

power finance & risk

The exclusive source for power financing and trading news

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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

DECEMBER 9, 2002

VOL. V, NO. 49

Aquila Sale Seen In Doubt

Aquila's hopes of breaking even on its divestiture of U.K. wires business, **Midland Electricity**, are looking increasingly slim, say market watchers. Disappointing bids could prompt the U.S. energy player to abort the sale.

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'Dead Men Walking'

ABBEY SHUTS PROJECT FINANCE BUSINESS

Abbey National Treasury Services (ANTS), one of the most active participants in the transatlantic and Australian power project finance markets, is pulling the plug on its non-recourse lending business. "We've been shut down," says **Derek Gordon**, head of project finance in London. "The aim now is to manage an orderly retreat," he adds. The U.K. bank is evaluating how best to unwind its GBP3.25 billion (\$5.1 billion) global project loan portfolio. Power and gas deals account for 85% of the book. **Matt Young**, spokesman in London, says Abbey National is undertaking a far-reaching restructuring of all its operations, but declined to confirm or deny the project business has been closed.

Abbey National announced plans at the end of November to roll parts of ANTS, which is its wholesale banking arm, into what will become a more retail-focused financial

(continued on page 12)

ABU DHABI CONSIDERS 500 MW Taweelah A-1 EXPANSION

The Abu Dhabi Water and Electricity Authority (ADWEA) is considering adding 500 MW of capacity at the 1,350 MW Taweelah A-1 power plant and could launch an international build-own-operate tender process as early as next month. Financiers say the project is an ad hoc addition to an ongoing five-project 8 GW development program, and is aimed at meeting potential capacity shortfalls in the near future.

An official close to the negotiations says ADWEA is presently evaluating whether to go ahead with the gas-fired expansion project, dubbed A-10, and plans to make a decision by month-end. Calls to ADWEA officials were not returned and a Paris-based financier at **BNP Paribas**, which is advising on the project, declined to comment.

(continued on page 12)

SEMPRA BUYS GAS TRADING BIZ FROM CMS

Sempra Energy Trading, the Stamford, Conn.-based energy trading arm of Sempra Energy, has agreed to purchase a portion of the natural gas trading book of CMS Marketing Services & Trading in Houston for approximately \$17 million. **Doug Kline**, director of public relations at Sempra Energy in San Diego, says the purchase "Further strengthens Sempra Energy Trading's natural gas business in the United States." The purchase price is subject to adjustment at closing, which is expected by year-end, he adds. **Jeff Holyfield**, a CMS spokesman in Jackson, Mich., declined comment.

None of CMS' remaining eight-strong gas trading employees are expected to be offered jobs at Sempra, according to an official familiar with the deal. Sempra also considered buying CMS' power trading operation but balked at the price tag, the official says. Kline declined comment on this point but confirmed the deal does not include taking on CMS personnel.

(continued on page 12)

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

Louis Dreyfus Eyes Asset Purchases

Louis Dreyfus Energy, a nascent business group of Louis Dreyfus in Wilton, Conn., will look to acquire generation or natural gas assets under the right conditions, **Paul Addis**, ceo, told *PFR*. "We hope to be able to acquire strategic assets that will provide us with a solid footing in the market place," he says. The firm is evaluating strategies to re-enter the electricity and gas trading market, he adds. Louis Dreyfus was previously involved in energy trading in the U.S. via a joint venture with **Duke Energy**.

Louis Dreyfus has been widely expected to re-enter the trading market since the hire of Addis, former executive v.p. at **AEP**, and **David Delainey**, former chairman and ceo of **Enron Energy Services** earlier this year (*PFR*, 5/27).

WPD Exit Casts Doubt On U.K. Sale

Western Power Distribution has pulled out of the auction for fellow U.K. wires business **Midlands Electricity**, stoking concerns the sale may falter. This is further evidence that the seller's price tag is too rich and that a sale may not go through, argues one London M&A banker, who adds his client already has pulled out of the auction. A WPD executive declined comment.

The banker says Midlands could fetch some GBP1.75 billion. This reflects the network's GBP1.5 billion book value, a 10% sale premium, and the other assorted assets. But this likely falls short of the price floor set by **Aquila**. The U.S. utility, which owns 79% of Midlands, it is looking to recoup the \$1.9 billion in cash and assumed debt it paid for the network in May, and is not willing to take a haircut says the banker. **Aquila** spokesman **Al Butkus** declined to set a price, but says it is looking to recover its \$239 million cash investment.

The withdrawal of WPD leaves only three or four bidders in

the auction. These are thought to include **YTL** of Malaysia, **Powergen** and **Scottish & Southern Energy**.

