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LP China's State Grid in bid for power assets CHINESE giant State Grid Corporation has hired HSBC to take on rival consortiums in the contest to buy up to $50 billion worth of electricity assets earmarked for sale by the Queensland and NSW governments.

HSBC has worked on various deals previously for the government-owned enterprise, but some have described the appointment by the world's largest Chinese company as a major coup for the China bank's Sydney-based team.

TD State Grid will rival three consortiums that have already started to take shape in the contests, plus other possible buyers, likely to include Cheung Kong Infrastructure Holdings , advised by Credit Suisse and potentially investment bank Citi.

So far, consortiums in place are Australian Super, Canada Pension Plan Investment Board and Borealis, advised by Morgan Stanley and Goldman Sachs , and IFM and the Queensland Investment Corporation, which may be representing interests of the Future Fund and could be taking counsel from investment bank Barclays .

Britain's Quebec's Caisse de dépôt provincial institution is said to have joined the Hastings consortium with the listed Spark Infrastructure , advised by JP-Morgan and Royal Bank of Canada.

Universities Superannuation Scheme and the Abu Dhabi Investment Authority were also speaking with Hastings before Christmas about joining its camp and could be still searching for partnership opportunities.

Singapore Power is still determining whether to enter the contest. A decision on whether the Queensland government sells its electricity assets will depend on the outcome of the January 31 election, and a win by the Labor Party in the state, could see plans to sell the assets scuppered.

Macquarie and Bank of America Merrill Lynch are working on the Queensland sales, which, should they proceed, will start with the state's transmission company Powerlink, thought to be worth between $10bn and $12bn, followed by distribution businesses Energex and Ergon Energy, with all assets collectively worth about $30bn.

The NSW sales process, meanwhile, subject to the state election outcome in March, will see the state government sell a lease for 100 per cent of its electricity transmission network Transgrid , for a price estimated to be worth between $7bn and $8bn.

This will be followed by 50 per cent stakes in the distribution networks Ausgrid and Endeavour Energy, with the government anticipated to net about $20bn collectively through the selldown.

UBS and Deutsche have recommended in their scoping study that the government's regional network, Essential Energy, is retained.

Push to widen port sale ADVISERS working on the sale of two of West Australia's ports, Rothschild and Deloitte, may be trying to convince the government to broaden the process to include other state assets at a time when falling demand for iron ore could reduce the level of buyer interest.

Premier Colin Barnett had previously estimated that Western Australia's Kwinana Bulk Terminal, south of Perth, and Utah Point Bulk Handling Facility in Port Headland could be worth more than $1bn, sources said.

But with the iron ore price no longer around $130 a tonne, the price tag of the two ports collectively seems close to $500 million.

The ports are mainly used by mid-tier miners, facing less demand for their resources, and a sale could be overshadowed by processes to sell Port of Melbourne and the Gladstone Port.

Buyers of Utah and Kwinana could include users such as Mineral Resources or Atlas Iron, subject to balance sheet capacity, while Brookfield and smaller infrastructure funds such as Palisade could also be take a look.

An interesting addition to the sale could be the inclusion of the liquids terminal at Kwinana, which could make the offering more attractive to suitors.

Another more radical scenario is that the Freemantle Ports Authority and Pilbara Ports are also sold, in what could net the government several billion dollars in a deal that would attract larger infrastructure buyers such as China Merchants and major super funds.

Pilbara Ports includes Port Hedland and Port Dampier, which are used to ship LNG and count Rio Tinto as a major user.

At those ports, groups such as Rio own their own berths, unlike coal ports such as Port of Newcastle and the Port of Gladstone.

Financial statements from the Pilbara Port Authority suggest it collects at least $150m in earnings before interest, tax, depreciation and amortisation annually.

The announcement on Christmas Eve that Rothschild and Deloitte had won the mandate to sell Kwinana and Utah surprised the market, after UBS and Azure were speculated to be at the front of the race in the contest, ahead of proposals by Morgans, and Lazard and a joint bid by JPMorgan and Ernst and Young.

It is thought that the goal of the state to sell the ports regardless is to get some runs on the board when it comes to privatisations, after NSW state banked $1.75bn from the sale of its Port of Newcastle last year.

Malay JV stalks Infigen IT has emerged that the former Babcock and Brown Wind Partners business, now known as Infigen Energy , is being stalked by a joint venture comprising Malaysian utilities conglomerate Taliworks Corporation and the Employee Provident Fund. The partnership is in talks with Children's Investment Fund Management — a hedge fund based out of London — about buying its 33 per cent stake in the business.

It is thought the move is a precursor to a takeover, but its motivation for such a deal is unclear.

Shares in Infigen trade at around 24c, and the company has been struggling with large debts and losses on its wind farms in Australia and the US. Some of Infigen's contracts will soon be running off.

CCCC's property hunt INTERESTINGLY for the real estate community, China Communications Construction Company was one of the parties to chase Leighton Properties early on in the process.

It could mean that other property acquisitions could be afoot by CCCC, which recently picked up Leighton Holdings contractor John Holland for more than $1bn.

Attempts by Leighton Holdings to sell its property subsidiary to listed developer Stockland collapsed on Christmas Eve, as Dataroom first flagged last Tuesday, but CCCC's interest early on is largely unknown.

Also interesting is that investment banks tried to match make a deal between residential developer AV Jennings and its Leighton Holdings -controlled rival Devine about two years ago, given the strong synergies between the pair.

The former Leighton chief executive, Hamish Tyrwhitt, was thought to be preoccupied with larger matters related to the company at the time, hence the deal did not proceed.Still, it could throw further weight behind the theory AV Jennings could be pursuing the Devine business now in the sales process run by Goldman Sachs .

CO chkinf : Cheung Kong Infrastructure Holdings Ltd | stgcoc : State Grid Corporation Of China | ckh : CK Hutchison Holdings Limited | hutwam : Hutchison Whampoa Limited

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