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## Pirate Exits Mirant Position

Hedge Fund **Pirate Capital** has closed out its position in **Mirant Corp.**, taking a profit of \$44 million.

(See story, page 4)

## BBVA Hires Mexican Finance Vet

**BBVA Bacomer** has hired **Bancomext** energy project financier **Bernardo Garcia** to bolster its Mexico office.

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## KGEM TO SELL EX-DUKE MERCHANT FLEET PRIVATELY

KGem Power Partners is planning to sell all or part of its interest in a portfolio of distressed merchant assets in the Southeast privately for some \$750 million. The Houston energy management company, owned by New York private equity shop **MatlinPatterson Global Opportunities Partners II** has hired Arlington, Va.-based **Friedman Billings**



(continued on page 12)

## LS POWER SEEKS \$700M REFI

LS Power is looking for leads to retool some \$700 million in construction loans tied to a pulverized coal-fired generation project near Osceola, Ark. The firm obtained debt on the asset about nine months ago (PFR, 3/20), but is looking for fresh financing because it has locked up long-term offtake agreements with entities such as the **Missouri Joint Municipal Electric Utility Commission**, which it has signed on for 30-years. Long-term PPAs will improve financing terms.

Officials at LS Power did not return calls for comment. Debt represents about 80% of the

(continued on page 12)



Follow The Yellow Lake Road

## BUYERS QUEUE UP FOR CONN. LAKE ROAD PLANT

Finalists including **British Gas**, **Complete Energy**, energy rainmaker **Doug Kimmelman's Energy Capital Partners** and a joint venture between **US Power Generating Co.** and **Madison Dearborn Partners** are awaiting word on the winning bid for the 780 MW Lake Road gas-fired plant in Killingly, Conn.

(continued on page 11)

## KY. MIDSTREAM CO. SIZES UP \$1.1B PIPELINE FINANCING

**Boardwalk Pipeline Partners** expects to use the bond and equity markets to finance its \$1.1 billion Gulf Crossing pipeline. It will also tap a \$440 million revolver to allow it to hit the market when rates and prices are best, says **Jamie Buskill**, cfo in Owensboro, Ky. The company likes to maintain a 50:50 debt-to-equity structure and ideally the project bringing natural gas from northern Texas to Perryville, La., will be the same.

The financing strategy will, in part, depend on whether **Enterprise Products Partners**,

(continued on page 12)

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## At Press Time Pa. Liberty 2nd Rounds Due Mid-January

JPMorgan Chase plans on taking second round bids for the 568 MW, gas-fired Liberty plant in Eddystone, Pa., in mid January. The auctioneer has set a short list of buyers including **LS Power**, **FPL Group**, **Complete Energy**, **GE Energy Financial Services** and **BG North America**. Industry observers say the sellers are hoping to fetch around \$400 million or more for the asset (PFR, 11/20).

JPMorgan did not return calls for comment and officials at the buyers either did not return calls or declined to comment.

The creditor group owns a 100% interest in the operation via the holding entity **LEP Holdings**. The plant is being offered debt free, according to marketing packages distributed. **Harbert Venture Partners**, **Strategic Value Partners** and **Cargill**, as well as private equity funds run by JPMorgan, **Bear Stearns** and **Merrill Lynch** are among the many creditors. **Competitive Power Ventures** manages the plant.

Liberty was transferred from **Reliant Energy** to creditors in late 2004 after a bankruptcy court nullified an offtake agreement with **PG&E National Energy Group** (PFR, 8/4/2003). Its creditors, mostly hedge funds, started considering a sale in June.

## Qatar LNG Financing May See Delays

Sponsors of Qatari liquefaction natural gas project **Qatargas 4** may reconsider the timing of a large and much anticipated U.S. bond offering. That's because another Qatari issuer **Nakilat**, an LNG vessel company, plans to approach the U.S. debt markets first with a \$1.1 billion offering to raise funds to start building 16 LNG carriers.

**Royal Dutch Shell**, which owns 30% of the LNG train to be built in **Ras Laffan Industrial City**, and **Qatar Petroleum**, which owns 70%, hope to close an equivalent of \$2.8 billion in commercial loans via 30 banks to fund **QG4** later this quarter. But they were mulling a project bond take-out to finance a portion of construction more cheaply, explains **Andrew Davison**, v.p. and senior analyst at **Moody's Investors Service** in London. Any forthcoming issue by the joint venture partners will likely now take place next quarter because of **Nakilat**, he speculates.

"[The **Nakilat** offering] could suck out capacity for Qatari exposure in December, which would mean [RasGas] would either need to reduce the availability of funds or the price would go up to execute it," Davison explains. Spokespeople for the sponsors did not return requests for comment.

**Lehman Brothers** and **Goldman Sachs** are frontrunners to lead the potential offering for **QG4**. They were bookrunners on a \$1.86 billion issuance by **Ras Laffan 3**, the owner of mostly recently financed facility train 6, in September (PFR, 9/18). **Royal Bank of Scotland** serves as financial advisor to **QG4**. **Michael Crosland**, an official at **RBS** in London, declined comment.

