FT
FINANCIAL TIMES
Energy

MegawattDaily's
GenerationWeek

Wednesday, August 18, 1999

Feeling the heat, NSP says it wants power by 2000

High temperatures and tight supply over the past few weeks have convinced Northern States Power (NSP) it can't wait until 2003 to begin adding new capacity, as it had planned.

NSP Senior Planning Engineer Dave Zuck said Thursday the company has revised a request for proposals it released Aug 2 seeking 1,200 MW of peaking power beginning in 2003, and now is seeking peaking power as early as next year.

"Based on our experience this summer, we have a need for power earlier than we thought," Zuck said. "We haven't specified an amount, but willing to explore the options."

NSP said Aug. 2 that it was seeking 140 MW of peaking power by 2003, 270 MW of peaking power by 2004, and 740 MW of peaking, intermediate and base-load capacity by 2005.

A 500-MW contract with the Manitoba Hydropower Board is scheduled to terminate in 2005.

But the recent heat wave and tight wholesale market has convinced NSP to speed the pace of its capacity additions.

"Our load is growing and we've experienced a tight market this summer because of the heat," Zuck said. "We don't want to wait until 2003. Based on how the demand situation was this summer, that need is there."

Zuck said the company is open to several types of proposal that would provide it the power it needs.

"Our approach hasn't been set. We're not necessarily looking for a [peaking] plant. We are also looking for proposals from power marketers and any other providers." he said. "If somebody could bridge it [supply power in 2000] while they build a plant, that would work too."

As was the case in much of the rest of the Midwest, Minnesota was blanketed by high temperatures in late July and early August. Air conditioning demand pushed demand to new records.

NSP has set peak demand records twice this summer — 7,753 MW on July 14 and 7,995 MW on July 29.

The deadline for proposals is Aug. 16. The company expects to select one in December.

This week's profile: **Orion Power Holdings** ... page 5

Marketer group issues merchant plant guidelines

Development of merchant power plants by independent power producers will provide benefits to electricity consumers, according to the National Energy Marketers Association (NEMA), which last week released a set of guidelines to promote development of the plants.

Regulatory barriers to independent merchant capacity should be eliminated as soon as possible, the group said, and public service commissions should help state legislatures remove impediments to the development of independent merchant capacity.

Generation ownership and control must be kept separate and apart from ownership and control of transmission and distribution, NEMA said, and although incumbent electric utilities should not be barred from building new generation, public service commissions should adopt a presumption that new generation capacity should be built by independent developers.

All generation should compete in an open wholesale generation market, according to the group, and competitive generation and power marketers need open, nondiscriminatory access to transmission services, comparable to that of utilities, in keeping with federal law, according to NEMA.

The group also said merchant plant transmission interconnections need to be offered on a nondiscriminatory basis and that interstate transmission service must be transparently scheduled and obtained on the Open Access Same-time Information System.

In addition, it said incumbent generation should not receive an artificial and unfair transmission service priority.

Among the group's other principles is a statement that price spike over-reaction or misinterpretation should be avoided "because high power prices of short duration may be of a lower total cost to consumers than the addition of an additional peaking generation facility."

In addition, the group said that since new plants will require new natural gas supplies, more interstate gas pipeline competition should be encouraged.

"Such competition would provide numerous benefits to all states, creating gas-on-gas

(Continued on page 4)

Clinton order would triple biomass use

The White House Thursday unveiled an executive order that seeks to triple U.S. biomass-fueled electricity generation by 2010 and trim use of coal, oil and natural gas.

"Biomass is to the next century what petroleum was to this century," Environmental Protection Agency Administrator Carol Browner said. "What was once viewed as waste, garbage, something to be thrown away, something to be put in the landfill, can in fact be turned into commercially viable products or fuels," she said.

The Clinton administration said increased biomass use will bring cleaner air, as well as support U.S. farmers who now only benefit from selling their crops, but not the waste.

The change will provide thousands of jobs, generate $15 million to $20 million in new income for farmers and give the nation "cost-effective and renewable alternatives," the White House said.

The executive order's call for a 300% increase in biomass generation shouldn't come as much of a surprise as the Energy Information Administration predicted in its *Annual Energy Outlook 1999* that biomass generation would triple under high economic growth.

President Clinton, in a speech at the Agriculture Department said the order's potential benefits "are staggering, not only for farmers … but for the timber industry, chemical manufacturers, power companies and small businesses." He said that the order will also reduce dependence on foreign oil, help developing countries meet their energy needs with sustainable resources and help the United States "meet the challenge of climate change."

Roger Ballantine, the deputy assistant to the President for environmental issues, added, "It's going to help us fight global warming by reducing carbon emissions, but at the same time it presents tremendous business opportunities … for domestic companies. So this really is a win-win situation."

One area where biomass may become widely used soon is in fuel cells, expected to be

Conoco to build 420-MW cogen facility in Texas

Conoco Global Power last week signed multiple deals stemming from a planned 420-MW, gas-fired cogeneration construction project in Texas.

