

power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

DECEMBER 15, 2003

VOL. VI, NO. 50

Web Exclusives

Enron will auction \$30 million of notes tied to **Goldman Sachs'** 940 MW Linden facility in Linden, N.J., this week

Atlantic City Electric, a Wilmington, Del.-based utility, is set to issue a \$150 million bond offering this week.

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

FPL Looks To Place More Wind Paper

FPL Energy plans to tap bond investors with a new wind-asset backed deal.

See story, page 3

At Press Time

Irish Developer Retains PF Banks 2
Exelon Hires Lehman Banker 2

In the News

CDC Marches On Bolivian Asset 3
CAI/CL Name Power Chiefs 3
Helaba Bids Auf Weidersehn 4

Corporate Strategies

CMS Goes Hybrid 6

Departments

Recaps 6
Generation Auction & Sale Calendar 8
Financing Record 11

COPYRIGHT NOTICE: No part of this publication may be copied, photocopied or duplicated in any form or by any means without Institutional Investor's prior written consent. Copying of this publication is in violation of the Federal Copyright Law (17 USC 101 et seq.). Violators may be subject to criminal penalties as well as liability for substantial monetary damages, including statutory damages up to \$100,000 per infringement, costs and attorney's fees. Copyright 2003 Institutional Investor, Inc. All rights reserved.

For information regarding individual subscription rates, please contact Joe Mattiello at (212) 224-3457.

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

GE FLIPS 85% STAKE IN MIDWEST TRANSMISSION NETWORK

GE Structured Finance has sold its 85% stake in **Michigan Electric Transmission Co.** (METC) barely 18 months after taking majority ownership of the \$290 million high-voltage wires network. The stake was sold for an undisclosed price to a **Macquarie Securities'** managed fund, New York-based private equity fund **Evercore Capital Partners** and a third unnamed fund, says **Chris Leslie**, division director at Macquarie.

A GE spokesman confirmed the sale and, citing confidentiality arrangements, declined further comment. Calls to **Alex Urquhart**, managing director in GE's Global Energy unit in Stamford, Conn., were not returned.

The remaining 15% stake in METC is held by **Trans-Elect**, the general partner and

(continued on page 12)

EX-ENRON HONCHO, ARCLIGHT, SEEN LANDING DUKE INT'L FRENCH PLANT

A joint venture between former Enron Vice Chairman **Joe Sutton** and **ArcLight Capital Partners** reportedly is set to announce its entrance into the European generation market within the next two weeks with the acquisition of a **Duke Energy International (DEI)** power plant in France. The sale could fetch DEI some EUR70 million (\$85 million), representing a roughly 15% loss on its 15-month investment, but more positively for Duke's shareholders, the divestiture also will draw a line under the company's costly five-year foray into Europe, says one financier. **Peter Wilt**, executive v.p. and head of Duke's European operations, declined comment. Calls to ArcLight were not returned and Sutton could not be reached.

Market watchers say Sutton's Houston-based investment vehicle, **Sutton Ventures**, and

(continued on page 12)

EME RETAINS LEHMAN, CSFB TO DIVEST INT'L BIZ

Edison Mission Energy has retained **Lehman Brothers** and **Credit Suisse First Boston** to divest its international generation portfolio. Officials close to the matter say Irvine, Calif.-based EME retained the two Wall Street heavy hitters earlier this month and is working alongside them to devise a sale strategy. An auction process is likely to be commenced

early in the new year, says one official.

Bankers at CSFB and Lehman declined to comment and calls to EME were not returned.

EME's generation portfolio comprises stakes in some 40-odd power plants and small wind farms, mostly in the U.K., Italy, Spain, Australia and New Zealand with roughly 7 GW of net generating

(continued on page 12)



Dinorwig: The Jewel In The Crown

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



At Press Time Exelon Beefs Up M&A Team With Lehman Hire

Stephan Segouin, executive v.p. in Lehman Brothers' power group, has left the Wall Street firm to join Exelon's mergers and acquisitions team in Chicago. He joins the utility giant today and reports to **Sharon Hillman**, director of corporate development.

Donald Kirschhoffner, a spokesman at Exelon, confirmed that Segouin is joining Exelon, but declined further comment. Segouin did not return calls and **Jim Primrose**, managing director at Lehman, declined to comment.

While at Lehman, Segouin headed up the bank's effort to sell Exelon's equity interest in its 3,400 MW New England portfolio (PFR, 8/14). That portfolio has not yet sold, in large part because the plants are deeply in debt, say market watchers.

Exelon also is looking to increase its utility operations through acquisitions, say market watchers. Last month, the Chicago-based energy giant rejected a deal to buy **Dynegy** subsidiary **Illinois Power**.

Segouin, who previously worked at **Goldman Sachs**, also advised on AES's sale of **Cilcorp** to St. Louis-based **Ameren** for \$1.4 billion in 2001. It was while working on this deal that Segouin first met Hillman, who worked for AES at the time.

Mountside Retains Project Finance Banks

Mountside Properties, the little-known venture behind the 400 MW Tynagh Energy project in County Galway, has reportedly retained the project finance units of **KBC Bank** and **Royal Bank of Scotland** to advise on financing one of the Republic of Ireland's two latest independent power projects. Repeated calls to financiers at both firms were not returned and Mountside could not be reached.

Notwithstanding the backing of two heavyweight project finance shops, some lenders and rival IPP developers say doubts linger over whether the Mountside deal will reach fruition. They argue Mountside's lack of experience developing IPPs could discourage both Ireland's Commission for Energy Regulation (CER) and financiers from ultimately backing the deal.