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INTELLIGENCE FIRST

## BBVA Bags Mexican Project Finance Vet

BBVA Bancomer has hired project financier **Bernardo Garcia** as a v.p. for project finance in its Mexico City office. He was previously senior v.p. for structured finance at state-run loan bank **Bancomext**, focused on energy.

His public to private move is indicative of a larger switch in financing sources for the increasing number of power projects in Mexico, Garcia says. "There will be changes in energy policy that should allow for more investment facilities for private capital," he says, referring to the recent change in government. Such changes will mean bigger power project finance roles for private banks. There were also personal considerations, such as greater freedom to participate in deals with a private bank, he explains.

## Spanish Venture Takes Shine To 50 MW Solar Facility

Spanish industrial firm **ACS Group** subsidiary **Cobra** and **Solar Millennium** are about to close €300 million (\$400 million) in construction financing for a 50 MW parabolic trough solar thermal plant known as **AndaSol II** in Andalusia, southern Spain. The project will sit adjacent to an existing facility of the same size, **AndaSol I** (PFR, 9/20/2004), due to come online next year in Guadix, Granada. Together the units will constitute the world's second biggest solar plant by collector surface area.

**WestLB**, **Dexia Crédit Local** affiliate **Sabadell**, **BNP Paribas** and **Banco Sabadell** won the mandate to jointly underwrite the deal after arranging €300 million in financing for **AndaSol I** in June, a deal watcher notes.

The structure for **AndaSol II** will loosely mirror **AndaSol I**, he adds, probably comprising a 15-year term loan and a value-added tax facility. Margins on the debt are likely to be pitched around 100 basis points over EURIBOR. Officials at the banks either declined comment or did not return calls.

**AndaSol I** received a €5 million grant from the E.U. Fifth Framework Programme for research and development, and additional support from the **German Ministry for Environment**, as well as funding from Spain's **Instituto de Crédito Oficial (ICO)** and the **European Investment Bank**. It is not known whether multi-lateral institutions will be brought into **AndaSol II** prior to financial close later this quarter or early next. **ICO** and **Banco Sabadell** were reportedly sole arrangers and underwriters on a €33 million financing for a Spanish solar thermal project sponsored by **Abengoa** in 2004.

Once operational, **AndaSol** will benefit from fixed, feed-in tariff incentives provided under a Spanish royal decree and guaranteed for 25 years. These subsidies have encouraged other

renewable players, such as **GE Energy Financial Services**, **PowerLight Corp.** and **BP Solar**, to invest in solar capacity in the country.

## Wind Sponsors Seek Funds For Spanish Six-Pack

**Energía y Recursos Ambientales**, a project entity backed by joint venture partners **Cobra** and **ACS Group**, is close to inking a €408 million (\$533 million) loan to bankroll construction of six wind projects in Spain. On the drawing board are three greenfield developments and three upgrades to existing sites in the Castile, León and La Boga regions.

Co-leads **Natixis** (formerly known as **Natexis Banques Populaires**) and **La Caixa** will provide a €350 million term loan and a €58 million facility for value-added tax. They are expected to close the so-called La Boga financing Dec. 13 and launch general syndication early next quarter.

Details of the facilities, including tenor and pricing, could not be learned. Calls to Madrid-based infrastructure group **Cobra** and construction specialist **ACS** were not returned and officials at the banks declined comment.

Last month, affiliates of the banks were co-mandated on a EUR183 million loan provided to **Babcock & Brown** subsidiary **Enersis** and Luxembourg investment group **Eurowatt** to fund development of 120 MW of French wind farms (PFR, 11/6).

## InterGen Hunts Finance Advisor For Dutch Expansion Project

**InterGen** is looking for an advisor to help it arrange financing for its planned 400 MW expansion of an 800 MW co-generation site called **Rijnmond** near Rotterdam, the Netherlands. Construction is supported by a 15-year tolling agreement inked late last month with **Oxxio Tolling**, a unit of U.K. utility **Centrica**, which will supply gas to fuel the plant. **Mariette van der Gaag**, a spokeswoman for the sponsor, did not respond to requests for comment.

**BNP Paribas** is a frontrunner to win the mandate, say deal watchers, noting the firm also arranged €240 million (\$320 million) of project debt for **Rijnmond I** in 2002 alongside **Société Générale**. It could not be determined if the sponsor's Dutch subsidiary, **Rijnmond Energie**, has approached other institutions or launched a beauty pageant. Calls to **Emmanuel Roget**, an official at **BNP** in Paris, were not returned.

**Rijnmond II** is expected to be complete by September 2009, and become commercially operational later that year or early 2010. A venture between **AIG Highstar** and **Ontario Teachers' Pension Plan** acquired the bulk of **InterGen's** operations two years ago.



## Pirate Exits Mirant Position With Tidy Profit

**Pirate Capital**, the activist hedge fund firm run by **Thomas Hudson**, has closed its position in energy concern **Mirant Corp.**, taking a profit of \$44 million, or nearly 60%, in the process. The firm sold the remaining 4,149,216 million shares it owned for an average price of roughly \$29.26, which computes to about \$121.4 million total. Hudson's firm originally spent \$76.8 million to acquire Mirant bank debt and bonds, but following bankruptcy reorganization it obtained equity, according to a filing with the **Securities and Exchange Commission**.

