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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

DECEMBER 10, 2007
VOL. X, NO. 49

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ROCKLAND SCOUTS PARTNER FOR PLANT REPOWERING

Rockland Capital Energy Investments is looking for a strategic equity partner with which to finance a planned $400-600 million repowering of its 447 MW B.L. England generating facility in Cape May County, N.J. The firm recently selected **JPMorgan** to advise it from a shortlist of contenders, says **Jim Maiz**, director at Rockland in Houston.

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CONECTIV TAPS CREDIT SUISSE FOR STRATEGIC REVIEW

Pepco Holdings has engaged Credit Suisse to help it review strategic options for its unregulated subsidiary **Conectiv Energy**, which owns 3.7 GW of merchant generation located in the eastern zone of the PJM Interconnection. Options under consideration reportedly include selling all or part of the business, merging with a similarly positioned strategic or carving out the business and taking it public.

Discussions are still preliminary and **MQ Riding**, spokeswoman for Conectiv in Newark,

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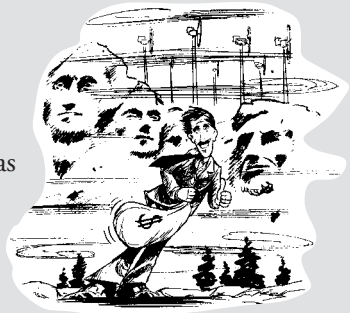
¡MIRA!

ACCIONA HUNTS FUNDING FOR DAKOTAS WIND BUILD



Acciona Energy has issued an RFP for financing in the first quarter of next year for a utility-scale wind farm in the Dakotas and is in preliminary discussions with lenders. The Spanish development titan has the 180 MW Tatanka Wind Project in Dickey County, N.D., and McPherson County, S.D., under development using 1.5 MW turbines, and two other wind

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MEXICO FIRES UP BID PROCESS FOR LNG PROJECT

The **Comisión Federal de Electricidad**, Mexico's state-owned utility, has formally launched a tender process seeking bids from developers looking to build, own and operate a 500 million cubic feet per day regasification terminal, which could double in size at an estimated cost of $1 billion. CFE will use gas from the facility in the Pacific port city of Manzanillo to power its 1,200 MW Manzanillo I and 700 MW Manzanillo II thermal plants nearby.

The tender process, which will see bids accepted through Jan. 10, comes after more than a year of delays and false starts. "They were trying to hit the market at the right time for

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

At Press Time

Horizon Looks To Fill Senior Development Slots

Horizon Wind Energy is looking to hire senior development professionals, including a replacement for Chief Development Officer **Michael Skelly**, who will be moving to an unidentified senior management post. Skelly, reached on his mobile phone, confirmed the search and said it is being conducted by **Andrew Talkington** at **Heidrick & Struggles** in Houston. "There's a search going on that involves succession planning, but I cannot comment on it," he said, insisting he is not leaving the company. Calls to Talkington were not immediately returned.

Michael Skelly

Horizon's ceo is **António Martins da Costa**, who previously ran the generating and distribution operations for its new owner, **Energias de Portugal** in Brazil. Skelly says as well as his role, the company is looking to hire development directors who have managed teams across a variety of regions, both for conventional power and renewable projects. "A lot of companies are seeing that as they grow, their experience in conventional power development is pretty relevant to what we do."

Allianz Positions For Offshore Wind Foray

David Jones

Allianz Specialized Investments' has agreed buy the 25 MW Büttel wind farm in northern Germany from turbine manufacturer **REPower Systems** in a bid to get operational experience with offshore wind turbines. The farm is onshore, but consists of five so-called 5M turbines that are deemed so robust they are fit for offshore use. "It's an attractive project, but it has the added benefit of giving us operating experience with the new generation of wind turbines designed with offshore in mind," says **David Jones**, ceo of the **Allianz** subsidiary in London. He declined to disclose the purchase price.

In mid-2005, the German insurance giant announced a commitment to invest EUR300-500 million ($440-732 million) in renewable energy assets over the following three to five years. "So far, we've bought all wind. We have looked at [solar and hydro] but not concluded on anything," says Jones. It owns outright 72 MW in Italy and 135 MW in Germany, but would likely find a strategic partner like a utility or oil and gas company for its offshore foray. He would not talk about specific opportunities of interest, such as the 500 MW Greater Gabbard project in the Thames Estuary near London, in which **Fluor** is selling a 40% stake (PFR, 8/17).

In addition to Büttel, REPower's 5M turbines have been tapped for the 30 MW first phase of **C-Power**'s farm off the coast of Zeebrugge in Belgium (PFR, 9/7), on which groundbreaking is yet to begin, and **Talisman Energy** and **Scottish and Southern Energy**'s Beatrice wind farm off the east coast of Scotland. Büttel was a mixture of a commercial and a test environment, according to **Heiko Glücklich**, head of risk management for REPower in Hamburg.

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Ravenswood Teasers Go Out

Merrill Lynch began dispatching teasers last Tuesday on **National Grid**'s 2.4 GW gas-fired Ravenswood Generating Station in Queens, N.Y., to prospective buyers.