The CER named Mountside and Limerick-based **Aughinish Alumina** as preferred bidders late last month for two 400 MW and 150 MW long-term energy contracts, respectively (PFR, 12/8). Both parties must submit final terms, including financial guarantees that they can complete their projects, on Dec. 17.

Mountside Properties was established by **Martin Blake**, an Irish cattle farmer and owner of beef processing company **Honeyclover**. Tynagh Energy is a joint venture between Mountside, Turkish contractor **Gamma Construction** and **Investec Bank**.

Separately, Aughinish's parent **Glencore** is likely to finance the development of its 150 MW IPP in Limerick on its balance sheet, at least initially, says an official familiar with its plans.

power finance & risk

The exclusive source for power financing and trading news

EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

VICTOR KREMER
Executive Editor [London]
(44 20) 7303-1748

WILL AINGER
Managing Editor [London]
(44 20) 7303-1735

PETER THOMPSON
Senior Reporter [Chicago]
(773) 525-6978

NINA SOVICH
Associate Reporter [New York]
(212) 224-3226

ARADHNA DAYAL
Hong Kong Bureau Chief
(852) 2912-8009

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

ROCHELLE BRETON
Editorial Assistant

JANA BRENNING, KIERON BLACK
Sketch Artists

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

**MICHELLE TOM, ILIJA MILADINOV,
MELISSA ENSMINGER**
Associates

JENNY LO
Senior Web Production Designer

TIMOTHY O'SHAUGHNESSY
Web Production Designer

MARIA JODICE
Advertising Production Manager
(212) 224-3267

ADVERTISING

MIKE McCAFFERY
Publisher, Director of Advertising Sales
(212) 224-3534
mmccaffery@iineus.com

NAZNEEN KANGA
Publisher
(212) 224-3005
nkanga@iineus.com

**PAT BERTUCCI, MAGGIE DIAZ,
KRISTIN HEBERT, TAMARA WARD**
Associate Publishers

JENNIFER FIGUEROA
Media Kits
(212) 224-3895

PUBLISHING

GUY A. CROSSLEY
Group Publisher

ELAYNE GLICK
Director of Marketing & Circulation
(212) 224-3069

STACEY FINK
Marketing Manager (212) 224-3099

MEREDITH SHELLEY
Renewals Manager (212) 224-3096

INDIVIDUAL SUBSCRIPTIONS

One year - \$2,495 (in Canada add \$30 postage, others outside U.S. add \$75).

JOE MATTIELLO
Director of Sales (212) 224-3457

KEN LERNER
Account Executive [New York]
(212) 224-3043

JOVITA WALKER
Account Executive [New York]
(212) 224-3824

THOMAS GANNAGE-STEWART
Account Executive [London]
(44-20) 7779-8998

ADI HELLER
Account Executive [Hong Kong]
(852) 2842-6929

GROUP SUBSCRIPTIONS/ ELECTRONIC LICENSES

GEORGE WITTMAN
Client Development Manager
(212) 224-3019

REPRINTS

AJANI MALIK
Reprint Manager (212) 224-3205
amalik@iinvestor.net

CORPORATE

CHRISTOPHER BROWN
Chief Executive Officer

DAVID E. ANTIN
Director of Finance and Operations

ROBERT TONCHUK
Fulfillment Director

Customer Service: PO Box 5016,
Brentwood, TN 37024-5016.
Tel: 1-800-715-9195. Fax: 1-615-377-0525
UK: 44 20 7779 8704
Hong Kong: 852 2842 6950
E-mail: customerservice@iineus.com

Editorial Offices: Nestor House,
Playhouse Yard, London, EC4V 5EX,
England. Tel: (44 20) 7303-1735
Email: wainger@euromoneyplc.com

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

Power Finance & Risk ©2003
Institutional Investor, Inc.

**Copying prohibited without the
permission of the Publisher.**

**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Dutch Regulator Takes Knife To Nuon Deal

Dutch anti-trust regulators have required local utility Nuon to auction capacity rights to a quarter of the 3,500 MW generation portfolio it's buying from **Reliant Energy Europe**. The decision, which paved the way for the sale to occur last week after a 10-month regulatory review, leaves Nuon's three million customer electricity supply business roughly 40% short its generation requirements, says spokesman **Bart Sikking**. He notes that even without the Netherlands Competition Authority's ruling, Nuon would have needed to acquire excess capacity in the wholesale power market.

As part of the ruling Nuon will hold a 900 MW five-year capacity auction every five years starting in 2005, says Sikking.

U.K. Investor Eyes NRG Asset

London-based **CDC Globeleq** is looking to increase its stake in South American generation and is looking to acquire **NRG Energy's** 220 MW COBEE plant in Bolivia that has been on the block for over a year, according to market watchers. It is also interested in investing in Peru and Chile, they add.

Former Peruvian Finance Minister **Pedro Pablo Kuczynski**, who has reportedly set up a fund to buy distressed power plants in South America, is also thought to be prepping a bid for COBEE, say the market watchers. **Stephen Morisseau**, a spokesman at Globeleq in Houston, did not return calls and Kuczynski could not be reached for comment.

Globeleq, part of the former **Commonwealth Development Corp.**, was set up by the U.K. government to buy generation assets across the emerging markets (PFR, 4/7). In 2002 it teamed up with New York-based **Scudder Latin American Power Fund** to buy **Entergy's** stake in three plants in Argentina, Chile and Peru for \$135 million.