E.on Keeps Powder Dry

E.on remains on the lookout for a Midwest utility, but is holding its fire until the market turns around and it completes its acquisitions of **TXU Europe** assets and **Ruhrgas**. **Graham Wood**, senior v.p. of international corporate finance at **E.on** in London, told attendees at a *Euromoney* conference in New York, "There is a lack of confidence here because of the many scandals that have arisen."

Federal law limiting utility mergers is also discouraging **E.on** from moving quickly, he added.

Tractebel Expected To Drop Ennis Financing Plan

Tractebel Power's planned \$220 million non-recourse financing for its 343 MW gas-fired plant in Ennis, Texas, is likely to wither. Industry officials say the gulf between what Tractebel will accept and what the current bearish project finance market will buy is probably too wide to get a deal off the ground.

News that co-lead arranger **Abbey National Treasury Services** is winding down its project finance effort had some questioning what that meant for the deal, but Abbey's role is a moot point given Tractebel's view of the deal, says a market official. Calls to **Rachel Kilpatrick**, treasurer at Tractebel in Houston, were not returned by press time. Officials at fellow lead **CoBank** declined comment.

The financing for the plant, which became operational in June, has been in the cards for a while (*PFR*, 5/12).

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Bankers See Stiff Test Ahead On AES Loan Restructuring

Arlington, Va.-based AES faces an uphill task in its attempts to get banks to agree to a re-worked \$1.6 billion loan package, even if it gets bondholder agreement to exchange their \$500 million of debt for longer term notes and cash, according to bankers. Last week the company extended the deadline for bondholder approval a third time to Dec. 6, because it didn't have the requisite 80% approval on all the tranches. *PFR* went to press prior to the bondholder deadline. The bondholder exchange is a prerequisite for bank agreement to the \$1.6 billion loan package (*PFR*, 10/14).

However, some observers think it will be tough to round up all the banks in the underlying loans and get agreement to a new loan, even if the bondholder hurdle is cleared. One market official puts the number of banks in the facilities at around 60 and reflects, "It is going to be really hard to get all that group in line."

The current facilities are an \$850 million revolver expiring in March, a \$262.5 million term loan due July 2003, a \$425 million term loan due August 2003, and a GBP52.3 million (\$81.2 million) letter of credit facility.

"People are going to say, 'If you want it that badly, buy me out,'" opines one official. That could lead to increasing numbers of lenders pressuring the leads for a buy-out and the leads are going to be loathed to do that, he adds. Calls to officials at **Citibank**, which is leading the refinancing, were not returned by press time.

KBC Appoints New Big Apple Project Chief

KBC Bank has reorganized its New York project finance effort with **Wim Verbraeken**, v.p., taking control of **Eric McCartney's** fiefdom as head of project finance for the Americas and McCartney moving sideways into a global project finance advisory role.

McCartney says his new position as director of global business development gives him the remit to eke out new financing opportunities and forge new client relationships. "My strength lies in marketing and maintaining strong relationships with banks and clients, so I think this will be a good move for me. I'll be looking at trends in project finance globally and advising the firm on the projects and regions we should be involved in."

Verbraeken, who previously reported to McCartney, will now report to **Liam Donlon**, global head of project finance in Dublin. McCartney will continue to report to Donlon. Calls to Verbraeken and Donlon were not returned by press time.

Under McCartney's reign, KBC most recently led the **Cleco**

and **Mirant**-sponsored Perryville non-recourse loan (*PFR*, 7/8) and AES's Wolf Hollow financing (*PFR*, 10/15). Both deals struggled in syndication.

Mirant Names Interim Risk Chief

Atlanta-based Mirant has appointed a new interim global risk control officer to replace **Mike Smith**, who last week took up the executive director position at The Committee of Chief Risk Officers. Effective last Wednesday **Cameron Brady** took up the post, according to Mirant spokesman **David Payne**. Brady worked alongside Smith in the unit, which covered market, credit, operational and business continuity risk. Payne says the interim status is likely to be in place for some time. He was unable to supply Brady's previous title.

CCRO was formed in March by a group of power trading companies to develop industry best practices on trading disclosure in the wake of the trading scandals that undermined confidence in the market. Smith could not be reached and calls to a CCRO spokesman **Jim Pierobon** were not returned by press time. The position is a new one for CCRO.

Goldman Lets Go London Weather Trader

Goldman Sachs has let go **Paul Murray**, a weather derivatives trader in London, less than a year after he joined the firm from **Enron**, where he was head of weather derivatives (*PFR*, 2/11). Murray could not be reached. Calls to **Stefan van Riet**, an official in Goldman's **J. Aron** commodity trading division to whom Murray is thought to have reported, were referred to the press office. Calls to Goldman's press office in London were not returned.

