power	200	99.269	Notes	5.25	95	A3	BBB+	Lehman/Deutsche Bank
12/03/03	12/01/15	Wisconsin Gas	125	99.755	Notes	5.2	82	A1	A-	Morgan Stanley
12/04/03	07/03/06	Iberdrola	121.2	100.35	FRNs	Floats	-	A2	A+	HSBC

M&A

Date Announced	Date Effective	Target Name	Target Country	Acquiror Name	Acquiror Advisors	Deal Value (\$mil)
11/27/03	-	Portgas	Portugal	EDP	-	102.955
11/28/03	-	ENEL SpA-Local Electricity	Italy	ASM Brescia	-	198.999
11/28/03	11/28/03	SWB	Germany	EWE	Rothschild	363.441
12/01/03	12/01/03	Mid-Tex Gas Storage	U.S.	Kinder Morgan	-	17.5
12/01/03	12/01/03	Stadtwerke Ludwigsburg	Germany	Energie Baden-Wuerttemberg	-	-
12/02/03	-	Covanta	U.S.	Danielson Holding	CSFB	30
12/02/03	12/02/03	Shell Gas Italia	Italy	Liquigas	Mediobanca	-
12/03/03	12/03/03	El Paso Corp	U.S.	Dyno Nobel	-	57
12/03/03	-	Stadtwerke Duesseldorf	Germany	GEW Rheinenergie AG (Cologne)		

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

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NEGT EXPEDITES

(continued from page 1)

seat to also land NEGТ's interest. "It looks like a done deal," suggests one market watcher. **Natalie Wymer**, a spokeswoman at NEGТ, and **Doug Kimmelman**, managing director at Goldman, did not return calls.

NEGТ, and its investment banking advisor **Lazard Frères**, sent out an asset-sale memorandum to a small group of pre-qualified interested parties last month and has asked for preliminary offers on Dec. 12. "It's an extremely tight timetable," says one banker.

The Bethesda, Md., power producer's decision to pre-select a small group of likely bidders caught some potential QF investors by surprise. When told of the auction by *PFR*, two QF investors said they had not been contacted by Lazard and were unaware that a sale had been initiated. "It suggests to me that Lazard already has found a buyer," notes one.

NEGТ's QF portfolio consists of 1,043 MW of net capacity, primarily situated in the Northeast and Florida (*PFR*, 11/10). NEGТ also partly owns two QFs in Oregon and California. Its largest position is a 65% stake in the 258 MW Cedars Bay coal-fired combined heat and power plant in Jacksonville, Fla.

All the plants, bar those on the West Coast, are partly owned by Charlotte, N.C.-based Cogentrix. —*Will Ainger*

TEXAS BILLIONAIRE

(continued from page 1)

declined comment on Wyatt's interest in the AEP assets.

The two-year old company, which is Wyatt's second energy concern following his multibillion dollar **Coastal Power**, is currently focused on aviation fuel marketing in the Bahamas, says Nelson.

AEP put its 4.5 GW Texas merchant portfolio up for sale in June and retained **Credit Suisse First Boston** to find a buyer. The portfolio, which has also gleaned the interest of U.K. energy giant **Centrica** (*PFR*, 8/7), is expected to be sold by year-end following the delivery of final round bids this Friday. Calls to bankers at CSFB that are handling the sale were not returned by press time.

A financier close to Wyatt says he is homing in on selected assets in the 12 plant AEP portfolio. "The prize here is Coletto Creek," says the financier, "and if he can tease out that coal-fired plant, and maybe take along a few gas properties, [and] the hydro plant, [then] it's a deal."

The AEP portfolio includes seven small gas plants, two coal plants, a small hydro plant and a nuclear plant that is partially owned by **Reliant Resources**.

Wyatt was one of the figures behind the failed push to unseat **El Paso Corp.**'s board last summer and remains a large shareholder in El Paso as a result of the \$24 billion stock merger between Coastal Power and El Paso three years back. —*Nina Sovich*

BANKS FORECLOSE

(continued from page 1)

The \$250 million plant was originally financed in early 2001 through an Enron-guaranteed leaseback loan and was supposed to have been refinanced in late 2001 in the project finance market with the support of multilateral funding and guarantees. As Enron's finances began unraveling later that year, the multilateral agencies pulled the plug on the refinancing.



Eletrobolt

Since Enron's collapse, the Eletrobolt negotiations have focused on how to restructure the leaseback financing into a more traditional non-recourse deal that would allow a cleaner transfer of ownership to the banks.

The simple-cycle peaking plant came on line in December, 2001 and has a long-term gas supply contract in place with **Petrobras**.

—*W.A.*

Quote Of The Week

"It's a valuable asset sitting there and doing nothing." —**Bob Kokstein**, general manager at the 544 MW Milford plant in Connecticut, explaining plans to bring the distressed project on line this winter (see story, page 4).

One Year Ago In Power Finance & Risk

Western Power Distribution pulled out of the bidding for rival U.K. wires business **Midlands Electricity**, stoking concerns that the sale could falter over price. [Early this summer **Scottish & Southern Energy** agreed a GBP1.1 billion deal with sellers **Aquila** and **FirstEnergy**, but the sale was derailed by Midlands's bondholders demanding an extra GBP50 million in payment. In October **E.on** subsidiary **Powergen** agreed a GBP1.146 deal that sweetened the payout to bondholders to 95.8% of face value.]