Banks Round Out Spanish Deal

Senior creditors to AES' 1.2 GW Cartagena power project in southeast Spain will close general syndication early this week with the addition of EUR160 million of junior tier commitments. Nine banks from Spain, Portugal, Germany and France have joined an 11 bank senior lending group that comprised **ABN AMRO**, **CIC**, **Crédit Agricole Indosuez**, **Société Générale**, **ANZ**, **BBVA**, **ING**, **Instituto de Credito**, **WestLB**, **Citibank** and **Emporiki Bank**, says an official close to the deal.

The lead banks launched general syndication in early October (PFR, 10/13) and at the time were looking to sell down at least EUR40 million of the EUR659 million non recourse deal. AES's improving financial health and the

decision of triple-A rated **Gaz de France** to acquire a stake in the plant, helped fuel strong demand during retail syndication.

French Combo Appoints Power Chiefs

The soon-to-be-merged **Crédit Agricole Indosuez/Credit Lyonnais** combo has appointed CAI's Paris-based **Alexandra Boleflawski** and **Marc Besson** as global head of power project finance and global head of energy, respectively.

The appointments are the latest internal announcements on who will be taking the reins at the new French banking giant. In late October CL's **Michel Anastassiades** was appointed global head of project finance (PFR, 11/2), a move that led to the departure of CAI's former PF chief **Paul Chivers**. The new appointments are unlikely to lead to any imminent departures, says a CAI official, adding no decision has been made on who will head the merged bank's European and U.S. project finance, operations.

Boleflawski will report to Anastassiades, while Besson, who will take responsibility for oil, gas and utility corporate finance reports to **Marc Tabouis**, global head of structured finance.

FPL Extends Wind Farm Leverage

Juno Beach, Fla.-based **FPL Energy** is looking to privately place \$125 million of senior secured amortizing bonds tied to a wind farm portfolio. The sub-investment grade paper follows on from a much sought after \$380 million issue this summer of investment-grade project bonds tied to the same portfolio. The new offering essentially allows the wind farm portfolio to be further leveraged, says one market official. Calls to **Steve Schauer**, director of structured finance at FPL, were not returned.

One market official says **Credit Suisse First Boston**, which led the summer deal (PFR, 7/28), is also marketing the new 144a offering. The earlier deal was seen as a watershed transaction for many financiers as it was the first project bond to be backed by a portfolio of U.S. wind farms. Speaking to *PFR* in the wake of the deal, Schauer noted 33 investors, most of whom were new to the wind sector, signed up for the paper. **Pen Pendleton**, spokesman at CSFB, was unable to provide comment by press time.

The bonds are being issued by **FPL Energy Wind Funding** and have been ascribed a BB minus rating by **Standard & Poor's**.

FPL Energy Wind Funding will repay debt via cash distributions from **FPL Energy American Wind**, the issuer of the earlier \$380 million bond deal. FPL Energy American Wind has a portfolio of seven U.S. wind projects that earn revenues from long-term offtake contracts with utilities and from the monetized value of federal renewable energy production tax credits.

Calpine Deal Set For Closing ...

Calpine is close to landing a \$250 million loan to refinance a 601 MW plant in Colorado, with the lead underwriters currently pushing the deal through their credit committees. One banker says the group will have a similar flavor to the five-bank team that led Calpine's recently closed Riverside Energy Center deal in Wisconsin (PFR, 10/27). He declined to give a definitive list, but the Riverside deal was led by **Bayerische Landesbank**, **Credit Lyonnais**, **HypoVereinsbank**, **CoBank** and **NordLB**.

Precise terms for the Colorado deal, which is known as the Rocky Mountain Energy Center, could not be ascertained. However, one banker says the terms will likely track Riverside closely. Riverside was priced at a spread of 250 basis points over LIBOR during construction before converting into a three-year term facility with pricing of LIBOR plus 275 basis points. Equity was paid up front and the structure had a 63/37 debt-to-equity ratio.

Rocky Mountain, located near Hudson, is due on line next June and has a 10-year base-load contract in place with **Public Service Co. of Colorado**.

... As Another Colorado Deal Draws Support

Sponsors **Shell WindEnergy** and **PPM Energy** have wrapped syndication of a \$125 million project loan for a wind farm in Colorado with six banks signing up. Joining leads **ANZ Investment Bank** and **Rabobank** are **KBC Bank**, **Natexis Banques Populaires**, **Dexia Crédit Local**, **Bank of Scotland**, **HypoVereinsbank** and **BNP Paribas**. **ANZ** and **Rabobank** each took \$17 million allocations with the rest of the roster taking \$15-16 million tickets, according to bankers.

Given the deal's relatively small size, the syndication was on a first-come-first-served basis and the six banks were the first to get their commitments in, notes one financier. The non-recourse loan funds construction of the 162 MW Colorado Green wind farm near Lamar, Colo. (PFR, 11/3).

The project is very close to completion and should comfortably be in operation ahead of the expiry of production tax credits at year-end.

The debt-to-equity ratio on the project is 60/40, but one banker says that leverage may decline as construction looks likely to come in below budget. The loan is priced at LIBOR plus 125 basis points during construction, flips to a 175 basis point spread in year one and then edges up in increments over the life of the loan to LIBOR plus 212.5 basis points at maturity in year 14.

Helaba Shuttles NY Power Project Biz

Helaba has closed down its U.S. power project finance business unit in New York and in the process has parted company with well-regarded industry veteran **Didi Lacher**, senior v.p. and head of the group. The German landesbank recently made the formal decision to withdraw from the sector, says Lacher, who left the bank last week. "I intend to have the most relaxed holiday season in recent memory," says Lacher of her immediate plans. **John Gregory**, v.p. on the new business side, also has left the firm.