At its peak this summer, Pirate had a 1.6% stake, corresponding to about 4.8 million shares in the company. Around that time, Hudson's firm became vocal in opposing Mirant's hostile bid to acquire **NRG Energy**, which Mirant eventually withdrew. Shortly after the decision to abandon the NRG bid, Pirate sent a letter to Mirant saying it valued the energy company around \$32 per share. It was trading around \$31 last week. Calls to Pirate were not returned by press time.

## Energy Capital Eyes Follow-On Fund

**Energy Capital Partners** aims to raise a follow-on to its newly completed \$2.5 billion investment fund. The private energy investment shop, which launched last year (PFR, 5/16), believes demand is strong enough to support a second round. "We care about creating a firm, not just a fund, so we will be looking to raise a second fund," notes **Tom Lane**, partner in Short Hills, N.J., declining to talk specifics about the size of the next fund or when it may launch.

After closing its first acquisition—1,442 MW of hydro and coal-fired merchant generation from **Northeast Utilities**—for \$1.34 billion last month (PFR, 10/23), the firm plans to spend the balance of its fund on 10 or 12 investments.

Generation will be its primary focus, says Lane, but the firm will also allocate funds to transmission infrastructure, midstream gas, coal transportation, handling and reserves, and energy services companies. "If you look at the macro [economics] there are very significant capital needs around the country in all of those sectors," explains Lane. Markets of interest are the northeast, PJM, ERCOT and the west coast, where there is a tightening of reserve margins.

More than 150 investors from as diverse groups as pension funds, college funds, university endowments and high-net-worth families, participated in ECPartners' first fund via placement agent **Atlantic-Pacific Capital**.

Energy Capital Partners was founded last year by six power and energy financiers. Senior partner **Doug Kimmelman** was managing director at **Goldman Sachs** for 10 years, focused on electric and gas utilities and independent power producers.

## L.A. Law Firm To Bolster Energy Team

**Gibson, Dunn & Crutcher** is looking to hire a handful of partners in its energy practice over the coming year to round out its offering to private equity and investment banking with an eye toward doing more renewables deals. **Steven Buffone**, co-head of the New York energy practice, says he is in talks with several candidates in an effort to land two or three professionals. The law firm has 12 energy-focused attorneys.

The Los Angeles, Calif.-based firm recently appointed as partner **Nicholas Politan**, former co-chair of project and structured finance at **Bingham McCutchen**. Politan has a broad background in power project finance, but most recently has specialized in representing the sponsors or equity behind wind portfolios.

## Corporate Strategies

### Reenergized Reliant Stock Spurs Convert Take Out

**Reliant Energy's** stock has more than doubled since teetering on the brink of bankruptcy three years ago, so the Houston IPP is taking advantage by offering to exchange all of its \$275 million in 5% convertible senior subordinated notes for common shares and cash.

With Reliant's stock closing at a 52-week high of \$14.17 Dec. 6, the time is right to remove the convertibles, says **Dan Hannon**, senior v.p. of finance in Houston.

"It's the worst of both worlds: the equity market sees them as dilutive and the rating agencies see debt," Hannon says. "We have \$275 million in capital that we're getting hit for twice." Reliant has 308.49 million common shares outstanding.

Issued in June 2003, the convertibles were offered, along with some \$1.1 billion in senior notes, as a part of a recovery initiated three months after the IPP avoided bankruptcy. That was skirted after it landed a four-year extension on \$5.9 billion in bank borrowings and \$300 million in additional credit led by **Deutsche Bank**, **Barclays Capital** and **Bank of America**.

Now to solve its convertible dilemma, Reliant will offer to tender the securities for stock and cash. Each \$1,000 in principal of notes will be converted into 104.81 shares of common stock, plus \$150 in cash to cover future dividends on the notes that would have automatically converted in August 2008, provided the stock price was higher than \$11.90, Hannon explains. The offer is a way to reduce debt by \$275 million before then.

Reliant hopes that there will be a high number of takers for the offer expiring Dec. 20, due to what it considers a high premium. But he says it is not a necessity to the company's

plans. If there are few takers, they will simply wait until August 2008 to have the debt off their books. "It's a fair offer," Hannon says.

After speaking to several banks, which Hannon declined to identify, **Bank of America** was chosen as an advisor based on its relationship with Reliant and experience with similar offers, Hannon says.

Net debt for the company will have gone from \$7.8 billion at the end of 2002 to around \$3.2 billion by the time the conversion offer is completed. Rather than debt-to equity, he says Reliant prefers to look at debt to EBITDA, which would ideally be 3:1 or below. It is now about 5:1, he says.

Reliant also has begun operating under a new, five-year agreement under which **Merrill Lynch** will guarantee the supply purchases and related collateral posting of its retail generation business. It also refinanced a \$1.7 billion revolving credit facility, \$530 million in term loans and a \$450 million securitization facility, replacing them with a \$700 million revolver, a \$400 million term loan and a \$300 million letter of credit facility because its new agreement with Merrill allowed it to trim capacity at its bank revolvers (PFR, 7/17).