Conoco will build the plant near DuPont's Sabine River Works nylon facility in Orange, for $250 million, and will provide the nylon factory with electricity and steam produced from the power plant. In another deal, Conoco agreed to give PG&E Energy Trading long-term capacity rights to the plant.

Under terms of the agreement, PG&E Energy and Trading will deliver natural gas to the facility, in return for 250 MW of capacity over a 10-year period.

The deal leverages PG&E Energy Trading's position by providing it with "efficient generation capacity in a very attractive and growing market area," PG&E Energy Trading President and CEO Lyn Maddox said.

Conoco will sell about 100 MW of excess capacity from the plant into the Southeastern Reliability Council power pool, the same region where the plant will be constructed. DuPont will operate the facility upon the completion of construction, with commercial operation expected to begin in the summer of 2001.

Besides the upcoming Sabine power plant, Conoco has other projects planned in Texas. The company is completing a 440-MW cogeneration plant near Corpus Christi for OxyChem. The plant will supply power and steam to OxyChem's nearby chemicals complex.

Conoco also hopes to enter the European power market by developing projects there. So far, it has not made any official announcements of future projects at home or abroad, Conoco's Guy Cantwell said.

Conoco intends to develop at least four to six large industrial power projects in the United States and Europe over the next four years to help "meet growing demand for more efficient, reliable and cleaner energy," Conoco President Ron Walsh said.

widely available in the next decade. Fuel cells are now being developed by companies such as General Electric for both residential and commercial use.

Dan Reicher, assistant energy secretary for energy efficiency and renewable energy, said that biomass could be used in fuel cells.

Despite administration optimism about bio-technology, the business community said the order was just the president "whistling in the wind."

The National Mining Association's John Grasser said "the president is taking the opportunity of a very hot summer to conjure up the notion that the climate is changing and that extraordinary measures are required to counter global warming.

"We've always said this country must use any and all of its fuel resources to generate the energy we all need -— hydro, biomass nuclear -— anything we've got, including coal," Grasser said.

"A lot of this is window dressing … To expect that biomass will replace coal is whistling in the wind. We need any and all available sources of fuel in this country if we are going to continue to remain economy viable."

The timing of Clinton's executive order was attributed to a recent National Research Council study, which found that biomass is a "viable technology" with "tremendous opportunity," according to EPA's Browner.

A previous executive order, calling for improvements in the federal government's energy efficiency, is in jeopardy of being blocked by the Senate, where Sen. Thad Cochran, R-Miss., added language to a spending bill to prohibit "backdoor" efforts at implementing the Kyoto Protocol.

Trio to build plant in Arizona's East Valley

Dynegy and NRG Energy said last week they will develop a 500-MW to 750-MW, natural gas-fired, combined-cycle generating facility near Phoenix for the Salt River Project (SRP).

Dynegy and NRG, a wholly owned Northern States Power subsidiary, have formed a partnership to build the plant. According to SRP's Scott Harelson, the utility will retain a roughly 30% equity stake in the project and will ultimately use part of the total generation capacity to "fulfill our load requirements and to provide more reliability."

Dynegy's John Sousa said it was "premature" to talk about what the ultimate capacity agreement between Dynegy and NRG would be.

"Those aspects haven't been decided yet," he said. "So far we've established an alliance to evaluate two different sites. We still have our homework to do on the capacity," he said.

In April, SRP, the third-largest U.S. public power utility, with 700,000 customers, called for proposals for new generating capacity. The utility said it set a record for new customers last year, with 27,000. It projects that that pace of customer growth will continue, particularly in the Phoenix's East Valley, over the next decade.

"Our projections show that without new generation resources in Phoenix's East Valley, we could have difficulties meeting our growing customer load in three years," SRP General Manager Richard Silverman said.

Dynegy and NRG plan to build the facility in the East Valley. Depending on when various construction and environmental permits can be secured, groundbreaking could occur late next year, officials from the companies said.

Although a site of the project has not been selected, SRP already owns land with access to the necessary transmission, water and gas pipeline facilities at its Kyrene Generating Station in Tempe and its Santan Generating Station in Gilbert. Both sites under consideration,

GenerationWeek
Volume 1, Number 33
(ISSN: 1524-038X)
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Published weekly by Financial Times Energy, 1600 Wilson Blvd., Suite 600, Arlington, VA 22209; 703-528-1244; Fax: 703-528-7821.
Single-copy subscriptions are $795/year by first-class mail in the U.S. and Canada, and for e-mail and web delivery anywhere.
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Energy

Southern Co. utilities prepare to boost capacity

Southern Co. affiliates Georgia Power and Savannah Electric are putting in motion their plan to create a 1,600-MW power project in Georgia.

The project is expected to meet the companies' customer's electric power demand in 2002.

Savannah Electric reached a peak demand for electricity Thursday at 875 MW, its highest ever.

Last December, the companies issued a joint request for proposals to power companies to build a power facility in the neighborhood of 800 MW to 1,200 MW.

In February, the companies began accepting proposals from interested companies.

The companies recently increased their request to 1,600 MW, Georgia Power's John Sell said.

