

Electric Power Daily

Thursday, October 6, 2005

Georgia governor wants to develop long-term energy plan

Georgia Gov. Sonny Perdue on Wednesday directed the Georgia Environmental Facilities Authority to develop a long-term energy plan for the state.

In a speech to civic leaders in Gwinnett County on Tuesday evening, Perdue said in explaining the need for the energy plan that "Georgia needs greater energy security. We have unique opportunities to better utilize our renewable resources and existing energy infrastructure to create this security for Georgia's citizens."

A spokesman for Perdue, a Republican, whose state was hit by gasoline and other energy shortfalls in the wake of Hurricane Katrina, said that the energy plan will be comprehensive, and will include recommendations for the state's electric industry. He added that the plan is likely to call for increased fuel diversity, conservation and energy-efficiency, as well as increased use of renewable energy resources.

Rita Kilpatrick, Georgia policy director at the Southern Alliance for Clean Energy, said that Perdue's call for a long-term energy plan represents "an important
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BPA holds first meeting on new grid entity Corporation X

The Bonneville Power Administration on Wednesday held the first of an expected flurry of meetings this month to flesh out Corporation X, the new name it has given to a transmission entity that blends Grid West and the Transmission Improvements Group.

The game plan is to create an entity by Oct. 31 that would unite the now divided Northwest, Allen Burns, an executive leading BPA's restructuring efforts, told the group. Corporation X would have an interim board composed of representatives from BPA, investor-owned utilities and municipal utilities.

A move toward convergence arose in September, pushed by BPA. This caused the Northwest's nine major transmission owners on Friday to agree to withhold a vote until Nov. 1 on whether to spend \$20 million to fund Grid West for another two years.

If Corporation X moves forward on Oct. 31, funding agreements would be offered and parties would have two weeks to sign and begin to provide funds. A
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Entergy restores partial power to all Gulf Coast refineries

Entergy Corp. said Wednesday that all refineries along the Gulf Coast that were damaged by hurricanes Katrina and Rita now have power.

Each of the refineries only has one source of power, however, which is enough to clean up and to prepare for restart, but it is not necessarily firm enough to restart production, said Joe Domino, president of Entergy's operations in Texas. Entergy is working to restore a second source of power, which the refineries normally need to operate. The refineries have either 69-kV feeds or 138-kV feeds, Domino said.

Motiva, Total and Valero refineries in the Beaumont/Port Arthur area each had a 69-kV feed restored late Tuesday. ExxonMobil's plant in Beaumont had power late Sunday. Entergy did not give further details on the remaining plants, which include Calcasieu, Citgo and Conoco/Phillips refineries in Lake Charles, La., except to say they have one source of power. Those plants lost power in the aftermath of Hurricane Rita.

Power also was restored to three plants that were knocked out of service by

Mergers & Acquisitions

New South, Suez seek to slow Entergy's purchase of gas plant

NewSouth Energy, a subsidiary of Calpine Corp., and Suez Energy North America have asked the Mississippi Public Service Commission to delay Entergy Corp.'s purchase of the 480-MW Attala plant.

Entergy agreed in March to purchase the natural gas-fired plant located in Attala County, Miss., from Central Mississippi Generating Co., for \$88 million. But it asked Cleco Corp. to purchase the transmission infrastructure associated with the plant.

The two companies want the public service commission to require Entergy to go through the request for proposals process to show that the plant offers the best value to Mississippi ratepayers. "We do not necessarily oppose the acquisition. But what's the rush?" a New South spokesman said.

The price is good until next October, so NewSouth and Suez are asking for proof that in today's market it is the best deal for
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Broadband

Manassas, Virginia BPL project is steadily gaining customers

With the number of customers paying for broadband-over-power-line service increasing, the municipal utility in Manassas, Va., sees nothing but good things coming from its investment in a BPL system, officials said Wednesday.

The utility and its partner, Communications Technologies (ComTek), now have 700 customers, mostly residents who pay \$28.95/month for the service, with another 500 customers waiting for service requests to be processed, said Joseph Fergus, ComTek founder and CEO.