There were conflicting reports in London last week about whether Goldman still intends to cover the European weather derivatives market. A rival trader says a Goldman official told him the bulge bracket firm is committed to the market, but another rival reported a more ambiguous response from Goldman. One possibility is to provide European coverage via **Nishant Dabral**, the firm's weather derivative trader in New York. Dabral was out of the office last week and could not be reached for comment.

Murray's departure appears to be unrelated to performance, according to industry officials. Indeed, several say he was a victim of Goldman's ongoing effort to cut non-core businesses to reduce costs, adding that he made Goldman \$1.5 million this year.

One rival expressed surprise at the move, noting that Goldman has a strong presence in power and gas M&A in Europe and that the ability to trade weather derivatives sits comfortably besides these businesses.

InterGen Banks Hold Retail Meeting

Société Générale and **BNP Paribas** will hold a bank meeting today at the London offices of law firm **Shearman & Sterling** to kickstart retail syndication of **InterGen's** EUR625 million (\$625 million) Rijnmond loan. A banker in Paris says the pair sent out invitations to roughly a dozen banks last Monday and hopes to get some initial feedback at the meeting. He says **InterGen** would like a further six or seven banks to sign take-and-hold retail tickets, in addition to the eight banks on the senior syndication roster (PFR, 11/25).

Electrabel Venture Readies Italian Financing

An Electrabel-led consortium expects to ink a roughly EUR900 million seven-year loan within the next few days to part finance its EUR874 million acquisition of **Interpower**, a 2.6 GW portfolio of Italian power plants it is buying from **Enel**. Roughly half of the funds will be used to finance the acquisition, with the remainder earmarked to repower and develop a number of the plants.

Lead arrangers **Barclays Capital**, **BNP Paribas**, **Credit Agricole Indosuez** and **IntesaBci** have already brought on board two other banks, **BNL** and **Banca Monte dei Paschi**, and could sign up a couple more relationship banks of Electrabel or its partner, Rome utility **Acea**, before year-end, says a syndicate official. He adds the aim is to launch syndication early next year.

Financiers termed the loan a limited-recourse construction revolver. The aim is to put project financing in place while the sponsors modernize and expand the portfolio of power plants. Once

this is complete **Interpower** likely will be refinanced on a corporate basis, explains one banker. He declined comment on pricing.

Reliant Plots Refinancing Launch By Year-End

Reliant Resources is likely to launch some form of restructured loan package for its bank creditors to digest before year-end, according to a banker involved in talks centered on \$5.7 billion in corporate debt and synthetic leases that needs to be reworked. The deal has been hotly awaited for much of the year—and was expected much earlier this fall (PFR, 8/19—not least because a key part of the debt is a \$2.9 billion bridge loan that matures mid-February.

One investor, who has been talking to **Reliant**, says the Houston-based energy concern expects to take the negotiations down to the wire because it doesn't want to roll over and pay through the nose. "It will work out as **Reliant** playing chicken. I'm getting the sense they are playing hardball," he says.

The banker involved in the talks says the form of the package isn't clear yet, but the looming deadline on the bridge, which funded the acquisition of **Orion Power**, is forcing it to get the deal out to lenders before year-end.

In downgrading **Reliant Resources** to B from BB recently, **Fitch Ratings** cited the ongoing refinancing talks amid the tightening bank credit environment for energy merchants. The agency added, however, that, "[**Reliant**] is able to offer its lenders a relatively extensive collateral package, a factor that could ultimately enhance [its] ability to extend its bank maturities."

Corporate Strategy

WPS Locks In Longer Term Fixed

WPS Resources made a recent \$100 million foray into the bond market to lock in fixed interest rates fearing financing costs could start to rise. **Joe O'Leary**, cfo in Green Bay, Wis., says the 5.375% 10-year senior unsecured notes represent a good price level. While it may be cheaper to issue floating-rate debt just now, there's a strong likelihood that rates will rise, he explains. Some \$55 million was used to pay down commercial paper with the remainder earmarked for general corporate purposes.

The deal was led by **A.G. Edwards & Sons**, with **Robert W. Baird & Co.** and **Legg Mason Wood Walker** acting as co-managers. O'Leary says **WPS** selects underwriters based

on firms' service in the past and ability to get the deal done, among other factors. He adds that while it isn't mandatory, the company also likes to work with firms that provide equity or debt research coverage. "We are interested in people who are interested in our business," he reflects.

The only wrinkle during the process of getting the deal done was a downgrade in the run-up to the issuance by **Standard & Poor's**, which assigned the notes an A rating. O'Leary explains the downgrade meant some additional work in explaining the company story, but adds, "We still have a very good credit rating."

WPS Resources is a holding company with regulated subsidiaries including **Wisconsin Public Service** and nonregulated operations such as **WPS Power Development**.