Industry officials say Helaba has for some time been an active mid-tier player in power project finance, particularly since Lacher joined seven years ago from **Sanwa Bank** with a remit to build up the business. However, one observer says since the demise of **Enron**, senior management in Germany has increasingly taken the view that the U.S. power sector is too risky. As a result, a power portfolio that was once \$2 billion in size has been allowed to fall to under \$1 billion, principally because debt repayments were not deployed to new deals.

The bank is keeping a portfolio management team in place to run the remaining deals on the book. **David Leech**, v.p., will continue to head up that team, he confirms, declining to comment further.

Macquarie Teams With RBS To Provide Energy Risk Management

Macquarie Bank has teamed up with **Royal Bank of Scotland** to offer global commodity risk management services to the latter's client base. The agreement covers oil and oil products, natural gas, precious and base metals and agricultural products, according to a Macquarie spokeswoman in London. The partnership is in its early stages, she add, declining further comment. **Simon Grenfell**, head of the energy markets group at Macquarie in London, declined comment. Calls to RBS bankers were not returned.

An RBS spokesman says the partnership has already pulled the trigger on some transactions, declining to reveal details. He adds that electricity hedging may be added to the mix at a later date.

According to Macquarie Bank's 2003 annual review, the firm's agricultural commodities division "provides risk management solutions to the agricultural industry globally, its core business being the provision of tailored, over-the-counter hedging transactions." The review also notes that Macquarie's energy trading division started operations this year in London providing risk management services to oil industry players. "While this is a start-up business with little income contribution, the transaction growth is encouraging with profitability expected in the near term," the review continues.

Corporate Strategies

CMS Issues Hybrid Notes To Pay Down Debt

Jackson, Mich.-based **CMS Energy** privately placed \$200 million in convertible preferred stock last week and intends to use the proceeds to pay down debt, says **Karen Anderson**, an analyst at **Fitch Ratings**. The 144a private placement was underwritten by **Merrill Lynch** and **Citibank**, and the initial purchasers of the preferred stock were given the option to purchase an additional \$30 million for 30 days following the offering. The hybrid securities were sold with a fixed dividend of around 4%, say market watchers. Officials at CMS declined to comment, noting it was a private transaction.

Dot Matthews, fixed-income analyst at New York-based **CreditSights**, says the Midwest utility is wise to reduce debt with the offering. "Management probably wanted to take advantage of a healthy stock market while it was still hot."

Fitch's Anderson says the issuance was part of an ongoing attempt at CMS to pay down debt through the capital markets and via asset sales. "CMS may issue more equity in 2005 to improve its equity-to-debt ratio even more," she says, adding that Fitch has a stable outlook on CMS. Although CMS did not publish details of the conversion price on the preferred notes, it's low enough for the rating

agencies to record the new capital as equity rather than debt, says one official.

Virginian Utility Retires Debt

Virginia Electric and Power, a subsidiary of Richmond, Va.-based **Dominion**, issued \$200 million in 20-year convertible debt last week to pay down existing bonds issued at a higher interest rate. Dominion Treasurer **Scott Hetzer** says the bonds were issued with a 2.12% coupon and will replace debt securities that Dominion redeemed on Nov. 14.

The senior unsecured bonds will be convertible once Dominion's common stock hits a price of \$88.32 or certain other conditions are met, says Hetzer. Dominion also has the right to call the securities at par, after Dec. 20, 2006 at which point bond holders may convert the bonds into stock.

Hetzer explains that Dominion called \$289 million in similar bonds in November and plans to enter the markets shortly in order to raise a further \$89 million to cover the shortfall. He declined to comment on the type of securities it will offer. He adds Dominion employed **Credit Suisse First Boston** and **Deutsche Bank** to lead the convertible deal because they are adept at placing this sort of hybrid instrument. "We deal with a lot of banks that are supportive of the company and it's their capital support and capabilities we seek out," he says.

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

- **Tohoku Electric Power Co.** has begun construction of a gas-fired power plant in Kazakhstan that is designed to help reduce greenhouse-gas emissions in line with the Kyoto Protocol. The power company was entrusted with the project by the **New Energy and Industrial Technology Development Organization (NEDO)**, an affiliate of Japan's Ministry of Economy, Trade and Industry. NEDO is to invest some \$275 million in the project (*Kyodo News International*, 11/9).
- **China Power Investment Group**, one of the nation's five largest power companies, plans to issue some \$360 million of 15-year bonds in the Chinese debt market to fund the construction of four hydropower stations. It is the first time a power company has looked to raise money on the Chinese bond market this year (*China Daily*, 12/10).

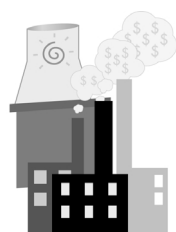
Europe & Middle East

- **International Power's** attempt to take control of Drax, the U.K.'s largest power station, has failed after creditors decided against taking up its offer because of a rise in wholesale electricity prices in recent months (*Financial Times*, 12/11).
- **Wingas**, Germany's fifth largest gas supplier has formed a joint venture with Norway's **Norsk Hydro**, dubbed **Hyrdowningas**, to trade the U.K. gas market (*Financial Times*, 12/11).

U.S. & Canada

- **NRG Energy** has emerged from Chapter 11 bankruptcy protection. Under a reorganization plan, the company said it would issue 100 million shares of common stock. Creditors will receive a combination of cash, common stock and \$500 million of newly-issued corporate notes (*Reuters*, 12/5).