Wednesday marked the completion of the BPL network on the municipal utility system, meaning all 12,500 residents and 2,500 commercial customers have access to BPL services, Fergus and others noted at a news conference in Manassas. At about this time
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Katrina: ExxonMobil in Chalmette, Murphy in Meraux and ConocoPhillips in Belle Chasse.

Entergy now has one unit of the 1890-MW Sabine power plant in Bridge City, Texas, producing power after all five units at the plant were knocked off line after Hurricane Rita hit the region hard.

The company expects a second unit at Sabine to be operating within the next few days, Domino said.

The remaining three units at Sabine are damaged. Domino said they should be operational about the same time that the transmission system is repaired to the point it can relay the power they produce.

Entergy still has 147,700 customers without power in the aftermath of Hurricane Rita, which knocked out power for 766,000 customers. It still has 138 transmission lines and 128 substations out of service after losing service to 341 transmission lines and 371 substations due to the storm.

Entergy has repaired its electrical infrastructure in New Orleans and crews are restoring power where it is safe, the company said. The company still has 156,000 customers in New Orleans and the surrounding area that cannot take power. It has natural gas service available to 100% of its customers in the French Quarter of the city.

Utilities blast PJM billing settlement plan

A settlement to resolve a PJM Interconnection billing snafu that caused PECO Energy to overpay about \$40 million in charges has been deemed acceptable by the two utility signatories, the grid operator and now Federal Energy Regulatory Commission staff. But a raft of protests filed last week left no doubt that other system users find the proposal that they should pony up \$7.5 million through a 0.14

cents/MWh surcharge to be completely unacceptable.

The Sept. 14 settlement would reimburse PECO Energy for charges paid during a five-year period—April 1998 through May 2003—in which PJM's state estimator misidentified a PPL Electric Utilities substation as belonging to PECO. PJM would pay PECO \$40.5 million, with \$33 million of the funds coming from an 11.54 cents/kilowatt-month charge on service to PPL and the rest from the grid-wide surcharge.

FERC trial staff's Oct. 4 comments said the settlement by the two utilities is a "reasonable and comprehensive negotiated resolution of all of the issues in this proceeding." The market should bear a share of the costs, staff agreed, because "PPL was not the beneficiary of all of the PECO overcharges. Other PJM market participants also benefited."

But many of those participants sharply disagreed.

American Electric Power said it "finds itself in a very unique situation with respect to this matter. AEP was not even a transmission-owning member of PJM until October 2004." The utility said it was not involved in the dispute nor was it party to the settlement. But despite a "total lack of involvement," AEP said it is on the hook for up to \$1 million under the settlement.

It turns out that AEP's situation really wasn't unique. Allegheny Energy, Dayton Power & Light, Duquesne Light, Dominion Resources and MidAmerican Energy offered virtually the same arguments, with each noting it was not a PJM member for most or all of the five-year period.

AEP said it would be difficult to go back and estimate under- and overcharges that occurred for all market participants, but argued that the answer is not simply to charge all participants. Other utilities, however, were not convinced that re-running the market was even necessary.

"PPL was not charged for more than \$39 million in energy it received, while PECO was charged more than \$40 million for

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energy it did not receive," Dominion said. Thus, it reasoned, the repayment responsibility should fall on the PJM member that received the benefit: PPL.

There is a "direct, one-to-one correlation between the amount PECO was overcharged and the amount that PPL was undercharged," said Jersey Central Power & Light, Metropolitan Edison and Pennsylvania Electric, which were transmission-owning members of PJM at the time the error occurred. But like the utilities that joined later, the three FirstEnergy subsidiaries complained they were not a part of the settlement discussions.

Another shortcoming of the settlement is that "PJM bears no financial responsibility for its mistake," said Public Service Electric & Gas and affiliate PSEG Energy Resources & Trade. Recalling the regional transmission operator's FERC-rejected plan to adopt stated rates for administrative costs as a means of "enhancing management discipline," they said the settlement "does nothing to incentivize proper RTO behavior or to enhance performance management at PJM; in fact, the approach goes in the opposite direction."

Similarly, Edison Mission Energy said that it was "gravely concerned about the precedent this settlement will set with respect to the accountability of an RTO for its own mistakes."