## Progress Wraps \$1.3B Hold Co. Debt Redemption

**Progress Energy** has redeemed \$550 million in 7.10% notes due 2011 using cash from recent asset sales. The move completes the energy company's announced plan to trim \$1.3 billion in holding company debt, netting it about \$44 million in interest rate savings annually, or 17 cents per share, says **Sherri Daughtridge**, assistant treasurer in Raleigh, N.C.

"We want the rating agencies and fixed-income market to see us with a strong balance sheet at the parent level," Daughtridge says, noting the bulk of that debt was taken on to fund its acquisition of **Florida Progress** in 2000.

The tender offer complements some \$750 million in debt redeemed last month via a make whole call. It was almost two times oversubscribed after the company received tenders from holders of about \$1.033 billion in 2011 notes.

Progress paid an \$83.61 premium per \$1,000 in principal to tender the 2011 bonds by Nov. 20, and \$63.61 thereafter, at a fixed spread of 50 basis points over comparable Treasuries. **Citigroup** and **Wachovia**, participants on its revolving credit facilities, led the transaction, while **Banc of America** and **RBS Greenwich Capital Markets** were co-dealer managers.

Last month Progress retired \$350 million of 6.05% senior notes maturing in April 2007 and \$400 million in 5.85% notes maturing in October 2008 via trustee **Bank of New York** (PFR, 11/6). Following its tender offer, \$700 million of \$1.25 billion in 2011 notes remain outstanding.

## ConEd Hits Up 10-, 30-Year Paper

**Consolidated Edison** has sold \$500 million in debentures to help fund its construction program. The New York utility took advantage of low interest rates at both ends of the curve, offering \$250 million of 10-year notes, carrying 5.3% coupons and a matching amount of 5.7% long bonds. "Rates are attractive. We decided to hit both parts of the market," says **John Perkins**, director of corporate finance.

ConEd is building and upgrading transmission and distribution capacity, Perkins explains. The proceeds pay back commercial paper originally used for this purpose, as well as fund future projects.

Generally, the company aims for a 50:50 debt to equity capital structure. It issued \$450 million in common shares in September and will likely tap the debt market next year, says Perkins.

**JPMorgan Chase**, **Lehman Brothers** and **UBS** were lead underwriters, a position which ConEd rotates among several banks used in its offerings. **KeyBanc Capital Markets** was senior co-manger, with **Lazard Capital Markets**, **Wells Fargo Securities**, **Loop Capital Markets**, **The Williams Capital Group** and **Toussaint Capital Partners** as co-managers.

## DPL Fires Up Revolver To Fund Desulphurization

**Dayton Power and Light Co.** has obtained a \$220 million unsecured revolver to help fund circa \$800 million of flue-gas desulphurization installations at four of its coal-fired plants in Ohio. **Charles Hofmann**, treasury manager of parent DPL in Dayton, says the utility tends to issue long-term debt instead of drawing on revolvers, but given favorable market conditions felt short-term borrowings could support its needs best.

The loan, arranged via **KeyBank**, **JPMorgan Chase** and **Fifth Third Bank**, replaces \$100 million of credit provided by **KeyBank** and **LaSalle Bank**, which would have expired in May 2010. It allows the borrower to write letters of credit up to a sub-limit of \$50 million and to upsize the entire line by \$50 million at any time.

LaSalle was dropped from the lending group because it had no day-to-day banking relationship with DPL, explains Hofmann. "They didn't do any other banking with us, whereas those three have other accounts with us," he says, unable to comment on why LaSalle participated initially.

Facility fees on the new revolver fell to eight basis points from 12.5, while utilization fees decreased to 27 basis points over LIBOR from 35. If the company borrows against more than 50% of its line, the price rises by five basis points, notes Hofmann, adding that the company will try to avoid this. Long-term debt at the utility was \$785.3 million as of Sep. 30.

## Financing Record (NOVEMBER 30-DECEMBER 6)

### Debt

144A	Issued	Issuer	Business Description	Principal (\$M)	Coupon (%)	Type	Maturity	Offered	YTM(%)	Spread	S&P	Moody's	Fitch
	12/4/06	Cleveland Elec Illuminating	Electric utility	300	5.95	Global Notes	12/15/36	99.472	5.988	145	BBB-	Baa3	NR
	12/4/06	Southern California Edison Co	Electric utility	400	5.55	F & Ref Mtg Bds	1/15/37	99.456	5.588	105	BBB+	A2	A+
Yes	12/6/06	Williams Partners LP	Natural gas co	600	7.25	Senior Notes	2/1/17	100	7.25	281	BB-	Ba3	NR