- State energy regulators are threatening to block **Pacific Gas and Electric's** preferred plan for exiting bankruptcy, hoping to force the utility to pursue an alternate route that would lower the multibillion dollar bailout bill facing customers. Three of the five members on the California Public Utilities Commission's board outlined their objections to PG&E's proposed reorganization plan in documents filed (*Associated Press*, 12/5).
- Energy holding company **Ameren** is in exclusive negotiations to buy **Dynegy's** regulated energy delivery business **Illinois Power**, a Midwest utility serving 590,000 electricity and 415,000 gas customers in Illinois (*Reuters*, 12/5).
- **Reliant Resources** isn't likely to exercise its option to buy a majority stake in the Texas power generation subsidiary of **CenterPoint Energy**. Reliant has an option, exercisable between Jan. 10 and Jan. 24, to purchase CenterPoint's 81% stake in **Texas Genco**. **Joel Staff**, Reliant chairman and ceo, says as the company makes a decision, it is weighing its power supply needs for its Texas retail electric business, the cost of the deal and impact on earnings. He notes that Genco would add substantial volatility to Reliant's earnings and it already has supply contracts to cover some two-thirds of next year's projected needs for its retail unit (*Houston Chronicle*, 12/6).
- A San Diego judge approved the \$1.55 billion settlement between **El Paso Corp.** and California on charges of market manipulation. The settlement resolves complaints that El Paso withheld capacity on a natural-gas pipeline into California, causing gas and power prices to rise during the state's 2000/01 energy crisis. The **Federal Energy Regulatory Commission** approved the settlement in mid-November and the final hurdle is approval by a U.S. District Court in San Diego. That approval is being sought before year-end. El Paso admits no wrongdoing in the settlement (*Dow Jones*, 12/6).
- Federal prosecutors are accusing two ex-**Westar Energy** executives with looting the Kansas utility to finance lavish personal spending. Ex-ceo **David Wittig** and former chief strategic officer **Douglas Lake** each face 40 counts in the federal indictment. The indictment charged that Wittig plundered millions of dollars to renovate his Topeka mansion and to buy a Ferrari. The defendants are scheduled to appear Dec. 30 in U.S. District Court in Kansas City, Kan. (*Associated Press*, 12/5).
- The **Michigan Public Service Commission** ordered local investor-owned utilities to file reports by April 1 detailing their tree trimming practices, citing tree-related problems that preceded the Aug. 14 blackout. The blackout started in the northern Ohio-based territory of **FirstEnergy Corp.** and harshly affected Michigan, knocking out power to Detroit and surrounding areas served by **DTE Energy** (*Dow Jones*, 12/9).
- **Conjunction LLC** plans to auction 400 MW of high-voltage transmission on its proposed Empire Connection project in New York State. The auction will determine how much interest there is in the proposed \$750 million transmission project, and how much the bidders would be willing to pay to buy transmission space on the lines. Conjunction is selling 16 blocks of 25 MW each, representing the 400 MW of the first circuit, which is expected to enter service by the summer of 2006 (*Reuters*, 12/10).
- The former chief risk officer of **El Paso Corp.**, **Robert Anderson**, who left the Houston-based energy company in June amid a shareholder battle for control of its board of directors, has created a non-profit company called **The Energy Data Hub** to collect pricing information from trading companies and sell aggregated data back to them, in addition to regulators and index developers (*Reuters*, 12/10).
- Nevada will ask a federal appeals court next month to block the U.S. government from burying the nation's deadliest nuclear waste in the desert state (*USA Today*, 12/10).
- **Enron** creditors have asked a U.S. bankruptcy judge to freeze nearly \$4 million in fees sought by law firm **Andrews Kurth** for work it performed for the bankrupt company last year. The creditors intend to sue Andrews Kurth for more than the \$5 million worth of legal work the firm did for Enron in 2001 before the company filed for bankruptcy. Until the pending litigation is settled, the creditors say, the payments due the law firm for post-bankruptcy work should be held by the court to equal the law firm's potential liability (*Houston Chronicle*, 12/10).
- **Reliant Resources** completed the sale of its Dutch power-generation business to **Nuon**, the Dutch energy and water company, for \$1.3 billion. The deal, announced in February, will leave Reliant with proceeds of about \$615 million, after repayment of the business' debt. Approximately \$360 million of the proceeds will go into a restricted escrow account established under its credit agreements and the balance will go directly to repay bank debt (*Dow Jones*, 12/10).