Like some of the investor-owned utilities, American Municipal Power-Ohio railed against having to pay to fix a problem that occurred at a time when it was not subject to PJM's tariff. Old Dominion Electric Cooperative and Delaware Municipal Electric offered that "unless and until there is a mechanism whereby PJM can be held liable for its mistakes without simply passing the cost on to its market participants, it is unreasonable to accept a settlement that requires market participants who neither caused nor benefited from the mistake to pay."

Several merchant generators and power suppliers—Commerce Energy, Constellation NewEnergy, FPL Energy Generators, Mirant Americas Energy Marketing, Strategic Energy, Williams Power and the Energy Cooperative Assn. of Pennsylvania—voiced strong opposition to paying a surcharge for costs they did not cause.

Generators battle Entergy over reactive power

Generators are in a battle with Entergy Services over payment for supplying reactive power to the grid.

Generators have been agitated since the Federal Energy Regulatory Commission ordered Entergy earlier this year to compensate two independent power producers, Union Power Partners LP and Cottonwood Energy Company LP, for supplying the power that keeps transmission lines operating by maintaining proper voltage.

To date, Entergy has only compensated its affiliated generators.

In a petition for declaratory order on Sept. 2, Entergy told FERC that in order to achieve comparability of service, it would stop paying its own generators for reactive power and thus avoid having to pay other generators for it. Comparability is required by FERC's open-access transmission tariff.

Entergy said it would be less expensive to avoid compensation altogether. "We add up the five [independent power producers] that have proposed reactive power, and you're up over \$15.5 million [annually]," Richard Armstrong, director of federal regulatory affairs at Entergy Services, said in an interview.

By not paying IPPs and not paying its own affiliate generators, Entergy is not "giving up much of anything," Armstrong said. "Anything we do recover under the OATT, we don't keep that as revenues like an IPP would," Armstrong said. "We reduce our retail rates by that amount; it's a way of keeping the costs reasonable."

Further, reactive power is a necessary element of generation, Entergy said. "The basic obligation of the generator to maintain reactive power within the dead band serves to ensure that the specific generator's product can be delivered to the transmission system without degrading the reliable operation of that system," the utility said in its petition.

In Armstrong's words, providing reactive power is like obeying the speed limit on a freeway. "This situation does not warrant any compensation," Entergy said in the petition.

But for generators, producing reactive power is a cost that needs to be recovered, according to generator Occidental Chemical Corp., which called Entergy's idea "akin to predatory pricing." If Entergy gets its way and does not have to compensate non-affiliate generators for reactive power, then those rival generators lose a revenue source, Occidental argued.

Municipal utilities, because they are not FERC-regulated, cannot file with FERC for reactive-power cost recovery, and some of them weighed in on Entergy's proposal.

"If some of these generating units that supply reactive power to the grid cannot be paid for their contributions, it is improper to pay others for their similar contributions and to add those payments to the transmission charges paid ... by Louisiana municipals," Lafayette Utilities System and the Louisiana Energy and Power Authority said in comments filed late last month. Comments on Entergy's petition were due Monday.

Recovering the payments through transmission charges is unfair, the munis said, because the munis provide reactive power without compensation and then have to pay a reactive-power charge in transmission fees.

"If it is a transmission charge, all users of the transmission system have to pay it, including folks like our clients who also provide reactive power to the Entergy grid," Robert McDiarmid, an attorney for Washington-based Spiegel & McDiarmid, said on behalf of the Louisiana munis. "If it is a generation charge, then it is paid by the people using the generation in question."

DOE to do EIS on \$2 billion Minnesota plant

The Dept. of Energy on Wednesday launched an environmental analysis of Excelsior Energy Inc.'s plan to build and operate an integrated-gasification combined-cycle power plant in Minnesota's Iron Range.

DOE said in a *Federal Register* notice that it would prepare

an environmental impact statement to decide whether to provide \$36 million to the project, which is expected to cost nearly \$2 billion to build. The department tentatively picked the so-called Mesaba Energy Project for funding under the Clean Coal Power Initiative.