The merchant plant consists of 1,750 MW of gas-fired steam capacity, also able to run on number six fuel oil; a 250 MW combined-cycle unit run on gas and kerosene; and a 470 MW simply-cycle unit. Its value, according to market watchers, is $2.3-3 billion—most of which is driven by its location in the prized Zone J area and dual-fuel capabilities (PFR, 10/05).

As first reported in *PFR Daily* last Monday, the marketing material will go out to a wide range of financial and strategic buyers, with a view to taking first-round bids in early to mid January and executing a purchase and sale agreement by the end of the first quarter. Pursuant to the required divestiture by state regulators, the seller will need to put a one to three year energy-only toll on the plant's output as a bridge to the sale. The counterparty selected could not be learned and calls to a spokesman for National Grid and Merrill were not returned.

Ravenswood was acquired by National Grid when it completed its merger with **KeySpan Corp.** in August. Divestiture of the plant was a key condition outline by the New York State Public Service Commission, which gave the company three years to sell the plant, a timeline it has elected to accelerate (PFR, 9/14).

Developer Sells Power Forward To Finance Wash. Wind

Lehman Brothers and **Prudential Capital Group**, co-owners of the 205 MW White Creek Wind Farm in Klickitat County, Wash., opted to sell the power generated by the facility over the next 20 years to its utility offtakers to help fund the project. The deal is the first industrial-sized renewable energy project of its kind to use a pre-payment financing, according to one banker, who notes the structure is often used with gas-fired plants.

The pre-payment is equal to about half the construction costs, or $176 million, from the four utilities that originally owned and developed the farm—46% coming from **Cowlitz County Public Utility District**, 26% each coming from **Klickitat County Public Utility District** and **Lakeview Light and Power**, with **Tanner Electric Cooperative** holding the balance—and is expected to be financed via municipal bonds.

Rounding out the financing was a roughly $180 million tax-equity investment by Lehman and Prudential (PFR, 4/27). Together the tax investment and pre-payment repaid $352 million in construction financing provided by **HSH Nordbank** on Nov. 21, according to the banker. HSH closed syndication of the debt in June with five banks (PFR, 5/18): **BayernLB**, **Dexia Crédit Local**, **Sumitomo Mitsui Banking Corp.**, **Commerzbank** and **Mizuho Corporate Bank**.

"[This structure] allows utilities that cannot use the tax benefits to receive the benefits from the wind financing in a creative way," says **Maura Schoenfeld**¸ president of **Meridian Clean Fuels** in Quincy, Mass., which advised the owners on the financing and owned the wind farm via special purpose vehicle **White Creek Wind I** until the tax equity investors took control Nov. 21. The utilities sold the farm post development because they could not benefit from the production tax credits due to their non-profit status, but the deal allows them to save roughly 10-15% on the cost of their power. Officials at the offtakers either declined to comment or did not return calls.

Black Hills Bids Nudge $800M Mark

Bids taken for the 974 MW portfolio of competitive power assets being auctioned by **Credit Suisse** on behalf of **Black Hills Generation** are said to be north of $700 million, with some approaching $800 million, according to deal watchers. Several infrastructure players are said to have shown interest in the assets. First-round bids were taken Nov. 20 but a second-round deadline has not yet been fixed.

Up for grabs is Black Hills' interest in six gas-fired generating facilities that are projected to earn at least $75 million of contracted EBITDA per year over the next five years. The company is aiming to find a buyer by mid to late January (PFR, 11/21, 10/26).

The assets were developed by Wheeling, Ill.-based IPP **Indeck Capital**, which was sold to Black Hills in 2002 for stock. **Dale Jahr**, director of investor relations, and officials at Credit Suisse declined to comment.

Peru LNG Hunts Leads For $1B In Project Debt

Société Générale, financial advisor to the sponsors of a Peru LNG liquefaction terminal, has set a Dec. 17 deadline for banks pitching to lead $1.05 billion in debt tied to the project. More than a dozen project finance banks were sent an RFP on Nov. 19. Separately, a group of Peruvian banks have been asked to submit proposals by Dec. 14 on underwriting a local $350 million bond offering to complete the $2.25 billion financing.

MLA roles are up for grabs on a series of B loans being guaranteed by export credit agencies: $250 million from the **Inter-American Development Bank**; $400 million from the **US Export-Import Bank**; $250 million from Italy's **SACE**; and $150

million from the **Export-Import Bank of Korea** (KEXIM). Rounding out the deal are A loans from multi-laterals—$300 million and $400 million from the **International Finance Corp.** and IDB, respectively—and a $150 million direct loan from KEXIM. Each tranche has a tenor of 18-20 years.

The line-up is due to be decided early next month with a view to closing on the financing by the end of February, according to SocGen, which retains the right to bid for a role. The lender or lenders selected will likely be more established project finance banks familiar with mandated lead arranger and export credit agency programs, the banker adds, noting that relationship banks of the sponsors—**Hunt Oil Company**, **SK Energy**, **Repsol**, and **Marubeni**—are in the mix.