Generation Auction & Sale Calendar

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	Citi	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal	Citi	
	El Bajio	Mexico	600 (50%)	Gas	WestLB	Seeking non-binding bids by end of October.
	Mulberry	Fla.	120 (45%)	Gas	CSFB	
	Orange	Fla.	103 (50%)	Gas		
	Brush II	Colo.	68 (50%)	Gas		
	Thermo Cogen	Colo.	272 (50%)	Gas		
American Electric Power	Barney M. Davis	Texas	697	Gas/oil	CSFB	Launched sale process in June as part of deregulation of Texas market.
	E.S. Joslin	Texas	254	Gas/oil		
	J.L. Bates	Texas	182	Gas/oil		
	Laredo	Texas	178	Gas/oil		
	Lon C. Hill	Texas	559	Gas/oil		
	Victoria	Texas	491	Gas/oil		
	La Palma	Texas	255	Gas/oil		
	Nueces Bay	Texas	559	Gas/oil		
	Coletto Creek	Texas	632	Coal		
	Oklunion	Texas	54 (7.8%)	Coal		
	Eagle Pass	Texas	6	Hydro		
	South Texas	Texas	630 (25%)	Nuclear		
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant Resources has option to purchase portfolio in early 2004
CMS Energy	Ensenada	Argentina	128	Gas-fired	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas-fired	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydroelectric	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Seperate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Dynergy	Oyster Creek	Texas	424 (50%)	Gas	N/A	Ongoing
	Hartwell	Ga.	300 (50%)	Gas		
	Michigan Power	Mich.	123 (50%)	Gas		
	Commonwealth	Va.	340 (50%)	Gas		
Duke Energy North America	Lee Energy	Ill.	640	Gas	J.P. Morgan	
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
Edison Mission Energy	Derwent	U.K.	214 (33%)	Gas	CSFB/Lehman	Looking to launch asset sale early in 2004.
	Dinorwig	U.K.	1,728	Pumped-storage		
	Ffestiniog	U.K.	360	Pumped-storage		
	ISAB Energy	Italy	512 (50%)	Waste		
	ICPV4	Italy	312 (50%)	Wind		
	Spanish Hydro	Spain	86	Hydro		
	Doga Energy	Turkey	180 (80%)	Gas		
	CBK	Philippines	728 (50%)	Pumped-storage		
	Clyde	N.Z.	432 (51%)	Hydro		
	Kwinana	Australia	116 (70%)	Gas		
	Loy Yang B	Australia	1,000	Gas		
	New Plymouth	N.Z.	464 (51%)	Gas		
	Oakey	Australia	300 (12%)	Gas		
	Ohaaki	N.Z.	104 (51%)	Gas		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Edison Mission Energy	Otahuhu A	N.Z.	45 (51%)	Gas	CSFB/Lehman	Looking to launch asset sale early in 2004
	Otahuhu B	N.Z.	372 (51%)	Gas		
	Poihipi	N.Z.	55 (51%)	Steam		
	Roxburgh	N.Z.	320 (51%)	Hydro		
	Te Rapa	N.Z.	45 (51%)	Gas		
	Valley Power	Australia	300 (60%)	Gas		
	Wairekei	N.Z.	165 (51%)	Steam		
	Paiton	Indonesia	"1,230 (40%)"	Coal		
El Paso North America (Merchant assets)	Tri Energy	Thailand	700 (25%)	Gas	Citigroup	Final bids due.
	Barstrop	Texas	543 (50%)	Gas		
	Bayonne	N.J.	171	Gas		
	Camden	N.J.	150	Gas		
	CDECCA	Conn.	58	Gas		
	Fulton	N.Y.	45	Gas		
	Newark Bay	N.J.	123	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Ace	Calif.	100 (48%)	Coal	Banc of America	Launched sale in June.
	Mt Poso	Calif.	50 (16%)	Coal		
	NCA 1	Nev.	86 (50%)	Gas		
	Front Range	Colo.	480 (50%)	Gas		
	Badger Creek*	Calif.	46 (26%)	Gas		
	Bear Mt*	Calif.	45 (51%)	Gas		
	Chalk Cliff*	Calif.	45 (51%)	Gas		
	Corona*	Calif.	50 (20%)	Gas		
	Crockett*	Calif.	240 (5%)	Gas		
	Double C*	Calif.	46 (26%)	Gas		
	High Sierra*	Calif.	46 (26%)	Gas		
	Kern Front*	Calif.	46 (26%)	Gas		
	Live Oak*	Calif.	45 (51%)	Gas		
	McKittrick*	Calif.	45 (51%)	Gas		
	Cambria	Penn.	85	Coal		
	Colver	Penn.	100 (28%)	Coal		
	Gilberton	Penn.	80 (10%)	Coal		
	Panther Creek	Penn.	82 (50%)	Coal		
	Dartmouth	Mass	68	Gas		
	MassPower	Mass	252 (50%)	Gas		
	Midland Cogen	Miss.	1,500 (44%)	Gas		
	Prime	N.J.	66 (50%)	Gas		
	Mid-Georgia	Ga.	300 (50%)	Gas		
	Mulberry	Fla.	115 (46%)	Gas		
	Orange	Fla.	96 (50%)	Gas		
	Orlando	Fla.	114 (50%)	Gas		
	Vandola	Fla.	680 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan/Concentric	Has agreed sale to Constellation Energy.
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	Launched sale in September.
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
Ernst & Young Corporate Finance (representing secured creditors)	Independence	Ark.	842 (15%)	Coal	E&Y	Exploring sale
	Bear Swamp	Mass.	599	Hydro		
Exelon	Mystic 8	Mass.	800	Gas	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 9	Mass.	800	Gas		
	Fore River	Mass.	800	Gas		
Fife Power	Fife	U.K.	115	Coal	KPMG (Administrator)	El Paso placed plant in administration.
InterGen	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Mirant	Kendall	Mass.	270	Oil	CSFB BoFA	Ongoing.
	Shady Hills	Fla.	474	Gas		Ongoing.
	West Georgia	Ga.	640	Gas		
Mirant	Bosque County	Texas	538	Gas		Looking for advisor to assist with sale.
	Wichita Falls	Texas	77	Gas		Looking for advisor to assist with sale.
National Energy Gas & Transmission	Cedar Bay	Fla.	258 (64%)	Coal	Lazard	Initial bids due Dec. 12.
	Panther Creek	Penn.	80 (55%)	Coal	Lazard	
	Logan	N.J.	226 (50%)	Coal	Lazard	
	Northampton	Penn.	110 (50%)	Coal	Lazard	
	Indiantown	Fla.	330 (51%)	Coal	Lazard	
	Carneys Point	N.J.	245 (51%)	Coal	Lazard	
	Selkirk	N.Y.	345 (42%)	Gas	Lazard	
	Altresco Pittsfield	Mass.	173 (89%)	Gas	Lazard	
	Masspower	Mass.	267 (13%)	Gas	Lazard	
	Scrubgrass	Penn.	87 (51%)	Coal	Lazard	
	Colstrip Energy	Mont.	40 (17%)	Coal	Lazard	
	Hermiston	Ore.	474 (25%)	Gas	Lazard	
National Energy Gas & Transmission	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
NRG (Asia)	Gladstone Power	Australia	1,500 (37.5% stake)	Coal	ABN AMRO	Awaiting bids.
	Flinders	Australia	760	Coal		
	Hsinchu	Taiwan	400 (60% stake)	Gasfired		
	Lanco Kondapalli	India	340 (30% stake)	Gas/Oil		
	Collinsville	Australia	192 (50% stake)	Coal		
NRG (Latin America)	TermoRio	Brazil	1040 (50% stake)	Gas	Deutsche Bank	Awaiting bids.
	COBEE	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 (Europe)	CEEP	Poland	10 (10% stake)	-	Goldman Sachs	Ongoing.
	Enfield	U.K.	380 (25%)	Gas-fired		
	MIBRAG	Germany	238 (50% stake)	Coal		
NRG (U.S.)	Big Cajun II	La.	2,400 (90%)	Coal	-	Ongoing.
	Pike	Miss.	1,192	Gas		
	Batesville	Miss.	1,129	Gas		
	Brazos Valley	Texas	633	Gas		
	Kaufman	Texas	545	Gas		
	Big Cajun	La.	458	Gas		
	Bayou Cove	La.	320	Gas		
	Sabine River	Texas	420 (50%)	Gas		
	Sterlington	La.	202	Gas		
	Mustang	Texas	485 (25%)	Gas		
	Pryor Cogen	Okla.	88 (20%)	Gas		
	Timber	Fla.	13.8	Biomass		
	Power Smith	Okla.	80 (9.6%)	Gas		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Ongoing.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
Reliant Resources	Argener	Argentina	160	CHP	-	-
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
Tractebel North America	Ripon Cogeneration	Calif.	49	Gas	Navigant	Launched sale in May.
	San Gabriel	Calif.	41	Gas		