The project would demonstrate IGCC technologies for producing electricity from coal, including advanced gasification and air separation systems, DOE said. Excelsior plans to build the plant in two phases, each involving the installation of 600 MW of capacity.

The EIS is to include an evaluation of the project's impact on floodplains and wetlands in two sites under consideration for the plant.

DOE said its EIS would fulfill the requirements of both the National Environmental Policy Act and the Minnesota Power Plant Siting Act, whose provisions are similar.

The department is accepting public comments on the planned EIS until Nov. 14, and plans to hold public meetings on the evaluation in communities near the two potential sites Oct. 25-26.

Cal-ISO may revise aspect of market redesign

As the November deadline for filing its market redesign plan with federal regulators approaches, the California Independent System Operator is considering whether to revise one of the plan's chief elements, congestion revenue rights.

Under Cal-ISO's congestion revenue rights proposal, load-serving entities would no longer own physical rights to capacity on the grid but would own financial rights. The mechanism is seen as a way to compensate LSEs against the cost of congestion on the grid. These entities either own transmission and are entitled to capacity or may have a pre-existing contract for capacity.

The California Manufacturers and Technology Assn. was among stakeholders calling on Cal-ISO to simplify the proposal by adopting a "pro rata" allocation method for the CRRs at a meeting Wednesday.

A pro rata approach compensates a load-serving entity for the "fraction of the transmission assets that it pays for," said Joe Lyons, representing the CMTA.

The pro rata strategy "gets rid of the perverse incentive to allow load-serving entities to collect revenue by not building transmission," said another stakeholder.

Lorenzo Kristof, principle market design architect for Cal-ISO, said the grid operator is considering simplifying the congestion revenue rights proposal but warned that changes could delay the February 2007 implementation date for market redesign.

Kristof added that he did "not have a complete answer" to the question of how long of a delay was possible.

Cal-ISO is scheduled to file tariff language to implement market redesign with the Federal Energy Regulatory Commission next month. FERC in May approved the grid operator's "conceptual" market redesign plan.

Missouri appeals court to rehear Aquila case

A Missouri appeals court decided to reconsider its decision that Aquila Inc. lacked necessary permits for a 315-MW peaking power plant that started operations in June.

The Missouri Court of Appeals for the Western District decided Tuesday to rehear its June order upholding a lower court decision. In January, the Cass County Circuit Court found that Aquila acted improperly in 2004 when it decided to build the \$140 million plant and transmission substation near Peculiar, Mo., without specific authority from Cass County and the Missouri Public Service Commission.

If the lower court ruling is upheld, Aquila may have to remove the Peculiar power plant, which started service in June.

"We're pleased with the decision," said a spokesman for the Kansas City, Mo.-based company. "We'll move forward pursuing our legal remedies."

Whichever way the appeals court decides the case, an appeal to the state supreme court is likely, either by Aquila or by Cass County, which sued the company. It is unclear long it will take for the case to be resolved, the Aquila spokesman said.

On a related issue, the appeals court on Tuesday also decided that Peculiar should have sought voter approval before issuing \$140 million in revenue bonds for the plant. The decision doesn't directly affect Aquila, which financed the plant with cash, the Aquila spokesman said.

Aquila had planned to lease the plant from the city, saving about \$17 million in taxes over 30 years, he said. After 30 years, Aquila would buy the plant back from Peculiar for \$1,000, he said. The town would have received about \$7.3 million from Aquila in payments in lieu of taxes, compared with about \$1.6 million the city would receive in taxes, he said.

Nevada mine to leave utility, supply own power

A Nevada gold mining operation will leave its regulated utility Nov. 1 and supply its own power from a natural gas-fired 115-MW power plant owned by the mining company.

The Nevada Public Utilities Commission Tuesday approved an application by Barrick Goldstrike Mines to stop buying power from Sierra Pacific Power Co., a subsidiary of Reno, Nev.-based Sierra Pacific Resources.

Barrick becomes the first business in Nevada to take advantage of a 2001 state law that allows large energy users to leave their incumbent utilities. The move will benefit all SPP customers because the new power plant has a high heat rate and SPP won't have to buy as much natural gas for its power plants, said Donald Soderberg, PUC chairman.