Construction on the 625 million cubic feet per day terminal south of Lima in Pampa Melchorita, expected to cost $3.8 billion, began in January and about $1 billion in equity has been spent on it already (PFR, 3/16).

Marubeni Acquisition Spotlights Biomass Drive

Marubeni Sustainable Energy's purchase of a 16 MW wood-fired biomass facility in Springfield, N.H., spotlights its desire to ramp up in renewables, with the aim of amassing a 200-300 MW portfolio by 2009/10, half of which it wants to be biomass. "It's a continuation of our desire to invest in wood-waste biomass," notes **John Wood**, senior v.p. in San Diego. "We view the region and technology to be something we are effective and capable within. In addition to other fossil fuel we displace, we have a substantial benefit from a greenhouse gas perspective."

Springfield was sold by **Hemphill Power & Light Co.**, which owned and operated the plant, funded via a leveraged lease agreement with **Bank of America**. While it was not formally auctioned, the seller had competing offers, says Wood. He declined to specify the purchase price paid to close the acquisition Oct. 26, nor how it would be financed or why the acquisition was announced a month after it closed. "We just elected to announce it now; there was no financial issue," he says, somewhat cryptically.

Marubeni already owns and operates two biomass plants—a 16 MW sister plant in Whitefield, N.H., "constructed at the same time to similar specifications, with similar equipment," and an 18 MW plant in Fairhaven, Calif. It is also building a 13 MW greenfield biomass plant in Lake County, Ore., which will not be project financed. Separately, it owns combined heat and power generation across two units: a gas-fired cogen in Brooklyn called Queens Plaza and another known as Quonset in Queens Point, R.I.

AES Mandates Duo On Kazakhstan Sell-Off

AES Corporation has reportedly mandated two banks on the planned sale of all or part of its Kazakhstan operations. Rumors of an initial public offering of the unit on the **London Stock Exchange** were percolating earlier this year, with some reports suggesting up to 20-25% could be sold, but no timeline was given and that effort seems to have been aborted in favor of a trade sale.

The firms mandated could not be immediately identified, but the international banks that held earlier discussions about the IPO are believed to have included **Citigroup**, **HSBC**, **ABN Amro** and **ING Bank**. **Robin Pence**, spokeswoman in Arlington, Va., declined to comment.

AES is the largest power generator in Kazakhstan, with 30% of the country's installed generation. The jewel in its crown is its 5.6 GW portfolio of coal-fired plants—especially the 4 GW Ekibastuz facility, one of the world's largest—which is complemented by two hydro facilities and two cogeneration units. It also manages a heating company and a pair of regional electric distribution companies (RECs)—**Eastern Kazakhstan REC** and **Semipalatensk REC**—which it took control of in 1999 with a view to acquiring long-term transmission access to Russia at a discounted tariff.

Teasers Out On Southaven; TVA Is Stalking Horse

Houlihan Lokey Howard & Zukin dispatched teasers last Tuesday on Southaven Power generating, the bankrupt, 810 MW plant near Memphis, Tenn., it is selling on behalf of **Cogentrix Energy** (PFR, 11/2). Officials at **Goldman Sachs**, which owns Cogentrix, and the auctioneer declined to comment.

The **Tennessee Valley Authority** signed up as a stalking horse Nov. 30, as first reported by *PFR* last week, with an offer of $260 million, as well as a $5 million payment to Cogentrix for the future termination of its operations and maintenance contract. Any objections to the TVA contract are due Dec. 17. Overbids are due March 19 with an auction tabled for March 24 at the offices of **Latham & Watkins** law firm in New York. A break-up fee of $10 million will be payable to the TVA in the event it does not emerge as the winner. **John Moulton**, a TVA spokesman confirmed the stalking horse agreement, noting that a meeting was held last Thursday to approve the acquisition of additional gas-fired properties in its service territories.

Southaven, located in the Southeastern Electric Reliability Council with 500kV and 230kV interconnections into the Central and Delta sub-regions, has a tolling agreement with the TVA that expires Aug. 31 next year. TVA also buys and delivers fuel for the plant. It came online in June 2003 but defaulted on $305 million of secured debt and fell into bankruptcy in May 2005.

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Good Energies Bolsters Asian Renewables Platform

Richard Kauffman

Good Energies' decision to increase its stake in Chinese solar photovoltaic cell and module manufacturer **Solarfun Power Holdings** builds on an existing presence in the country and gives it a platform to make related renewable investments in the region, such as in wind. "There's potential for China as a large market domestically, but we're big believers in the overall global demand for solar PV," explains **Richard Kauffman**, ceo of Good Energies in New York. "Good, in addition to solar, is investing in energy efficiency in buildings and wind, so we see opportunities in these in Asia as well."

The firm has more than $7 billion investments in the space, the majority of which is in solar. It announced last Tuesday it plans to boost its stake in Solarfun to 34.7% from the 6.3% it acquired last year, but does not envisage a majority holding at any point. About half of the additional shares will be sold by Solarfun's CEO **Yonghua Lu**, who will retain a 16.1% share upon completion. The deal, slated to complete next quarter, compliments Good Energies' inaugural investment in China in **Trina Solar**. Kauffman declined to comment on the value of the all-cash transaction with Solarfun. No financial advisors were used.