### M&A

Announced	Effective	Target Name	Target Nation	Acquiror Name	Acquiror Nation	Value(\$M)
11/30/06		Allegheny Energy Supply-Gleaso	United States	Tennessee Valley Authority	United States	23
11/30/06		Arkhennergoremont	Russian Fed	Capital-Invest JSC	Russian Fed	4.594
11/30/06	11/30/06	El Paso Marketing LP-Alliance	United States	PPM Energy Inc	United States	188
11/30/06		Guangshui Taojiang Hydropower	China	Guangdong No 2 Hydropower	China	7.794
11/30/06		Kostromaenergoremont	Russian Fed	Capital-Invest JSC	Russian Fed	2.981
11/30/06		Undisclosed Natural Gas Power	United States	Electric Power Dvlp Co Ltd	Japan	112.5
12/1/06		Areva Transmission & Dist SA-	France	Green Recovery SAS	France	
12/1/06		ECK Generating sro	Czech Republic	Aare-Tessin fuer Elektrizitaet	Switzerland	
12/1/06		Energeticke Centrum Kladno A/S	Czech Republic	Aare-Tessin fuer Elektrizitaet	Switzerland	
12/1/06		Machadinho Energetica SA	Brazil	Delta Energetica SA	Brazil	53.955
12/1/06	12/1/06	United Energy A/S-Heating	Czech Republic	MVV Energie AG	Germany	
12/4/06	12/4/06	Enova Corp-Offshore Wind Park	Germany	E ON AG	Germany	
12/4/06		Sichuan Xichang Power	China	Sichuan Electric Power Corp	China	11.538
12/5/06		Erdgas Suedwest GmbH	Germany	Energie Baden-Wuerttemberg AG	Germany	
12/5/06		GSW Gasversorgung Sachsen Ost	Germany	Energie Baden-Wuerttemberg AG	Germany	

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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 Mark DeCambre, managing editor, at (212) 224-3293 or e-mail mdecambre@iinews.com.*

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Alloy Power/West Virginia Alloy	Hawk's Nest Glen Ferris	Fayette, W.Va. Fayette, W.Va.	102 4.6	Hydro Hydro	JPMorgan	Brookfield Power agreed to acquire both facilities. Terms not disclosed. Deal expected to close by year-end 2006.
American Electric Power	Plaquemine Cogeneration Facility	Plaquemine, La.	880	Gas/Steam	N/A	Dow Chemical Co. has completed its purchase.
American Securities Capital Investments (Primary Energy Ventures)	Naval Station North Island NTC Oxnard Kenilworth Greeley Roxboro Southport North Lake (15.4%) Cokenergy (15.4%) Ironsides (15.4%) Portside (15.4%) Harbor Coal (15.4%)	San Diego, Calif. San Diego, Calif. San Diego, Calif. Oxnard, Calif. Kenilworth, N.J. Greeley, Colo. Roxboro, N.C. Southport, N.C. East Chicago, Ind. East Chicago, Ind. East Chicago, Ind. Portage, Ind. East Chicago, Ind.	47 41 25 49 30 82 60 120 75 95 50 64 N/A	Gas Gas natural gas natural gas natural gas natural gas solid fuel fired solid fuel fire waste energy waste energy waste energy natural gas pulverized coal	Lehman Brothers	Epcor Power is acquiring the operation for \$380 million. Deal slated to close in the 4th quarter
Astoria Energy	Astoria Plant	Queens, N.Y.	500	Gas	N/A	The partnership that owns the plant is said to be fielding offers from interested parties.
Atlantic City Electric Co.	B.L. England	Upper Township, N.J.	447	Coal/oil	Concentric Energy Advisors	Rockland Capital Energy Investments offered to buy for \$12.2 million so long as necessary approvals are made by March 31, 2007.
BayCorp Holdings	Benton Falls	Benton, Maine	4.3	Hydro	Concentric Energy Advisors	N/A
Calpine	Dighton Power Plant Fox Energy Center Russell City Energy Center	Dighton, Mass. Kaukauna, Wis. Hayward, Calif.	170 560 600 (proposed)	Gas Gas Gas	N/A N/A N/A	BG North America agreed to acquire for \$90.2 million. Deal approved by the court. GE Energy Financial Services acquired leasehold interest. Calpine receives \$16.3m in cash and eliminates \$352.3m under sale and leaseback with GE. Bankruptcy Court approved the sale of a 35% equity interest to GE Energy Financial Services for \$44 million.
Cargill-led investor group	Granite Ridge	Londonderry, N.H.	720	Gas	Morgan Stanley	Underway
Complete Energy	Batesville	Batesville, Miss.	837	Gas	Dexia	A deal is expected soon.
Constellation Energy	Big Sandy High Desert Holland Energy Rio Nogales University Park Wolf Hills	Wayne County, W.Va. Victorville, Calif. Holland Township, Ill. Seguin, Texas Chicago, Ill. Bristol, Va.	300 830 665 800 300 250	Gas (peaker) Gas Gas Gas Gas (peaker) Gas (peaker)	Credit Suisse	Credit Suisse has launched syndication of a \$1.64 billion acquisition financing to support Tenaska Power Fund's purchase (see story, page 4).

## Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Desert Power L.P.	Desert Power Plant	Rowley, Utah	100	Gas	N/A	MMC Energy signed non-binding letter of intent to acquire for \$3.5 million cash and assumption of \$28.7 million in debt. Facility needs repowering.
Dominion Resources	Armstrong Energy	Elderton, Pa.	600	Gas	Credit Suisse	Second round bidding underway.
	Pleasants Energy	Pleasants, W.Va.	300 (peaker)	Gas		
	Troy Energy	Troy Township, Ohio	600 (peaker)	Gas		
	State Line	Hammond, Ind.	515	Coal		
DPL Inc.	Darby Electric Generating Station	Mount Sterling, Ohio	447	Gas	Pace Global Energy Services	Columbus Southern Power, a unit of American Electric Power, will acquire Darby for \$102 million in cash.
	Greenville Electric Generating Station	Greenville, Ohio	206	Gas	Pace Global Energy Services	
	Montpelier Electric Generating Station	Poneto, Ind.	219	Gas	Pace Global Energy Services	
EBG Holdings	Mystic 7	Everett, Mass.	560	Gas/Oil	Lehman Brothers	Credit Suisse launched a financing package to refinance \$2.1 Billion in debt tied to the plants last Monday (PFR, 12/4).
	Mystic 8	Everett, Mass.	832	Gas		
	Mystic 9	Everett, Mass.	832	Gas		
	Fore River	Weymouth, Mass.	832	Gas/Oil		
El Paso Corp.	Capitol District Energy Center Cogeneration Associates (CDECCA)	Hartford, Conn.	67	Gas	N/A	Maxim Power acquired 100% interest in CDECCA and existing project partner Energy Investors Fund acquired El Paso's 56% interest in Berkshire Power. Terms not disclosed.
	Berkshire Power Co	Agawam, Mass.	243	Gas		
Goldman Sachs	Horizon Wind Energy	Houston, Texas		Wind	N/A	Seller hopes to complete a sale by the year-end.
Invenergy	Hardee Power	Bowling Green, Fla.	370	Gas	Morgan Stanley	Sale effort may be halted.
Lake Road	Lake Road Power Plant	Killingly, Conn.	840	Gas	Credit Suisse	(See story, pg 1)
LEP Holdings	Liberty	Eddystone, Pa.	568	Gas	JPMorgan	Auctioneer JP Morgan is hoping to get around \$400M.
Mirant	Curacao Utilities Co. (25.5%)	Curacao	133	Asphalt/Refinery Gas	JPMorgan	An announcement is expected by year-end.
	Grand Bahama Power Co. (55%)	Grand Bahama Island	151	Oil		
	Jamaica Public Service Co. (80%)	Jamaica	621	Oil/Hydro		
	PowerGen (39%)	Trinidad & Tobago	1.2 GW	Gas	Credit Suisse	An announcement is expected by year-end.
	Sual Generating Plant	Pangasinan, Philippines	1.2GW	Coal		
	Pagbilao Generating Plant	Quezon, Philippines	704	Coal		



## Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Mirant (cont'd)	Apex plant	Las Vegas, Nev.	518	Gas	JP Morgan	Credit Suisse of JPMorgan are prepping staple financing.
	Bosque	Clifton, Texas	537	Gas		
	Shady Hills	Pascoe County, Fla.	469	Gas/Oil		
	Sugar Creek	W. Terre Haute, Ind.	535	Gas		
	Zeeland	Zeeland, Mich.	840	Gas		
	West Georgia	Thomaston, Ga.	605	Gas/Oil		
Progress Ventures	Walton	Walton, Ga.	450	Gas	JP Morgan	First round bids were due last week.
	Monroe Power	Monroe, Ga.	350	Gas		
	Washington County	Washington County, Ga.	600	Gas		
	Effingham County	Effingham County, Ga.	500	Gas		

## Weekly Recap

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

### North America

- **Kelson Energy** has outbid **Aquila** in a U.S. bankruptcy court auction to win **Calpine Corp.**'s 580 MW Aries gas-fired, combined cycle plant in Pleasant Hill, Mo. The Baltimore, Md. power generation company, founded by former treasury officials from **Orion Power**, will acquire the plant for \$233.6 million (*Reuters*, 12/7).
- **Peoples Energy** shareholders have approved the proposed merger with **WPS Resources**. The combined entity will be known as **Integrus Energy Group** after the deal closes in the first quarter (*Reuters*, 12/7).
- **Duke Energy Gas Transmission** plans to expand its natural gas storage facilities in Mississippi, Louisiana and Texas by more than 35 billion cubic feet during the next six years, to meet growing market demand (*Charlotte Business Journal*, 12/7).
- **AGL Resources** expects to spend \$180 million to build a 12 billion cf natural gas storage facility in Beaumont, Texas (*Reuters*, 12/7).
- **LS Power** has signed up the **Missouri Joint Municipal Electric Utility Commission** to a 30-year PPA for 50 MW from its 665 MW Plum Point pulverized coal-fired station in Arkansas. The company expects the plant to enter service in mid 2010 (*Reuters*, 12/6).
- **FirstEnergy's Jersey Central Power & Light** unit has received approval of a rate settlement from New Jersey state utilities regulators. The company can recover \$165.3 million in deferred costs that were incurred in contracts with power suppliers from August 2003 through December 2005 (*Associated Press*, 12/6).
- **Duquesne Light Holdings'** shareholders approved its \$1.6 billion takeover by a private equity consortium led by **Macquarie Infrastructure Partners** and **Diversified Utility and Energy Trusts**. The takeover still requires approval by federal and state regulators (*Associated Press*, 12/6).
- **El Paso's Tennessee Gas Pipeline** unit placed into service two natural gas pipeline extensions in its Northeast ConneXion NY/NJ Expansion project (*Reuters*, 12/4).
- **Progress Energy** plans to build a 130 MW combustion turbine plant in Buncombe County, N.C. The facility is expected to cost \$72 million and be operational by December 2009 (*Triangle Business Journal*, 12/4).
- Texas natural gas transporter and distributor **Atmos Energy** plans to offer 5.5 million common shares and use the net proceeds from the offering to repay debt (*Reuters*, 12/4).
- **Reliant Energy** has put a new retail structure in effect, in which **Merrill Lynch** guarantees Reliant's retail business supply purchases and related transactions, and provides a credit facility for working capital. Reliant is no longer required to post collateral for its retail supply purchases, and expects to get back \$1.8 billion in collateral by the end of the year (*Associated Press*, 12/1).
- **Sandell Asset Management** is threatening **Southern Union** with a proxy fight if the company doesn't start taking actions to increase value. The New York hedge fund, owner of 9.8% of Southern Union's stock, said the company's board has not responded to Sandell's June recommendations to improve its stock price (*Houston Chronicle*, 12/6).