Besides using its Western 102 Generation Project to provide electricity to its mining operations in Nevada, the company may also buy power from wholesale power markets, depending on market conditions, according to a PUC staff briefing memo. Barrick has tapped Avista Energy Inc. to be its scheduling coordinator, according to the PUC. Avista will be responsible for market purchases and will have dispatch

control over Barrick's power plant.

As part of the deal, Barrick agreed to sell SPP 8 MW from its Western 102 Generation Project for about \$6/MWh in a three-year power purchase agreement. SPP will provide the gas for the power plant. The deal is expected to save SPP about \$2.9 million over three years. Barrick will pay about \$8 million in exit fees to leave the utility.

Barrick expects its load to fall from 138 MW in 2005 to about 82 MW in 2008 due to planned changes to its production process. Currently, Barrick accounts for about 11% of SPP's retail sales. SPP forecasts its 2006 peak demand to hit 1,756 MW. The power purchase agreement could be extended, providing the utility with a possible new resource within its territory, the agreement said. SPP supports the deal because it will lower its power purchases, which account for about 40% of its power supply.

Barrick is the first business to take advantage of the state's open-access law. Barrick has applied twice before to shop for power competitively. Starting in early 2002, Nevada has allowed large energy users to buy power from non-utility suppliers, but none has taken advantage of the opportunity.

Under Nevada's retail rules, approved in 2001, customers that have an annual average load of more than 1 MW can shop for power. When they apply to shop for power, the applicants must identify the power supplier that they plan to use and the supply must come from new Nevada generating plants.

Newmont Mining Corp. may be the next large energy user to take advantage of the state's open access law. The company is planning to build a 200-MW generating plant in northeastern Nevada, with a 2008 in-service date. Under the arrangement, Newmont will sell the electrical output from the plant to SPP for at least 15 years under a long-term wholesale, purchased power agreement, and remain a retail customer of the utility.

Westar CEO warns rate cut could do harm

Westar is stepping up pressure on the Kansas Corporation Commission to reject the recommendation of its staff that Westar's rates be cut by \$66 million. Topeka-based Westar in May asked the KCC to approve an \$84.1 million rate increase.

In testimony submitted to the KCC earlier this week, Westar President and CEO James Haines said that the rate cut recommended by the KCC staff "would force Westar into a struggle for mere survival." He added that the staff's recommendations "are contrary to sound policy and, if adopted, would fail the most fundamental test of the reasonableness of regulated rates: they would produce an untenable end result."

The KCC staff said in testimony submitted to the commission last month that Westar's proposed rate increase is unjustified, and that a close analysis of the utility's finances reveals that its rates are, in fact, too high.

But Haines said that cutting Westar's rates, as proposed by the staff, would reverse the financial gains the utility has made since late 2002, when the Westar's former chairman, president and CEO, David Wittig, left the utility under a cloud.

Wittig, who sought to dramatically expand Westar beyond

its utility roots, was found guilty in September of one count of conspiracy to defraud Westar, 14 counts of circumventing internal financial controls and falsifying books, seven counts of wire fraud, and 17 counts of money laundering. He will be sentenced in January.

If the KCC adopts its staff's recommendation for a Westar rate cut, Haines said, "the quality of utility regulation would become suspect in the eyes of investors just when Kansas [utilities] must begin raising billions of dollars to maintain and upgrade" their generation, transmission and distribution systems.

In a separate filing with the Securities and Exchange Commission earlier this week, Westar warned that the KCC staff's recommendation, if adopted, would have "a materially adverse effect on our financial condition." Two utility analysts who track Westar declined comment on the utility's financial prospects if Westar's rates are cut.

In its May request for a rate hike, Westar said it is seeking an increase of about 9%, or \$47.8 million/year, for the 352,000 customers in its northern Kansas region, where rates last rose in 2001. The utility also is seeking an increase of about 6%, or \$36.3 million/year, for the 303,000 customers in its southern Kansas region, where it has not increased rates since 1989.

If Westar's rate-hike application is approved by the KCC, the utility's average 900-kWh/month residential customer would see his or her monthly bill rise by \$5.28 from the current \$60.11 in the utility's northern region, and by \$4.58 from the current \$50.77 in its southern region.