Babcock Adds To Corporate Loan For Acquisition Funds

Babcock & Brown Wind Partners has added EUR200 million ($293 million) to a EUR1.03 billion corporate credit facility to help fund the purchase of a 67% interest in the class B shares in Cedar Creek wind farm from parent **Babcock & Brown**.

The 300.5 MW farm in Weld County, Colo., which is co-owned by **BP Alternative Energy**, constitutes the first of three acquisitions BBW has outlined for the year at a combined cost of $309 million. Also folded into its so-called US07 portfolio by the year end will be the 240.8 MW Sweetwater 4 and 80.5 MW Sweetwater 5 farms in Nolan County, Texas. "Each year, we've bought a portfolio of wind farms and each time we'll go back an increase that facility," **Miles George**, ceo, told *PFR* at an infrastructure conference in New York Nov. 28. All of Babcock's developments are ultimately expected to be managed by one of its managed funds.

The corporate facility is led by **Banco Espirito Santo de Investimento**, **Dexia Crédit Local**, **HBOS** and **Millennium BCP Investimento** (PFR, 4/13), and is syndicated to 11 banks: **Natixis**, **Bank of Ireland**, **Royal Bank of Scotland**, **Westpac**, **KBC Bank**, **KfW Bank**, **Société Générale**, **Bank of Australia**, **Banco Santander Central Hispano**, **IKB Deutsche Industriebank** and **DEPFA Deutsche Pfandbriefbank** (PFR, 8/24).

Outside the U.S., BBW has a pipeline of 450 MW to acquire in Spain from **Gamesa** and another 300 MW in Germany with **Plambeck Neue Energien**. Separately, it has the 159 MW expansion of its Lake Bonney project under construction in South Australia and the 50 MW Fruges farm under construction in Calais, France. The wind fund is managed by **Babcock and Brown Infrastructure Management**.

RBC Director Exits

Edwin Moses, director of infrastructure and project finance at **RBC Capital Markets**, has left the bank for reasons that could not be determined. Moses was appointed to his position early in the year as RBC sought more lead arranging and structuring work with U.S. renewable clients (PFR, 2/12). Calls to his cell phone were not returned, neither could his departure date or destination be learned.

Previously, Moses served as a consultant for **SunEdison** in Baltimore, and prior to that as a director focused on debt and equity structuring at **Marathon Capital**, after finishing a stint at wind turbine manufacturer and project developer **Clipper Wind Power** (PFR, 8/27/2004). Moses led financing at **Enron Wind Corp.** of Storm Lake I (80 MW) and II (112 MW) in Iowa, and Lake Benton I (107 MW) and II (103 MW) in Minnesota, before heading up its European project finance efforts.

Uganda Hydro Financing Nears Wrap

A syndicate of lenders is close to wrapping $670 million in financing for the 250 MW hydro plant being built by **Bujagali Energy**, a joint venture between **Industrial Promotion Services** and **Sithe Global Power**, at Lake Victoria in Uganda. Final negotiations on terms will be at a meeting this week in London so the sponsors can close on the funds later this month, says **Adil Marghub**, principal investment officer within the infrastructure team at **International Finance Corp.**, the private sector lending arm of the **World Bank**.

IFC is a lead arranger alongside the **European Investment Bank**, each committing $130 million. Rounding out the deal is the **African Development Bank**, with $110 million, **Barclays Capital** subsidiary **Absa Capital** and **Standard Chartered**, with an aggregate $110 million, **Proparco**, **DEG**, the investment institution for the federal government of Germany, Dutch development agency **SMO** and **KfW Bank**. The tenor on the debt will be up to 16 years, but Marghub declined to disclose the breakdown.

Bujagali is expected to sell energy through a long-term PPA with the **Uganda Electricity Transmission Co.**, which then will distribute the power through **Umeme** (PFR, 6/22). The African Development Bank and Ugandan government recently signed a loan to help fund the transmission link for the project.

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Details Of Brookfield's Prince Wind Refi Emerge

Brookfield Power Wind Prince Financial Corp. has wrapped a C$300 million ($298.7 million) refinancing of construction funds tied to its 189 MW Prince Wind farm via co-leads **Bank of Nova Scotia** and **Dexia Crédit Local**, each taking C$60 million tickets, and four lenders taking C$45 million slugs. Participating banks include **ABN Amro**, **Bank of Tokyo-Mitsubishi**, **Fortis Capital** and **Sumitomo Mitsui Banking Corp. of Canada**. No retail syndication is planned.

The credit is a five-year, floating-rate bank facility secured by the asset and is non-recourse to parent company **Brookfield Power**. It amortizes over 20 years matching the length of the farm's PPA with the **Ontario Power Authority**, expiring between 2026 and 2028. Pricing could not be learned, but Brookfield intends to hedge the floating interest rate to get it to a fixed rate.

Prince Wind, located in Sault Ste. Marie, Ontario, sits on 20,000 acres overlooking Lake Superior, and is the largest wind farm in operation in Canada.