- **PNM Resources** has launched a public offering of 4.5 million common shares and expects to use proceeds to repay a portion of the principal amount outstanding on a bridge loan (*Reuters*, 12/6).
- Canada's **Boralex** plans on buying an 18 MW wood residue-fired power station in Stacyville, Maine, for an undisclosed price (*United Press International*, 12/5).

### Europe

- **Citigroup** plans to start trading wholesale gas and power in Europe by the end of the second quarter next year, and has hired **Paul Mead** from **Barclays Capital** to head a new London-based team of 20-30 gas and power traders (*Reuters*, 12/5).
- Slovenia's **Holding Slovenske Elektrarne** has won a tender for the sale of a thermal heating utility in the Bulgarian port of Ruse. It offered €85.1 million (US\$113 million) for the utility and handily outbid French company **Dalkia International**, which had offered EUR51 million (*Associated Press*, 12/7).
- UK energy regulator **Ofgem** has allowed electricity and gas transmission companies to increase their prices over the next five years to double investment spending on their networks. The extra investment will fund the replacement of aging power lines and gas pipes as well as the connection of new gas and wind farm projects to the national grid (*Financial Times*, 12/5).
- Britain's **United Utilities** plans to sell off its **Vertex** outsourcing unit, to focus on its utilities business. The company did not say how much it expects to sell the unit for, or how it will use proceeds (*Reuters*, 12/5).
- **E.ON** plans on building a 400 MW power plant in Goenyue, Hungary, for €270 million (\$360 million) in order to back up its electricity sales in the region (*AFX*, 12/5) . . . The company also will begin construction at the start of 2007 on Robin Rigg, Britain's largest offshore wind farm. The 180 MW project will cost about €500 million (US\$665.3 million) and consist of 60, 3 MW turbines off the coast of Scotland (*Associated Press*, 12/7).
- **AES** has started full commercial operation of its first power plant in Spain—a \$920 million 1.2 GW project located on the southeastern coast. The gas-fired facility has a 21-year power supply contract with **Gaz de France** (*Associated Press*, 12/5).

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## Canadian Developer Seeks Advisor For C\$6-9B Hydro Project

Newfoundland and Labrador Hydro, a unit of Canada's fourth largest utility **Hydro Group**, is seeking financial advisors to evaluate financing options for a planned C\$6-9 billion (\$5.2-7.8 billion) hydro project. "We'll select one or a combination that will maximize the benefits we can get to make sure we're generating the proper amount of competition and interest," says **Ed Martin**, president of the developer in St. John's, noting that prospects need to have a global reach and experience with a sizeable project.

Investment banks in the U.S. and Europe, as well as advisory firms, chartered accounts and law firms, have been invited to register their interest with cfo **Derrick Sturge** by Dec. 21 in response to an RFP launched last month. An advisor will be appointed in January or February next year, but that party will not be eligible to act as underwriter, arranger or agent in the financing.

Lower Churchill hydro project in Goose Bay, Labrador. The 2.8 GW unit will be located downstream from its existing 5,428 MW Upper Churchill unit—the eighth largest hydro facility in the world.

The province of Newfoundland and Labrador will own 100%

of Lower Churchill and inject up to C\$3 billion of equity into the project, generated from revenues in its offshore oil and gas platforms, says Martin. The remaining 70-80% of the financing will be comprised of commercial loans supported by federal loan guarantees, terms of which are still being arranged.

Some power will be sold under 20-30 year agreements, some under three- to eight-years contracts, and a portion will be available in the daily spot market, says Martin. Power from Upper Churchill is contracted under a PPA with **Hydro-Québec** that expires in 2041.

## BUYERS QUEUE

(continued from page 1)

Final offers were submitted last Tuesday and observers suggest pricing for the asset, on which auctioneer **Credit Suisse** is providing a \$450-475 million staple financing package, might be approaching \$750-800 per kW—that translates to around \$585-600 million for the plant. An announcement is anticipated in short order.