Electric Industry International Financial Conference

16-19 FEBRUARY 2003

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

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

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

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

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

Tuesday afternoon company visits are informal. Each utility company will host a 'home table' in the Ballroom. Investors will be able to meet with utility executives on an individual basis.

EEL CONFERENCE CONTACTS:

For meeting information and registration forms, please contact Debra Henry or Mari Smallwood

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Dominion
DTE Energy Company
Duke Energy Corporation
Dynegy, Inc.
ENDESA S.A.
Energy East Corp
EVN AG
Exelon Corp.
Iberdrola S.A.
International Power plc
National Grid Group plc
Ontario Power Generation Inc.
PowerGen plc
Progress Energy, Inc.
Public Service Enterprise Group, Inc.
Red Eléctrica de España, S.A.
RWE AG
Scottish & Southern Energy plc
ScottishPower plc
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Latin America InterGen Ices Citi Financing

InterGen has iced plans to raise a \$510 million project loan via **Citibank** to part finance the construction of Carioba, a \$700 million, 945 MW natural gas-fired power plant in Sao Paulo, Brazil.

Guillermo Espiga, director of project finance at InterGen in Burlington, Mass., says the debt financing initiative has been put on hold because of weak market conditions, but adds the **Shell/Bechtel** joint venture hopes to relaunch non-recourse financing when banks' appetite for such deals returns.

In the meantime InterGen has slackened Carioba's

construction timetable to reduce its equity capex bill. "We are keeping construction going and we do plan to fully develop it, but it will not occur in the immediate future," explains Espiga.

InterGen had planned to fund Carioba through a commercially syndicated project loan and an A-tranche, funded by the **Inter-American Development Bank** (PFR, 7/8). It had also received letters of interest from the **International Finance Corporation** and **Banco Nacional de Desenvolvimento Econômico e Social** (BNDES) to participate in the financing.

Once operational the plant will sell its output to regional utility **Companhia Paulista Força e Luz** under a long-term power purchase agreement.

Latin American Power Financing Calendar

*Following is a directory of upcoming projects and related financing in the Latin American power sector. To report new deals or provide updates, please call **Amanda Levin**, Reporter, at (212) 224-3292 or email: alevin@iineews.com*

Sponsor	Project	Project Type	Size (MW)	Cost (\$mil)	Country	Advisor/Financier	Status	PFR Issue
Alcoa	Santa Isabel	Hydro	1,087	700	Brazil	Citi	Financing delayed till 2003	7/22/02
Ceran	-	Hydroelectric	360	111	Brazil	BNDES	Will launch the loan shortly	10/8/01
Corporacion Venezolana de Guyana	Tocoma Dam	Hydroelectric	-	2,100	Venezuela	-	Expects to bring project on line by 2006	6/25/01
Duke Energy International	Pederneiras	Gas-fired	500	270	Brazil	-	Will finance with equity capital.	3/11/02
EdF, Mitsubishi	Altamira	Gas-fired	495	300	Mexico	Citi/Fuji	Has wrapped up syndication.	10/7/02
Electricite de France	Rio Bravo III	Gas-fired	500	290	Mexico	SocGen	Arranging a \$217M project loan	8/26/02
El Paso	-	Gas-fired	200	200	Mexico	-	Expects to bring project on line by 2003	4/16/01
El Paso	Araucaria	Gas-fired	469	340	Brazil	Dresdner	Financing delayed until Q4	7/4/02
El Paso	Macaé	Gas-fired	400	700-800	Brazil	SocGen	Financing due shortly	7/9/02
Elina Suereste	Manuel Moneno Sores	Transmission	-	269	Mexico	BNP	Has closed financing	10/21/02
Iberdrola	Vera Cruz	Gas-fired	800	700	Mexico	-	Will finance with equity	8/26/02
Iberdrola/Petrobras	Termoacu	Gas-fired	340	-	Brazil	IDB	IDB is evaluating the project	7/16/02
InterGen	Carioba	Gas-fired	945	670	Brazil	Citi	Has put financing on hold	12/9/02
PSEG Global	SAESA	Distribution company	N/A	450	Chile	J.P. Morgan	Considering taking out a \$300M loan to fund the acquisition	9/24/01
PSEG Global	Electroandes	Hydroelectric	183	227	Peru	BBVA Banco Continental/Banco de Credito	Is planning \$100m in loan and bond financing	7/27/01
Sempra Energy Resources	Mexicali	Gas-fired	600	350	Mexico	SocGen	In the process of arranging a corporate loan	3/11/02
Tractebel/Alcoa	Estreito	Hydro	1,087	700	Brazil	Citi	Waiting for environmental permits	7/22/02
Union Fenosa	La Laguna II		450	-	Mexico	-	-	7/2/01
Union Fenosa	Naco Nogales	Gas-fired	300	-	Mexico	Citi	Seeking equity partner	10/21/02
Union Fenosa	Tuxpan III & IV	Gas-fired	938	600	Mexico	Deutsche Bank/BOTM	Banks have provided bridge loan	10/21/02