Indian Point Licensing Brouhaha Weighs On Entergy

With New York state politicians asking the **Nuclear Regulatory Commission** to deny **Entergy Corp.**'s application for a 20-year license extension for its 2 GW Indian Point nuclear plant in Westchester County, N.Y., some are examining the potential impact on Entergy and it's planned nuclear asset spin off (PFR, 11/9). "If opposition continues to grow on not just a local level but a state level, this could affect Entergy very seriously, especially in terms of its attempt to spin off the rest of their nuclear portfolio by the third quarter of next year," says **Dimitri Nikas**, director of the utilities and infrastructure ratings at **Standard & Poor's** in New York.

Nikas notes, "It could be that the political opposition is strong enough for the license not to be renewed, but it's also possible that the generation capacity lost will be considered so serious that they will keep it." Calls to Entergy spokesman **Jim Steets** were not returned, but the company reiterated the plant's significance in providing 18-38% of the New York metropolitan area's power.

Indian Point's 1,028 MW Unit 2, whose license expires 2013, came online in 1974, followed by the 1,041 MW Unit 3 in 1976, whose license expires 2015. The concern is that Entergy has not addressed issues pertaining to the plant's equipment deteriorating and security issues being just 24 miles north of New York City. The NRC is expected to rule within the next several weeks whether the state can play a role in the re-licensing.

N.Y. State Assemblyman **Richard Brodsky**, an advocate of utilities re-entering the marketplace for generation through a proposed re-regulation bill, is against Entergy getting a new license. "The fact that Entergy even owns Indian Point is a scandal," he says. "If you add all the subsidies the government provides Indian Point, it is not safer or cheaper. The Northeast is already awash in power. The problems we have are not in generation, but in transmission. I hope the plants are not re-licensed."

Citi Adds Commodities Director

Citigroup has hired **Ken Gustafson**, v.p. and head of structured transactions at **Shell Trading Gas and Power**. He joined Nov. 30 as director of structuring, with a focus on all commodities, reporting to **Stuart Staley**, head of commodities for North America in Houston.

His hire complements Citi's earlier recruitment of **David Ratliff**, who joined as director of origination Oct. 29, and **Blake Herndon**, who was hired with the same title the same day. Both report to **Rodney Malcolm**, global head of commodity capital markets in Houston. Ratliff was a managing director and cfo of **Redwood Capital Management** in Tulsa, Okla., where Herndon also served for three years as a managing director.

Babcock Eyes Wires With EUR2B Infrastructure Fund

Babcock & Brown plans to focus on acquiring transmission, distribution and storage assets with the capital raised for its European infrastructure fund, which closed Nov. 30 with EUR2.17 billion ($3.17 billion) in commitments. "Just as in the U.S., infrastructure here is in need of renewal, and the countries of the European Union need private sector money to make improvements, particularly in areas like distribution and transmission," says **Mary Spelman**, ceo of the fund in London. "Emerging Eastern European economies such as Poland and Hungary have an even greater need for infrastructure. If we feel conditions are right there, we will actively look for investment opportunities."

The fund began raising commitments in the first quarter of year, with a EUR1.5 billion target by July. "We wanted to have a fund that could fit comfortably in the market. We wanted to be both selective about what we buy as well," Spelman explains. She did not reveal the exact sources of the commitments, pointing generally to pension funds and insurance companies as well as high-net-worth individuals. As well as energy, the fund will target investments in transport and water.

Corporate Strategies

Buckeye Upsizes Equity Sale For Storage Purchase

Buckeye Partners raised $100.6 million late last month by selling two million limited partner units to partially fund its $440 million acquisition of the membership interests in Lodi Gas Storage facility in Lodi, Calif., from **ArcLight Capital Partners**. Proceeds will be combined with the $119 million it raised earlier by selling 2.5 million units (PFR, 8/17) and the balance will be funded with a future debt offering.

Stephen Milbourne, senior manager of investor relations at Buckeye in Blue Bell, Pa., says the offering was upsized from a targeted 1.5 million units on the advice of sole underwriter **Lehman Brothers**. "There was good demand in the market and our underwriter felt that we should upsize. We trust their judgment and we felt the market timing was right to proceed, so we agreed," he notes. The offer launched Nov. 23 and closed Nov. 26 with each unit priced at $50.31. Lehman has a 30-day option to purchase an additional 300,000 units to cover over allotments.

Proceeds from the offering will also be used to repay the outstanding $30 million in Lodi's revolving credit facility, led by joint bookrunners **SunTrust Capital Markets** and **Wachovia Capital Markets**, with **Bank of America**, **Citibank**, **JP Morgan Chase**, **BNP Paribas**, **Deutsche Bank**, **Bank of Tokyo-Mitsubishi** and **Royal Bank of Scotland** participating. Milbourne declined to comment on any firms that would be appointed to underwrite future debt issues for the acquisition.

Buckeye agreed to buy the 22 billion cubic feet facility, which is connected to **Pacific Gas & Electric**'s intrastate pipe near San Francisco and Sacramento, in July. Under the terms of that agreement, $428 million will be paid at the close of the transaction and an additional $12 million will be paid to ArcLight after its gas storage cavern expansion project—Kirby Hills II—is approved by the **California Public Utilities Commission**.

