PFI Awards**Americas**

Power Deal of the Year

Angamos

Despite several financial flexes, AES Gener completed the US$988.5m, 17-year syndicated facility for the Angamos thermoelectric power plant project in Chile. For its flexibility and importance, Angamos is PFI's Power Deal of the Year in the Americas. To complete the deal, the borrower had to accept several upward flexes, not to mention higher feeds and a market disruption clause. The borrower raised US$908.5m through a 17.5-year tranche, involving a US$675m tranche backed by Korea Export Insurance Corporation (KEIC) and a US$233.5m commercial syndication. There was also a US$80m five-year letter of credit tranche.

Margins on the L/C and commercial tranche were Libor +205bp until completion of the project, stepping up to 220bp from completion until year four, 230bp from years five to eight, 240bp from years nine to 11, and 250bp from years 12 to 14. Margins on the L/C and the commercial tranches step up from 135bp to eventually reach 190bp.

These rates were adjusted upward to offer a 175bp to 220bp range. The KEIC tranche closed higher at 150p after starting at 90bp and climbing to 120bp in August. Bookrunners were ABN and BNP Paribas, while Calyon, SMBC, DekaBank, DZ Bank, HSBC and Fortis were MLAs. Lead arrangers were Dexia and KfW, with Helaba and ING acting as participants. Some bankers thought that the Angamos deal could have cleared the market after the initial flex with a slight adjustment on upfront fees, but others thought that even now some institutions would find final margins difficult to tolerate given their high cost of funds.

Either way, lead banks were also said to be increasing upfront fees and finally negotiating the inclusion of a market disruption clause to help assuage institutions uncertain about future volatility. Thus far, the borrower is not yet required to pay an upfront liquidity premium to the spread. But Latin American issuers will have to get used to this type of pricing mechanism going forward as well as wider margins because of the worldwide credit crisis.

AES Gener, a subsidiary of Arlington, Virginia-based AES Corp, said it leveraged the operation on having most of the production of the thermoelectric plant of Angamos pre-sold to two mines of BHP Billiton. Production at Angamos is expected to start in 2011, which is also when the BHP Billiton contract begins. The project consists of two coal-fired units connected to the Northern Interconnected Grid (SING) in Mejillones, Region II in Chile.