El Paso Ices Brazilian Refinancing

El Paso reportedly has had to spike plans to withdraw equity capital from its 400 MW Macae plant in Brazil after failing to leverage the project in the bank market. Mandated lead arranger **Société Générale** has told the Houston energy trader that there is no appetite for the deal, says one market watcher. Officials at El Paso in Houston and bankers at SocGen did not return calls.

SocGen was retained to lead the refinancing effort for the Rio de Janeiro gas-fired power plant early this summer (PFR, 6/1). El Paso originally financed the construction costs with equity capital (PFR, 3/11).

Petrobras Retains ABN For Amazon Financing

Brazilian energy concern Petrobras recently hired **ABN AMRO** to advise on financing the construction of a \$1.3 billion liquified natural gas terminal that it's developing in the Amazon.

Ted Helms, general manager in the New York office of Petrobras, says financing plans for the LNG project, dubbed Urucu, are still at a preliminary stage. He adds that construction has not begun either, nor has a time frame been set. Helms expects the financing and construction of Urucu to progress smoothly as he says there is a need for a terminal to help deliver natural gas from fields in the Amazon.

Brascan Builds Hydro Facilities In Brazil

Brascan Power, an affiliate of Brazil's **Banco Brascan**, is looking to develop two 15-20 MW hydroelectric projects in Brazil and intends to finance them in the local bank debt market. **Katherine Vyse**, a spokeswoman in Houston, says the IPP recently received preliminary approval from the Brazilian government to build the plants, but she was unable to provide further financing details as plans are at a preliminary stage.

Commenting on the company's somewhat contrarian decision to expand in Brazil while many rival IPPs are looking to hotfoot out of the region Vyse says, "We have been in Brazil for 100 year and we are dedicated to the region. We've been through the ups and downs and we know how to run a good business, even during the more difficult economic cycles."

Brascan Power already has three plants under construction in Brazil, Salto Natal (15 MW), Pedrinho (16 MW) Passo Domejo (30 MW). All three have long-term power purchase agreements in place and are expected to be operational early next year, says Vyse.



Middle East & North Africa Int'l Power Seen Taking \$300M Lead

A consortium comprising **International Power**, **Mitsui** and **Tokyo Electric Power Co.** bid some \$300 million more than its only rival **TotalFinaElf** in the auction for Abu Dhabi's Um Al Nar plant late month last, say bankers.

The IP consortium bid some \$1.7 billion and this puts it in a very strong position for landing the 1.7 GW plant acquisition and expansion mandate, says one financier. An advisor to the **Abu Dhabi Water & Electric Authority**, which is selling the expansion rights, agrees that IP's bid offers a "substantial margin over TFE", but cautions it is not a done deal yet. He explains ADWEA is presently pouring over the two bids' fine print to see if there's any reason why it shouldn't give the deal to the highest bidder.

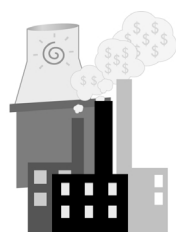
ADWEA will make a formal response to the bidders by year-end and hopes to reach financial close on the project by the end of the first quarter, says the advisor.

If International Power wins the mandate it plans to fund much of its investments through a project loan arranged by **Bank of Tokyo-Mitsubishi**, **Gulf International Bank**, **ING** and **Westdeutsche Landesbank**, say bankers. A spokeswoman at International Power declined to comment and calls to TFE were not returned.