Okla. Midstream Goes Public To Retire Debt

Natural gas midstream services provider **OGE Enogex Partners** plans to use proceeds from its upcoming initial public offering to help repay $400 million in 8.125% senior notes held by subsidiary **Enogex**, maturing in 2010. "It gives Enogex in a sense a whole other source of capital and they get to monetize some of

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NOVEMBER 16, 2007
AIRTRICITY REVIEWS OPTIONS ON NON-U.S. BIZ
Airtricity Holdings is undertaking a strategic review via Credit Suisse following the successful auction of its North American affiliate. As first reported by PFR on Friday, options under consideration are an initial public offering of 20-30% of the company, an outright sale, or continuing independently with the $1.37 billion war chest it will get from E.ON for its U.S. operations. It hopes to arrive at a conclusion by January. Calls to Eddie O'Connor, ceo and founder of Airtricity in Dublin, and Credit Suisse were not immediately returned.
Rumors were percolating in the London market Friday that E.ON had made a fresh offer for the remainder of th company. Frank Mastiaux, ceo of climate and renewable E.ON, declined to comment.
The German utility recently added Energi E2 Renovables Ibéricas, the Iberian developer it bought f and the acquisition of Airtricity's Eur

REUTERS UK
NOVEMBER 22, 2007
Airtricity Says Seeks To Sell Off Its Holdings
Irish wind farm operator Airtricity said on Thursday it had decided to sell off its remaining holdings after announcing last month the disposal of its North American operations to Germany's E. ON (EONG.DE: Quote Profile, Research).
Airtricity said in a statement it had undertaken a review of the strategic options for the remainder of its business following the $1.4 billion deal with E. ON.
"This review has resulted in a decision to commence the process for the sale of Airtricity Holdings Ltd." the statement said. "The process is due to be completed by mid

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their investment," says **Todd Shipman**, analyst at **Standard Poor's** in New York, which rates Enogex BBB.

The Oklahoma City-based master limited partnership was formed by parent **OGE Energy Corp.**—also the parent of **Oklahoma Gas and Electric Co.**—to further grow its midstream business with a view to going public (PFR, 7/06). "You get to take qualified assets and put them into an MLP and you can avoid double taxation for your new partners," explains Shipman of the rationale. The MLP expects to raise roughly $139.5 million if its 7.5 million common units price at $20 each—the midpoint of its $19-21 expected range. Those proceeds will then be coupled with the roughly $300 million in short-term borrowings from its parent and other sources of funding to redeem the 8.125% notes and cover the $25 million in interest and make-whole premium of $39.9 million. Additionally, $4.5 million will pay fees related to Enogex entering a new $250 million credit facility and for a future issuance of up to $300 million in long-term debt.

The 7.5 million shares represent a 29.8% interest in the partnership, and underwriters **UBS Securities** and **Lehman Brothers** have an option to buy an additional 1.125 million units to cover over allotments, which would boost the total units offered to a 34.27% interest in the partnership. OGE will list its common units on the **New York Stock Exchange** under the ticker symbol OGP.

The exact timing of the IPO is undetermined. Calls to **James Hatfield**, cfo of OGE Energy, were not returned, and **Deborah Fleming**, treasurer, declined to comment.

Nevada Power Keeps Plant Financing Options Open

Bill Rogers

Nevada Power plans to use cash on hand to construct a 500 MW gas-fired plant in Clark County, Nev., near Las Vegas under development but will consider equity contributions or a debt issue if it has difficulty finding sufficient funds, says **Bill Rogers**, cfo of parent **Sierra Pacific Resources**. He pointed to the nearly complete $421 million, 514 MW gas-fired Tracy combined-cycle plant being built by **Sierra Pacific Power** east of Reno, Nev., as a cost benchmark, but noted construction costs will likely be higher for the newer plant.

The utility decided to build the plant due to permitting delays surrounding its planned coal-fired 2.5 GW Ely Energy Center in eastern Nevada. "We couldn't risk that uncertainty to keep up with growing demand of growth in southern Nevada," says Rogers, noting that the utility needs a plant online by 2011 to meet the needs of a booming local population. "No-one else is building a plant. So if we don't, we run the risk of reliability issues." The plant is to be built on the grounds of Nevada Power's Harry Allen facility north of Las Vegas, which comprises a pair of 75 MW peakers, and has a target completion date of summer 2010.

Nevada Power chose to build the Harry Allen gas-fired plant because it already had the permits in place and the planned facility is the only one that could be constructed soon to compensate for delays at Ely, Rogers continues. Construction was slated to begin in the third quarter of next year for the first 750 MW phase of Ely so it could come online by 2011, but permitting issues—including resistance from Senate Majority Leader **Harry Reid**, D-Nev.—made the construction timeline unclear. A second 750 MW unit at Ely was scheduled to come online in 2013, followed later by two 500 MW coal gasification units.