Under Kansas law, the KCC has 240 days to act on Westar's rate-hike application. Westar has said that it anticipates a ruling from the KCC in December.

Developer drops plans for Chicago plant

A Chicago-area independent power developer has scrapped plans to construct a 550-MW natural gas-fired merchant power plant in or near the city, a company official confirmed Wednesday.

The unusually named developer, 3426 E. 89th St. LLC, bowed out of the project nearly three years after announcing plans for a combined-cycle plant at a former USX Corp. site adjacent to Lake Michigan in Chicago. The developer's name also was the proposed location for the plant.

Originally, the developer hoped to start construction before the end of 2004 and place the generating facility in commercial operation in 2007. But a dispute over ownership of the property forced 3426 to search for an alternative location, a quest that proved unsuccessful.

Sherwin Geitner, senior vice president of Economic Development Corp. of Skokie, Ill., which has represented the developer, said soaring natural gas prices during the past two years really were not the culprit that did in the project.

EDC and the developer thought they would have other "opportunities" after plans for the USX site evaporated, and they combed the Chicago area for another location.

"We were going to go ahead with the plant," Geitner said.

"But there were some real estate issues that we couldn't iron out." He declined to elaborate, and 3426 officials could not be reached for comment.

Geitner said his company normally does not get involved in power projects, and the 3426 power plant would have been a first for EDC.

The gas-fired merchant plant is the latest of dozens of similar projects to fall by the wayside across the Midwest during the past several years. Most of the cancellations have been tied to higher gas prices and the inability of developers to obtain financing.

The cost of the 3426 project was never disclosed.

Blackstone buys stake in Sithe Global Power

Sithe Global Power on Wednesday said Blackstone Capital Partners, an affiliate of private investment bank The Blackstone Group, and Sithe's management, led by CEO Bruce Wrobel, had purchased an 80% ownership interest in the company from Reservoir Capital Group, which retains a 20% stake in the merchant generator. Financial details of the deal were not disclosed.

Blackstone said it has invested in the company to assist in Sithe's plans to build and operate electric power plants in the United States and certain international markets. Privately held Sithe has a portfolio of power plant projects in various stages of development and Blackstone, together with Reservoir, expects to invest more than \$500 million as these projects are financed and achieve commercial operation, the companies said.

The Sithe portfolio of development projects includes the 1,500-MW Desert Rock facility, a coal-fired project in New Mexico; the 750-MW Toquop facility, a coal-fired project in Nevada; the 300-MW River Hill facility, a waste coal-fired project in Pennsylvania; the 800-MW Goreway facility, a natural gas-fired facility in the greater Toronto area; and projects in Italy, Uganda, Yemen and other countries representing more than 1,750 MW of generating capacity.

Sithe said it will focus on developing large-scale independent power projects within markets confronting capacity shortfalls.

Blackstone held a stake in independent power producer Texas Genco, which was sold earlier this week to NRG Energy.

Canadian, U.S. wind developers launch venture

Toronto-based wind power developer Gale Force Energy Wednesday said it had entered into a joint venture with California's Padoma Wind Power to develop more than 500 MW of wind projects across Canada.

The venture marks Padoma's first foray into Canada. Under terms of the joint-venture agreement, Padoma will assist in the development and funding of 500 MW of GFE's wind farm projects, which range in size from 10 MW to 200 MW and are located in Ontario, Quebec, Manitoba and Atlantic Canada.

Gale Force is a privately held wind-farm developer with more than 2,000 MW of projects under development across Canada.

Padoma is a California-based wind farm developer whose principals have developed, financed, built and operated more than 40 wind farms in the United States and Europe.

El Paso to sell 50% stake in Hungary plant

El Paso Corp. on Oct. 5 agreed to sell its 50% stake in a 677-MW plant at a steel mill in Hungary to Dunaferri Corp. for approximately \$39 million.

The transaction will complete El Paso's sale of its European power assets.