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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
AES	Yarra Power Station	Australia	510	Gas	-	Has appointed an advisor.
	Jeeralang	Australia	449	Gas		
	Mt Stuart	Australia	288	Gas		
Allegheny Energy	Various	U.S.	1,500	Gas & coal	JPMorganChase	Ongoing.
Alliant Energy	Southern Hydro	Victoria, Australia	500	Hydro	N/A	Intention to sell.
American Electric Power/ Central and Southwest Corp.	Northeastern units 3 & 4	Okla.	300	Coal	N/A	Reviewing sale strategies.
	Lon C. Hill	Texas	546	Gas		
	Nueces Bay	Texas	559	Gas		
	Ennis S. Joslin	Texas	249	Gas		
ADWEA	Um Al Nar	Abu Dhabi	1,100	Gas & Water Desalination	CSFB	Has shortlisted two bidders.
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant by end of April
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Looking to sell plant shortly.
Calpine	11 QFs	Calif. & East Coast	1,000	Gas	Salomon Smith Barney	Final bids due this week.
Cinergy	Cinergetika	Czech Rep.	230	CHP	J.P. Morgan	Expects to sell assets this summer.
	Energetika Chropnyne	Czech Rep.	48	CHP		
	EPR Ely	U.K.	36	Straw		
	Moravske Teplamy	Czech Rep.	410	CHP		
	Pizenska Energetika	Czech Rep.	406	CHP		
	Redditch	U.K.	29	Gas		
	Teptama Otrokovice	Czech Rep.	349 (11%)	CHP		
CMS Energy	Loy Yang	Melbourne, Australia	2,000	Coal	Not chosen	Announced intention to sell.
	Ensenada	Argentina	128	Gas-fired	J.P. Morgan	
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
DPL	All plants	Ohio	3,500	N/A	Morgan Stanley	
Enel	Interpower	Italy	2,611	Various	CSFB, Lehman, Merrill	Having sold Elettrogen and Eurogen it will sell one more generation portfolio shortly.
Enron	Nowa Sarzyna	Poland	116		PwC (administrator)	Intention to sell.
	Sarlux	Italy	551			
	Trakya	Turkey	478			
	Chengdu Cogen	China	284			
	Northern Marianas	Guam	80			
	Bantagas	Philippines	110			
	Dabhol	India	2,184			
	Subic Bay	Philippines	116			
	Teesside	U.K.	1,875			
Enron	Wilton	U.K.	133	Coal/Oil/Gas	Close Brothers	Intention to sell.
Entergy	Damhead Creek	U.K.	800	Gas	N/A	
IVO Energy	Grangemouth***	U.K.	130	Gas	-	Looking to refocus in Nordic region.
	Edenderry	Ireland	120	Peat		
Niagara Mohawk Power	Nine Mile Point 1	N.Y.	1,614	Nuclear	N/A	Awaiting bids.
	Nine Mile Point 2	N.Y.	1,140	Nuclear	N/A	

Continued

Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
NRG	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	Flinders	Australia	760	Coal		
	Loy Yang A	Australia	2,000 (25% stake)	Coal		
	Hsinchu	Taiwan	400 (60% stake)	Gasfired	Deutsche Bank	Awaiting bids.
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		
	TermoRio	Brazil	1040 (50% stake)	Gas		
	COBEE	Boliva	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/Xcel	CEEP	Poland	10 (10% stake)	-	Goldman	Has already sold two Eastern European plants. Awaiting further bids.
	Enfield	U.K.	380 (25%)	Gas-fired		
	Killingholme A	U.K.	680	Natural Gas		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG	Big Cajun II	La.	2,400 (90%)	Coal	-	Has shortlisted three bidders.
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	McClain	Okla.	500 (77%)	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	Expects to sell Lennox and Lakeview shortly.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
Pacific Gas & Electric	68 Plants	Calif.	3,800	Hydro	Morgan Stanley	Awaiting PUC approval. Expect sale to close shortly.
PESG Global	Tanir Bavi	India	220 (74%)	Naphtha	-	-
	Karpatslsm	India	330 (20%)	Naphtha	-	-
Polish Treasury	Elektronciepiownie Pozpnanskie	Poland		CHP	-	Bids due in June.
Reliant Resource	Argener	Argentina	160	CHP		
TXU	Lake Creek	Texas	323	Gas	Merrill Lynch	Reviewing sales strategy.
	Tradinghouse	Texas	1,340			
	River Crest	Texas	110			
	Mountain Creek	Texas	893			
	Parkdale	Texas	327			
	North Main	Texas	123		Merrill Lynch	Is looking to sell an undisclosed number of its coal assets.
	Monticello	Texas	1,900	Coal		
	Martin Lake	Texas	2,250			
	Big Brown	Texas	1,150			
	Sandow	Texas	545			
Wisconsin Energy	Bridgeport	Conn.	1,100 (combined)		CSFB	Has put up for sale following collapse of NRG deal.
	New Haven	Conn.	1,100 (combined)			

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.

Asia & Australasia

- **Alliant Energy** has put **Southern Hydro**, its Australian renewable peaking generation business, up for sale. Alliant is divesting the business because it's unable to provide necessary capital for Southern Hydro's long list of projects. "Such additional value can best be delivered by a new equity player able to build on the considerable foundations already laid," said **Simon Maher**, managing director. Southern Hydro has 10 power stations in Victoria, with an aggregate capacity of 500 MW (*Asia Intelligence Wire*, 12/1).

Europe & Middle East

- **Centrica** will launch a push into the Spanish electricity market on Jan. 1. The U.K.'s largest energy supplier, which already operates in Belgium and the U.S., is expected to announce it has obtained a license to supply electricity in Spain and has already become a member of the country's power trading pool. Centrica will initially target small and medium corporate customers (*The Sunday Telegraph*, 12/1).