The cash flow for the new plant will come from normal course of business. In June, Nevada Power used **Credit Suisse**, **Merrill Lynch**, **UBS Investment Bank** as joint lead managers on the sale of $350 million in 30-year bonds simultaneously with a Sierra Pacific Power issue. Sierra Pacific Resources' projected capital expenditures for this year come to $1.2 billion.

Nebraska Muni To Issue CP For Fuel, Capex

The **Nebraska Public Power District** issued $33 million in 4.85% taxable commercial paper last week and plans to sell another $50 million next quarter to pay for nuclear fuel and minor environmental upgrades at its 791 MW Cooper Nuclear Station near Brownville, Neb. "Uranium prices have gone up dramatically," says **Traci Bender**, cfo in Columbus, Neb.

She explains the issue had to be taxable due to federal rules because it will sell over 10% of the output from the plant to investors through PPAs.

The commercial paper program is backed by a $100 million revolver for security with the **Bank of Nova Scotia**. **Goldman Sachs** will serve as dealer on the issues. "They run our tax-exempt program and we are satisfied with them, so we stayed with them for this issue," says Bender. **Moody's Investors Service** rates the revolver Aa1 but notes the insufficient space for storing spent nuclear fuel is a challenge at the Cooper facility.

NPPD also announced it will be decreasing the size of its tax-exempt commercial paper program to $150 million from $250 million after raising the funds last year to fund repairs to transmission damaged by a December 2006 ice storm. "We like to keep our tax exempt programs at $150 million, because that's what we need in capacity," Bender says. "That's why we returned to that number. What we did last year was just interim financing." The utility's total debt stands at close to $1.4 billion.

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News Briefs

News Briefs 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.

Americas

- **Dominion Resources** has agreed to buy a natural gas-fired plant development project in Central Virginia from **Tenaska**. The site will be capable of generating 600 MW and has air and water permits for a combined-cycle, gas-fired plant (*Reuters*, 12/6).

- Maryland utility regulators presented state lawmakers with a new model for electric regulation in the state, saying deregulation can't meet Maryland's power needs (*Baltimore Sun*, 12/5).

- **Southern Company** has finished construction of a 170 MW expansion of its Oleander merchant peaking station costing $235 million (*Associated Press*, 12/5).

- **Berkshire Hathaway**, run by billionaire investor **Warren Buffett**, has picked up $2.1 billion in high-yield paper issued by **Energy Future Holdings**, formerly known as **TXU Corp**. The seller could not be learned (*Wall Street Journal*, 12/4).

- **Dynegy**'s president and coo said **Stephen Furbacher** will retire at the end of this year (*Houston Business Journal*, 12/4).

- **Reliant Energy** has hired **Albert Myres** as senior v.p. in government and public affairs, in addition to **Charles Griffey**, its new senior v.p. in market design and regulatory affairs (*Die Welt*, 12/4).

- The **Federal Energy Regulatory Commission** approved the sale of transmission facilities owned by **Interstate Power and Light**, a division of **Alliant Energy Corp.** to a subsidiary of **ITC Holdings** for roughly $750 million in cash (*Associated Press*, 12/4).

- **NRG Energy**'s conditional tender offers for $4.7 billion of outstanding senior notes have expired (*Associated Press*, 12/4).

- The Nuclear Regulatory Commission has accepted **NRG Energy**, **CPS Energy** and **South Texas Project Nuclear Operating Co.**'s application to build two new nuclear units at the South Texas Project site (*San Antonio Business Journal*, 11/30).

- **Sierra Pacific Resources** is pushing back the target date for opening its proposed $3.8 billion 1.5 GW coal-fired Ely Energy Center near Ely, Nev. and is speeding up plans for a 500 MW expansion of the Harry Allen Generating Station near Las Vegas (*Associated Press*, 11/30).

- Palm Beach County, Fla. commissioners unanimously approved **Florida Power and Light**'s request to increase the generating capacity of the planned West County Energy Center near Loxahatchee (*South Florida Sun-Sentinel*, 11/29).

Europe

- Spanish regulators have been given a Jan. 10 deadline to comply with E.U. rules or face a possible lawsuit after the nation refused to scrap its conditions for the takeover of **Endesa** (*Associated Press*, 12/5).

- Hungary's oil and gas company **MOL** says a group of Eastern European gas companies will start talks early next year on creating a jointly run regional gas distributor (*Reuters*, 12/5).

- **Citigroup** has appointed **Garth Edward**, formerly with **Shell**, as new head of emissions markets as part of the U.S. bank's plans to expand its European commodities business (*Reuters*, 12/5).

- Danish group **DONG Energy** will construct and operate two British offshore wind farms, 151 MW Walney Island and 64 MW Gunfleet Sands II, for a total investment of DKK 5.2 billion ($1.02 billion) (*Reuters*, 12/3).

- **Enel** reached a EUR 2 billion ($2.95 billion) deal with **Électricité de France**, giving it a 12.5% stake in France's nuclear program (*Associated Press*, 11/30). Separately, it will build a 1.3 GW coal plant in Albania as part of its strategy of growth in southeast Europe (*Thomson Financial*, 12/3).