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

Financing Record (DECEMBER 4 - DECEMBER 11)

Bonds

Issue Date	Maturity	Issuer	Nation	Amount (\$mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P's	Bookrunner(s)
12/04/03	07/03/06	Iberdrola International	Netherlands	121	100.35	FRNs	Floats	-	A2	A+	HSBC
12/05/03	12/20/27	United Utilities	U.K	173.1	99.521	MTNs	5.625	97	A2	A	ABN-AMRO
12/08/03	12/01/13	Wisconsin Public Service	U.S.	125	99.646	Secured Notes	4.8	57	Aa2	AA-	UBS
12/09/03	12/19/13	Cleveland Elec Illuminating	U.S.	300	99.637	Notes	5.65	145	Baa3	BBB-	Barclays/Morgan Stanley
12/09/03	12/15/08	Virginia Electric & Power	U.S.	225	99.986	Notes	4.1	-99	A3	BBB+	Banc One/Merrill Lynch/McDonald
12/10/03	07/07/06	Iberdrola International	Netherlands	122.1	99.988	FRNs	Floats	-	NR	NR	ABN-AMRO

M&A

Date Announced	Date Effective	Target Name	Target Advisors	Target Country	Acquiror	Acquiror Advisors	Acquiror Country	Deal Value (\$mil)
12/04/03	12/04/03	Rybnik Power	-	Poland	Investor Group	-	France	57
12/05/03	-	Illinois Power	-	U.S.	Ameren	-	U.S.	-
12/05/03	12/05/03	Youtility	-	Switzerland	Staedtische Werke Grenchen	-	Switzerland	-
12/08/03	12/08/03	Armenian Govt-Razdan Thermal	-	Armenia	Inter RAO UES	-	Russian Fed	-
12/08/03	-	EWE	-	Germany	Investor Group	-	Germany	611.397
12/08/03	-	Verbundnetz Gas	JP Morgan	Germany	Investor Group	Rothschild	Germany	1,027.15
12/08/03	-	Verbundnetz Gas	JP Morgan	Germany	EWE	-	Germany	-
12/08/03	12/08/03	Youtility	-	Switzerland	AEK Energie	-	Switzerland	-
12/09/03	12/09/03	Dniproenergo	-	Ukraine	Unified Energy System	-	Russia	-
12/09/03	12/09/03	Luhanskoblenergo	-	Ukraine	Unified Energy System	-	Russia	-
12/09/03	12/09/03	Ternopiloblenergo	-	Ukraine	Unified Energy System	-	Russia	-
12/09/03	12/09/03	Zaporozhoblenergo	-	Ukraine	Unified Energy System	-	Russia	-
12/10/03	-	Millmerran Power Project	-	Australia	Huaneng Power	-	China	-

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

SUBSCRIPTION ORDER FORM

FIVE EASY WAYS TO ORDER:

power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

NOVEMBER 15, 2003

Full Call: credit Default To Share Off Bankruptcy

DUKE SEEN BUYING CMS PLANT DOWN UNDER

TRIO OF COMPANIES HEARS EPA DEAL, BOND FINANCING LIKELY

LONDON UTILITY READIES \$1.4B MTN PROGRAM TO FUND TXU ACQUISITIONS

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

☐ **YES!** Please send me 1 year (51 issues) of **Power Finance & Risk** at the special price of \$2,195*. Once I have subscribed I can select a permanent User ID and Password to the website www.iipower.com at no extra charge.