- The U.K. government has thrown **British Energy** a lifeline through an aid package that includes GBP2.1 billion towards the generator's nuclear clean-up costs. The deal is part of an overhaul of the company that will see BE's shareholders own a mere 5-10% of the company and its creditors, who are owed more than GBP1 billion, accepting a 65% write down. Other conditions include the sale of its interest in the Bruce power plant in Canada and the sale of the company's stake in **Amergen** (*Europe Intelligence Wire*, 12/2).

- **Conoco Global Power**, part of **ConocoPhillips**, plans to set up a U.K. power trading desk to handle output from its 730 MW Immingham plant, which is scheduled to come on line early 2004. The CHP plant will power ConocoPhillips' nearby Humber oil refinery, as well as sell power into the grid. A spokesman declined to comment on when the trading desk would start dealing but he said the company was already looking to sign trading agreements with counterparties (*Reuters*, 12/2).

- **Ofgem**, the U.K.'s energy regulator, could block **Centrica's** GBP304 million (\$473 million) purchase of an undersea gas storage facility from **Dynegy**. "Ofgem's initial view [is] that the transaction might be detrimental to competition in the gas and

electric. The Rough facility is the country's largest gas storage unit (*Reuters*, 12/3).

- **British Energy's** bondholders have retained **Close Brothers** to represent their interests. Some bondholders have suggested they may achieve more value if British Energy is forced into administration, rather than supporting a rescue plan that could seem them lose 65% of their investment (*Financial Times*, 12/5).

Latin America

- The **Andean Development Corp**, the regional financing arm of South America's Andean region, has approved a \$100 million 12-year loan to finance the Caruachi hydroelectric project in Venezuela (*Reuters*, 12/2).

U.S. & Canada

- **Dynegy** has hired a new cfo, a little over three months after scrapping the position. **Nick Caruso**, a cfo at **Shell Oil**, before retiring last year, takes up the position. In August, Dynegy named three executives to lead its financial operations: **Louis Dorey**, **Hugh Tarpley** and **Michael Mott**. Tarpley has resigned, Dorey will assume a transitional role for the rest of the year, and Mott, who serves as senior v.p. and controller, will continue to be responsible for accounting policies and procedures (*The Wall Street Journal*, 12/2).

- **DTE Energy** is selling its transmission business to affiliates of **Kohlberg Kravis Roberts & Co.** and **Trimaran Capital Partners** for \$610 million in cash. The wires business was put up for grabs after regulatory moves required DTE to give up operational control of the network. KKR and Trimaran expect to make similar investments in other electricity transmission systems, attracted by the stable and predictable cash flows and potential returns (*Dow Jones*, 12/3).

- A federal grand jury in Texas indicted former **El Paso** trader **Todd Geiger**, alleging he fabricated natural-gas transactions and reported them to a price-index publisher in an attempt to manipulate markets and boost profits. The indictment is the first from a long-running probe by federal agencies into false reporting of trades to publishers of price indexes (*The Wall Street Journal*, 12/5).

● **Duke Power**, a utility unit of **Duke Energy**, expects the latest ice storm in the Carolinas to cause a record number of customer service outages. As of early last Thursday morning, Charlotte-based Duke reported 660,000 customers without electricity in its North Carolina and South Carolina service territory, nearing the 1989 record following Hurricane Hugo. With reports of outages still coming in, that record will be exceeded (*Dow Jones*, 12/5).

● The Committee Of Chief Risk Offices plans to issue guidelines for making energy price indices more transparent and auditable in late January. Members of the committee met last Wednesday in Houston with a dozen industry publications and trading platforms, to discuss practices they would like the industry to adopt for reporting and compiling energy price indices (*Dow Jones*, 12/5).

● New owners could be found for Canada's Bruce Power nuclear complex within three weeks, well ahead of a mid-February deadline set for majority shareholder **British Energy** to offload its stake. "The talks are well advanced and an announcement should be made before Christmas," said **Steve Cannon**, a spokesman for Bruce Power, a 6,140 MW nuclear power station on Lake Huron. (*Reuters*, 12/4).

● **Allegheny Energy**, which is fighting California's attempt to renegotiate a \$4 billion electricity supply contract, has been given the green light by the **Federal Energy Regulatory**

Commission to transfer the contract to a new unit. Allegheny asked FERC for permission to transfer the contract to **Allegheny Trading Finance**. California opposed the transfer, complaining that the new unit is thinly capitalized, which would leave the state high and dry if Allegheny defaults (*Reuters*, 12/4).