The sale supports El Paso's plan to reduce the company's debt, net of cash, to approximately \$15 billion by year-end 2005. Since its March 17 long-range plan update, the company has announced or closed \$1.4 billion of its targeted \$1.2 billion to \$1.6 billion of asset sales.

The plant, EMA-Power, located near Budapest, is a power-generation complex that sells electricity, turbo air, steam and softened water to the adjacent Dunaferri steel mill. El Paso acquired its interest in the complex in 1996.

The sale, which is subject to approvals by the Hungarian Energy Office and Hungarian Competition Office, is expected to close by the first quarter 2006.

Pacific Intertie flows to be restricted in October

Transmission flows on the Pacific DC-Intertie will continue to be limited until Oct. 22 for routine annual maintenance of two converters at the Celilo converter substation, among other maintenance projects, said a BPA spokesman.

The Celilo substation ties down the northern end of the direct-current Intertie that connects the Northwest with Southern California. The PDCI has a summer rating of 2,990 MW north-to-south and 2,084 MW south-to-north. The line has been limited to 1,086-MW north-to-south and 1,070 MW south-to-north since Monday.

On Tuesday, Oct. 11, the PDCI will be unavailable in both directions from 7 a.m. to 6 p.m. PDT and again off in both directions from 6 a.m. PDT Oct. 17 until 5 p.m. PDT Oct. 22. During the morning and afternoon on several other days the line will be limited to less than 1,000 MW in both directions.

Other maintenance also is scheduled at these times for the Vantage-Schultz 500-kV line, the Marion-Lane 500-kV line, the Buckley-Grizzly 500-kV line, and the Captain Jack-Maline 500-kV line.

Power generation up 7% on year for week: EEI

U.S. utilities generated 76,340 GWh in the week ended Oct. 1, a 7% increase over the amount generated during the same period a year earlier, the Edison Electric Institute said Wednesday.

In the corresponding week of 2004, a total of 71,350 GWh was generated, it said. The weekly total was 6,578 GWh below the 82,918 GWh generated in the week ended Sept. 24.

The largest rise in power production was reported in the

South Central region, where output rose 11.1% to 12,106 GWh, compared with the same period in 2004, followed by the Southeast region, which saw generation increase by 10.2% to 20,790 GWh from the year-ago period.

Power production did not fall in any generating region, but the smallest rise was recorded in New England, which reported output of 2,399 GWh for the week, 0.5% above last year's level in the same week.

The numbers are based on generation from investor-owned utilities, cooperatives and government-owned utilities.

Governor wants long-term plan ... from page 1

step" for the state. "We have a serious [energy] problem in Georgia," she said. "We are dependent on coal and nuclear for the generation of electricity."

Kilpatrick added that her group would like to see the energy plan include a conservation and energy-efficiency "action plan," plus incentives for the development of renewable energy resources such as wind farms and biomass-fired plants. She noted that while Georgia traditionally had been viewed as a poor site for wind farms, there may be potential for such projects at off-shore sites.

GEFA is expected to begin its work by examining the energy plans of more than 20 other states, the governor's spokesman said. An outline of Georgia's energy plan is likely to be prepared "within the next three to four months," but it is unclear how long it will take for the energy plan to be completed.

Most electric customers in Georgia are served by Southern Company's Georgia Power and Savannah Electric subsidiaries, which get most of their energy from coal-fired stations, although most of the plants built in the state over the past several years are fired by natural gas. The development of renewable resources has been very limited.

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charter board would be seated by February to begin implementing near-term measures.

Taking action soon is crucial to TIG supporters if they are to agree to back the new entity. "Near-term goals are what TIG is about," said Marilyn Showalter, executive director of the Public Power Council that represents 115 utilities. "Many are concerned Grid West goals will take so long to implement that the near-term goals will be held hostage."

NorthWestern Energy would need to have assurances the new entity would provide market efficiencies and be operated by an independent entity, said a company representative.

Agreement was reached that the board that operates the entity would not be able to override the wishes of stakeholders called the Regional Representatives Group. But the biggest sticking point is whether the new group should be under the Federal Energy Regulatory Commission's thumb. A straw proposal offered last week stated that the entity would be not be

overseen by FERC.