NAME 113786

TITLE FIRM

ADDRESS

CITY/STATE POSTAL CODE/ZIP COUNTRY

TEL FAX E-MAIL

Options for payment:

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

CREDIT CARD NUMBER	EXPIRATION DATE	SIGNATURE
The information you provide will be safeguarded by the Euromoney Institutional Investor PLC group, whose subsidiaries may use it to keep you informed of relevant products and services. We occasionally allow reputable companies outside the Euromoney Group to mail details of products which may be of interest to you. As an international group, we may transfer your data on a global basis for the purposes indicated above.		
<input type="checkbox"/> Please tick if you object to contact by telephone.		<input type="checkbox"/> Please tick if you object to contact by email.
<input type="checkbox"/> Please tick if you object to contact by fax.		<input type="checkbox"/> Please tick if you do not want us to share your information with other reputable businesses.

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

1. Fax: 212-224-3671
2. Tel: 212-224-3570
3. Email: USHOTLINE@INVESTOR.NET
4. Web: www.iipower.com
5. Mail: INSTITUTIONAL INVESTOR NEWS
THE HOTLINE, 8TH FLOOR
225 PARK AVE SOUTH
NEW YORK, NY 10003

GE FLIPS

(continued from page 1)

operator of the 5,400 mile Lower Peninsular transmission system. **Bernie Schroeder**, president and coo of Trans-Elect, says it didn't consider buying GE's stake. "It's a fairly big financial play and that's not what we want to do at the moment." He also declined to discuss the purchase price.

Aside from a slightly cooler summer than expected, METC has been performing to forecast. "It's been a profitable investment, otherwise you wouldn't have such a willing buyer," says Schroeder, adding he doesn't know why GE decided to sell. He notes GE has signaled it'd be interested in partnering up with Trans-Elect on future deals.

METC was bought by Trans-Elect and GE from CMS Energy's Consumers Energy utility in May of last year for \$290 million and was the first transmission asset sold outright to an independent transmission player.

As part of the new deal, METC is also refinancing its debt. J.P. Morgan and Macquarie have been pitching a \$265 million private placement and a \$30 million capex revolver has been put in place via JP Morgan and Comerica, says Leslie.

—Peter Thompson

EX-ENRON

(continued from page 1)

ArcLight recently entered exclusive negotiations with DEI to acquire **Compagnie Thermique du Rouvray** (CTR), a fully contracted 103 MW gas-fired combined heat and power plant, located near Rouen, northwest France. The exclusivity window closes Dec. 31.

Sutton, a former member of Enron's three-strong Office of the Chairman, along with **Ken Lay** and **Jeffrey Skilling**, left the Houston energy giant in 2001 after a nine-year stint to pursue asset development opportunities, according to an Enron press release.

The pending CTR acquisition marks ArcLight's first foray into Europe, though over the course of this year it has proved one of the most active private equity players in the U.S. generation market. Since raising a \$950 million energy fund at the end of last year, ArcLight has acquired, among other investments, stakes in 12 power plants from Aquila and Calpine's 70% stake in the Auburndale power plant, near Tampa, Fla.

CTR is DEI's last significant asset in Europe, following the announcement last month that it has agreed to sell its Dutch gas sales and distribution business to **Norsk Hydro Energy**. This sale is expected to be completed by year-end.

Duke Energy hired **NM Rothschild** this summer to unwind its European operation (PFR, 7/14), but the French power station

has been on the block since the spring and has gone through a "tortuous" sale process, according to one City financier. He notes that **Babcock & Brown** was set to buy the plant earlier this year (PFR, 4/21), but pulled out after failing to secure financing.

Credit concerns surrounding a steam contract associated with the plant and a lengthy outage this summer also have bedeviled the sale process. Power and steam from the plant is sold to **Electricité de France** and paper manufacturer **OTOR Papeterie de Rouen**, respectively.

—Will Ainger

EME RETAINS

(continued from page 1)

capacity. EME's stake in nine New Zealand power plants is held through its 51% control in Wellington, N.Z.-based **Contact Energy**, a publicly traded utility.

The portfolio has a heavy emphasis on modern gas-fired plant and hydroelectric generation and in terms of performance is very much a mixed bag, says one banker. "The jewel in the crown is undoubtedly First Hydro," says the banker. First Hydro, which comprises two pumped storage facilities in Wales, is forecast to provide \$16 million of dividends to its parent this year and \$18 million next year, according to an EME November 8-K filing. The regulatory filing also suggests that EME's international assets should produce a combined \$164 million of dividends this year. For a full list of the forecasted performance of the assets, go to PFR's Web site (www.iipower.com).

Another choice asset, the 1 GW Loy Yang B plant in Australia, is forecast to provide EME with \$39 million of cash this year, but only \$12 million next year.

Both Lehman and CSFB have long-standing relationships with EME and recently part underwrote a \$700 million three-year loan for the embattled IPP (PFR, 11/24).

—Will Ainger

Quote Of The Week

"I intend to have the most relaxed holiday season in recent memory." —**Didi Lacher**, head of **Helaba's** U.S. power group, reflecting on her plans following the Geman bank's decision to close its New York business (see story, page 4). 0

One Year Ago In Power Finance & Risk

The U.K.'s generation reserve margin had fallen from 22% to 17%, underscoring a growing unease that the country was veering toward a California-style power crisis. [In response to falling reserve generation capacity and rising wholesale power prices a swathe of generators, including **International Power**, **Powergen** and **RWE Innogy**, have recently recommissioned previously mothballed power plants.]