● The glitziest of **Enron's** signs, the "disco E," was sold for \$33,000 at auction last week to a man who declined to give his name and immediately drove off in a **Ferrari**. "It's a Christmas present for the person who has everything," he told reporters while hurrying through the Hotel Inter-Continental lobby to the sleek gray car (*Houston Chronicle*, 12/5).

● Newfoundland has put on hold a CAD5 billion (\$3.2 billion) hydro-electric project in Labrador because of public opposition. An agreement between the Canadian province and Quebec to launch the 2.2 GW Gull Island project had been expected before year-end. "The project is now on hold because of growing opposition in Newfoundland. They are prevaricating," said **Hubert Bolduc**, press secretary of Quebec Premier **Bernard Landry** (*Reuters*, 12/5).

● Two Canadian energy companies, Toronto-based **Brascan Corp** and **Emera**, are seriously evaluating buying plants from cash strapped **PG&E National Energy Group**. The pair are eying NEG's Massachusetts' power plants, including its environmentally controversial Salem and Somerset coal-powered plants, say industry sources (*The Boston Globe*, 12/5).

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ABU DHABI

(continued from page 1)

The A-10 project is an attempt to speed up the emirate's power generation expansion program, explains one financier. All of ADWEA's outstanding greenfield and brownfield projects, such as Taweelah A-1 and A-2, and Al Shuweihat have had three to five year gestation periods, yet A-10 could be up and running within 24 months, he explains. Commissioning A-10 in 2004 would relieve tight capacity margins until Al Shuweihat and Um Al Nar are completed in 2005 and 2006, respectively. Tractebel and TotalFinaElf's Taweelah A-1 project is expected to be completed this spring.

Financiers say ADWEA has yet to determine whether to seek bids from external power companies for the development and operational rights to A-10 or merely seek international contractors to build the expansion.

—W.A.

ABBEY SHUTS

(continued from page 1)

institution, explains Young. He adds management has yet to decide which wholesale banking units will be kept alive or those that will be unwound or sold. Full details will be announced on Feb. 26 with the release of 2002 full-year results, Young concludes.

However, Gordon says project finance already is dead in the water. "The reality is, unless you can align yourself to a retail unit, you're being shut down."

Abbey National is considering several options to release the value in its project loan book, but a quick sale to another lender is unlikely. "You couldn't have picked a worse time to unload the business. We will not contemplate a fire sale," says Gordon. Instead, ANTS will conduct a more measured amortization and partial sale program. The bank is also considering a project-loan securitization, but these are tough to execute, says Gordon.

ANTS financiers say no decision has been announced on which members of the roughly 10-strong power project finance team will be retained, but say the prospects aren't bright. "We're dead men walking," says one financier.

Over the past few years ANTS has committed to most of the big-ticket U.K. power project loans, including most recently this summer's GBP429 million InterGen-sponsored Spalding loan. It has also become one of the most active players in the U.S. market. Gordon says ANTS ranked fourth by volume last year in U.S. project finance commitments.

—Will Ainger

SEMPRA BUYS

(continued from page 1)

CMS put its trading unit on the block (PFR, 10/28) as part of an on-going effort to reduce its debt-to-equity ratio. Several other power companies that have been squeezed by credit rating downgrades and declining liquidity, including **Aquila**, **Dynegy**, **El Paso Corp.** and **Allegheny Energy**, are either looking to sell or are closing their trading operations.

CMS was also in talks with Current Capital, a sub fund of **Harvard Management Co.**, the endowment fund of **Harvard University**, which has a total of \$7.5 billion under management (PFR, 10/28), about forming a joint venture or acquiring the power and gas trading operation, the official says.

—Victor Kremer

Calendar

Con Energy is holding the E-World energy and water conference in Essen, Germany, Feb. 11-13. Topics include legal issues in electricity and gas trading. For details, call: +49 201 1022 210.

Quote Of The Week

"You couldn't have picked a worse time to unload the business." —**Derek Gordon**, head of project finance at **Abbey National Treasury Services** in London, reflecting on Abbey National's decision to unwind its GBP3.25 billion project finance business (see story, page 1).

One Year Ago In Power Finance & Risk

American Electric Power had retained a handful of banks, including **Barclays Capital**, **Commerzbank** and **Westdeutsche Landesbank**, to provide acquisition financing for its GBP650 million (\$940 million) acquisition of two U.K. power plants from **Edison Mission Energy**. [The banks originally funded the acquisition through a corporate bridge loan, and had planned to refinance the bulk of this via a GB400million project loan last spring. The sharp downturn in the U.K. generation market, and weak demand for power sector non-recourse debt has prompted them to rethink this strategy, says one financier close to the deal. He adds the banks are looking to be repaid when the bridge loan matures early next year.]