"We have no idea two years from now what the market and FERC regulations will look like. We can't be hard-lined, we need to be flexible," said Aleka Scott, manager of transmission and contracts at the Pacific Northwest Generating Cooperative.

Firms seek to slow Entergy ... from page 1

ratepayers. "They should let other bidders have a chance," the spokesman said.

The Mississippi PSC held hearings on the sale of the plant Wednesday.

Getting the sale approved immediately does have an advantage for Entergy. If it is approved before early February it will exempt the sale from the Federal Energy Regulatory Commission's jurisdiction. The energy bill signed by President Bush in August gives FERC jurisdiction over such asset-only sales beginning in February.

By separating the plant from the transmission infrastructure, the sale was exempted from FERC's jurisdiction under current rules. FERC is more likely to look at whether the sale of the asset has market power or transmission implications.

The PSC's staff said that based on information provided by Entergy, it appears the acquisition of Attala is in the public interest and represents a unique opportunity for Entergy to upgrade its aging generation fleet at a price that is in line with recent sales of similar units and below what it would cost to build a new unit.

It has concerns, however, over Entergy's plan to recover the cost of the plant through a rider to its existing power management schedule. "The recovery of each plant should be addressed individually," the staff said.

The staff also is concerned about "piecemeal ratemaking," meaning that certain costs are considered in isolation rather than looking at total costs. It cited concerns that Entergy would try to recover operations and maintenance costs under the rider when it is already included in base rates, and that certain revenues related to the newly acquired plant will not be considered when setting rates.

BPL project gaining customers ... from page 1

last year, when federal officials touted the Manassas BPL project at a similar event, the utility had about 300 customers, said Walter Adams, vice president of commercial service at ComTek.

In addition to giving customers the ability to have broadband at any outlet on their premises or through a wireless connection, BPL allows utilities to have enhanced monitoring and remote control of their distribution systems.

Manassas embarked down the BPL path with the help of a grant in 2001 from the American Public Power Assn., APPA president and CEO Alan Richardson noted. Following a competitive bidding process for companies interested in working with the utility, it signed an agreement with ComTek

that calls for the companies to share in the costs and revenue stemming from installing the BPL equipment, said John Hewa, director of utilities for the city.

Under the agreement, ComTek covered 75% of the \$2 million cost of installation, with the utility covering the rest, and the utility receives 10.5% of revenue from residential customer sales and 21% of commercial customer sales, Hewa explained. The revenue-sharing figures increase as more customers sign up for the service, he added.

ComTek operates the BPL network, serving as the Internet service provider for customers, while the utility uses it for automated meter reading and will soon add automatic distribution switching capability, which would restore power faster following outages, Fergus said.

"We have accomplished something here that will be a model for other cities and towns across the United States," said Manassas Mayor Douglas Waldron.

One of the keys in the Manassas project is that the municipal utility had a fiber communication system in place, providing the backhaul equipment that allows Internet signals to be sent over the utility's lines, Adams said. For many municipal or rural cooperative utilities considering BPL services, access to the backhaul equipment—either through fiber, a wireless signal or other telecommunications lines—can be a

challenge, Fergus acknowledged.

Another potential obstacle for municipal utilities is legislation at the state and federal levels that limits the ability of municipalities to provide telecommunications or broadband services, but Richardson said things are looking up for munis following the congressional debate. House staff released a draft version of a telecom reform bill and "I'm pleased with the way it's developing," he said, as opponents of municipal efforts "are facing an uphill battle" to convince Congress that it makes sense to exclude municipalities from providing "essential utility service." Richardson said he is convinced, and others likely will be too, that broadband really is such a vital service, just as electricity went from being a novelty to a luxury to a necessity in the early part of this century.

ComTek is working with nine other utilities interested in providing BPL service, and expects to have an announcement soon on a deal with an investor-owned utility on the West Coast, Adams said, declining to provide details. The company hopes to have data to provide utilities with a cost-benefit analysis on having enhanced monitoring, such as voltage sensors, that is allowed with BPL equipment on utility lines. "The value proposition may vary from grid to grid," but right now utilities have no basis for what it's worth to monitor voltage on their lines and other utility equipment, Adams said.

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