Officials at the firms either declined to comment or did not return calls for comment. Executives at Credit Suisse did not return a call.

Although the facility does not carry long-term PPAs, Lake

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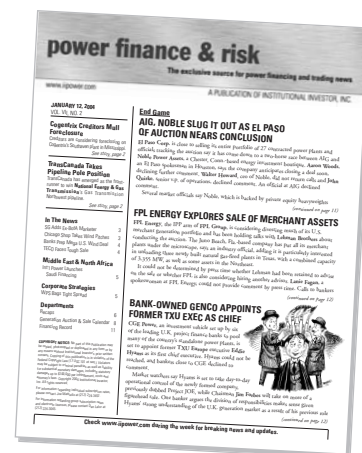
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Road is coveted because the environment for IPP owners has improved in ISO New England. Recent regulatory rulings encourage new development and promise independent producers they will be paid for providing much-needed capacity. The plant is also eligible for reliability-must-run contracts, which could also provide stable revenue.

The loan package offered by Credit Suisse is expected to take the form of two-lien financing that will support prospective buyer's investment in the facility, which was placed on the auction block by private-equity and hedge fund owners affiliated with **Cargill, Bear Stearns and Merrill Lynch**.

Officials at the owners declined comment or did not return calls. —*M.D.*

## LS POWER

(continued from page 1)

cost of construction of the facility.

**Merrill Lynch, Credit Suisse and Goldman Sachs** led the original debt package for the company (PFR, 3/20). Calls to the banks and **WestLB**, which acted as a co-manager on the existing debt, were not returned.

The financing was structured as a first lien, \$423 million, eight-year term loan, a \$102 million, eight-year synthetic letter of credit facility and a \$50 million, six-year revolving credit facility. A \$175 million, eight and a half-year second-lien term loan rounds out the second lien. LS Power also increased its equity by about \$20 million, which brought its equity investment to \$225 million.

Pricing was set in the LIBOR plus 325 basis point-range. Both **Standard & Poor's** and **Moody's Investors Service** rated the debt B and B1, respectively.

—*Peter Thompson & M.D.*

## KGEN PLOTS

(continued from page 1)

**Ramsey** to handle the 144A offering, according to sources who have spoken to officials at both firms. Calls to executives at FBR were not returned.

KGen acquired the 5,325 MW of combined- and simple-cycle gas-fired assets from **Duke Energy North America** in a **Credit Suisse**-led auction two years ago for about \$100 per kW and believes that this offering provides the best exit strategy. The firm had also weighed an outright sale of the portfolio, but believes institutional investors might be more inclined to take stakes in the plants.

Exactly how much the private offering represents of the entire fleet could not be determined. Expectations are that KGen via FBR, which has been on a road show marketing the placement,

will launch sometime this week. The structure of the deal also could not be learned. "I am not in a position to comment right now", says **Jim Sweeney**, senior v.p. of energy management at KGen in Houston.

KGen's portfolio includes, the 1,244 MW **Murray Energy** in Dalton, Ga., a 620 MW unit in Hot Spring County, Ark., a 520 MW unit in Hinds County, Miss., the 640 MW **Enterprise** facility in Clarke County, Miss., 640 MW **Sandersville** in Washington County, Ga., a 640 MW unit in Southaven, Miss., and the 385 MW **New Albany** facility in Union County, Miss. **Cinergy Solutions**-operates the facilities.

A further facility, the 680 MW **Marshall Energy** in Calvert City, Ky., is being sold to the **Tennessee Valley Authority**, which owns the neighboring 161 kV substation. TVA hopes to complete the transaction this quarter.

—*Katy Burne & Mark DeCambre*

## KY. MIDSTREAM

(continued from page 1)

which already inked a deal to transport gas in the 355-mile pipeline, takes its option of a 49% equity stake. "Producers are driving these projects now more than the end user," says **Buskill**. **Enterprise** officials were not made available for comment.

This project is justified by high natural gas prices and underserved sources, such as the **Barnett Shale** in north Texas, which **Enterprise** will connect to the **Gulf Crossing** pipeline via its own \$400 million, 178-mile **Sherman Extension** pipeline, **Buskill** says. More lines coming out of the Shale and other new areas will allow producers to sell at more market-based rates.

**Boardwalk** expects **Gulf Crossing** to be online by the fourth quarter 2008. —*Ben Miller*

## Quote Of The Week

*"It's the worst of both worlds: the equity market sees them as dilutive and the rating agencies see debt. We have \$275 million in capital that we're getting hit for twice."* —**Dan Hannon**, senior v.p. of finance at **Reliant Energy** (see story, page 4).

## One Year Ago In Power Finance & Risk

**CMS Energy's** proposed sale of its 798 MW **Palisades** nuclear power plant near South Haven, Mich. drew interest from **Entergy, Dominion Resources, Constellation Energy, FPL Group** and **Exelon**. [Entergy agreed to buy the plant for \$380 million in July (PFR, 7/17). The deal is expected to close first quarter of 2007.]