- French President **Nicolas Sarkozy** said the government will sell a piece of its 87% stake in **Électricité de France** to finance the refurbishment of the country's universities (*Wall Street Journal*, 11/30).

MEXICO FIRES

(continued from page 1)

everybody," says one observer. He notes the tender's original launch in early 2006 with an eye toward beginning construction in April that year. CFE postponed plans indefinitely last year due to problems with supply contracts and issues regarding the terminal's design. Numerous sessions were conducted to update the **Comisión Reguladora de Energia**, the national regulator, and potential bidders as to where the facility would be located and what markets would be served, says the official, as potential bidders thought the facility would be south of where CFE and

CRE had in mind. Turmoil in the credit markets this summer led to further delays.

In September, **Repsol** won a 15-year contract worth $15 billion to supply LNG to the facility beginning in 2011. The gas would come from the $3.8 billion Peru LNG liquefaction terminal, on which construction began in January, (see story, page 3). Repsol and **Suez** are likely candidates for building the facility, according to industry sources. "Both know that part of the country extremely well. It's just a matter of putting together the right backers," he says. European companies with energy assets in Mexico and specialty construction companies are also expected to bid, according to one banker advising such a party. The winner will have to provide an $85 million guarantee on contract signing. Calls to Repsol, Suez and CFE were not returned. ***—T.R.***

ACCIONA HUNTS

(continued from page 1)

projects in development for 2009 totaling 1 GW.

Calls to **Susan Nickey**, cfo of Acciona's North American affiliate in Chicago, were not returned and a spokeswoman declined to make her available.

North and South Dakota, referred to as 'the Saudi Arabia of wind' have 222.53 MW of wind already installed, including the 12 MW Velva Wind farm in McHenry County, N.D., developed in 2005-2006 by Acciona and **Global Renewable Energy**.

Acciona also announced plans this summer to install at least 150 MW next year across Illinois, Iowa and Wisconsin after it bought the rights to develop 1.3 GW of projects from **EcoEnergy**, the alternative energy subsidiary of **The Morse Group**.

—Thomas Rains

ROCKLAND SCOUTS

(continued from page 1)

The aim is to project finance the effort once the merchant plant obtains its air permits in 2009, adds fellow director **Shane Litts**, noting that any lender is welcome to pitch.

The business plan is based on Rockland having to comply with a public consent order requiring it to either install pollution control equipment or repower the plant. It opted for the latter, involving the joint repowering of units one and three via circulating fluidized bed boilers and new environmental technology on unit two, so it is seeking equity back-up. "Given our inability to depend entirely on the [debt] market, this seems prudent," says Maiz. "We don't have any pre-conceived notion of what type of transaction this will be, or what type of investor. We're looking to see what the market shows us." It plans to remain the lead investor in the project and will not consider selling outright.

The move comes just nine months after Rockland acquired the plant from **Atlantic City Electric Co**. B.L. England is located in Beesley's Point and consists of two baseload coal units, one 129 MW; the other 155 MW, and a peaker that burns type six fuel oil with 155 MW of output in the summer and 160 MW in winter. Maiz declined to talk specifics about the project's debt.

Rockland is backed by a number of private investors. Its investment in B.L. England involves an undisclosed commitment from **Energy Investors Funds**. ***—Katy Burne***

CONECTIV TAPS

(continued from page 1)

Del., and **Bill Yingling**, spokesman for Pepco, declined to comment on their nature. "We're a competitive business, so we don't talk about any strategic activities," says Riding. Calls to Credit Suisse were not returned.

Conectiv's portfolio comprises:

- 260 MW coal-fired Edge Moor 3 and 4 and 445 MW oil-fired Edge Moor 5 in Wilmington, Del.;
- 1,066 MW combined-cycle gas and kerosene-fired Hay Road 1 through 8 in Wilmington;
- a 1,066 MW combined-cycle gas and kerosene-fired plant in Bethlehem, Pa.;
- 316 MW of gas and kerosene-fired peaking units across southern New Jersey;
- 361 MW of oil-fired peaking capacity across Delaware, Maryland and New Jersey;
- and the 166 MW gas and coal-fired Deepwater units 1 and 6 in Pennsville, N.J.

Conectiv was created from the merger between **Atlantic City Electric** and **Delmarva Power** in 1998 and merged with Pepco subsidiary **Potomac Electric Power** in 2002. ***—K.B.***

Quote Of The Week

"Just as in the U.S., infrastructure is in need of renewal, and the countries of the European Union need private sector money to make improvements, particularly in areas like distribution and transmission."—**Mary Spelman**, *ceo of* ***Babcock & Brown****'s new European infrastructure fund in London, which just closed with EUR2.2 billion ($3.2 billion) in commitments (see story, page 7).*

One Year Ago In Power Finance & Risk

Finalists including **BG North America**, **Complete Energy**, **Energy Capital Partners** and a joint venture between **US Power Generating** and **Madison Dearborn Partners** were awaiting word on the winning bid for the 780 MW Lake Road gas-fired plant in Killingly, Conn. [**BG** had the edge over **Energy Capital Partners** with cheaper cost of capital and acquired the plant for $685 million (PFR, 12/20)].

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