Within the next few weeks, Savannah Electric and Georgia Power will file separately for certification with the Georgia Public Service Commission of their portions of the total capacity, Savannah Electric's John Kraft said.

The companies have not yet completed an agreement as they are currently evaluating solicitations, Sell said.

They expect to have the project completed by and ready for the summer of 2002.

Intergen clears financing on 840-MW Australian plant

Intergen has completed the debt financing for the $922 million Millmerran Power Project, an 840-MW coal-fired power plant and coal mine in Queensland, Australia, the company said last week.

Millmerran is one of the largest greenfield power project financings in Australia and the largest fully merchant greenfield power plant in the world to be financed on a nonrecourse project finance basis. The facility will provide power to the growing Queensland market — expected to exceed available power in 2002 — and to export power to New South Wales.

Construction is set to commence immediately and commercial operation is projected for 2002.

The project represents the ninth and largest greenfield project closure InterGen has achieved since its formation in 1995.

Intergen expects Millmerran "to be the first of multiple power investments we plant to make in Australia," company President and CEO Carlos Riva said.

The Millmerran announcement follows Intergen's July 21 financing of the $480 million, 685-MW Sidi Krir natural gas-fired facility in Egypt.

Dynegy officials said.

The companies are seeking permits for the project from the Arizona Corporation Commission (ACC) and the Arizona Power Plant and Transmission Siting Committee.

Twenty percent of SRP's service territory has opened for competition to power providers since Jan 1 under legislative mandate.

Arizona's other two major electric utilities, Arizona Public Service and Tucson Electric, a unit of UniSource Energy, are negotiating separate settlement agreements with the ACC that could introduce competition into their territories by the fall, but regulators have not set a deadline.

Duke to sell excess Wis. plant power

Duke Energy Trading and Marketing has signed an agreement with SkyGen Energy to sell excess electricity from a plant under development in Wisconsin, giving additional fodder to groups that say the plant is too big for the state's needs.

SkyGen plans to build the 450-MW RockGen power plant to supply Alliant Energy with additional capacity required by state law. Last week, SkyGen and Duke revealed they have signed an eight-year agreement that will allow Duke to sell excess power into the wholesale market.

RockGen has been attacked from "every conceivable angle," Alliant Energy's David Giroux said.

Now protestors are worried that Duke may sell power from the plant on the wholesale market.

The protestors "don't understand the bulk power market," and are missing the point, Giroux said. They don't "understand the gravity of the situation."

"Capacity is crucial to the future of Wisconsin," he said.

Opponents of the plant say its capacity is much greater than what state law directed Alliant to add. They are concerned about the plant's proposed location, in a rural, agricultural area, and possible air pollution.

Every year Wisconsin demand for electricity grows about 8%, Giroux said, and by next year, an additional 300 MW will be needed to meet peak power demands of its customers in the state.

The RockGen facility is intended to meet the growing demand for power, he said, and if capacity were unavailable, then Alliant would have to scramble to find it elsewhere.

Duke Energy Trading and Marketing's Liz Johnson said RockGen will help Wisconsin by giving customers the power they need.

RockGen was originally slated to go online next June, but Alliant is waiting to hear from the Environmental Protection Agency on an appeal filed by protestors over environmental concerns.

Chicago-based Environmental Law & Policy Center and the Responsible Use of Rural and Agricultural Land attorneys filed an EPA appeal in April to rescind air permits granted by the Wisconsin Natural Resources Department. The groups were opposed to a number of things it said failed to meet including addressing emissions control technology issues, limiting the plant's operating ability and consider alternatives to construction.

According to Giroux, the EPA has not yet responded to the appeal.

Enron sells portion of N.J. cogen plants to El Paso

Enron sold nearly half of its interest in more than 1,000 MW of cogenerating facilities in New Jersey it bought earlier this year.

Enron's affiliate East Coast Power said Friday it was selling a 49% interest in 1,037 MW of cogen facilities to El Paso Power Services, a unit of El Paso Energy. The sale price was not disclosed.

El Paso's Paula Delaney said the purchase "furthers our presence in the Pennsylvania-New Jersey-Maryland market niche, which is part of the company's strategy."

Earlier this summer, El Paso bought a cogen facility in Newark, N.J., from Public Service Electric & Gas and other partners. It is also developing three merchant plants in New England.

Enron's acquisition in February of three combined-cycle, gas-fired cogen plants from Cogen Technologies Group was its first large foray into the Northeast and mid-Atlantic region. The plants provide electricity and steam to utilities and large industrial customers in New Jersey and New York City.

The two companies have formed a partnership to evenly split the commercial aspects of the plants. Enron will remain the operator.

Probable last bids for Cajun assets filed

In what could be the final bid of a nearly five-year auction, a partnership led by Southern Energy increased its offer by $19.5 million last week to $1.0455 billion to acquire the power plants once owned by Cajun Electric Power Cooperative.

The partnership, known as Louisiana Generating, includes NRG Energy, a subsidiary of Northern States Power, and Southern Energy International, a unit of Southern Co.

It's rival, Southwestern Electric Power (Swepco), a unit of Central and South West, last altered its bid for Cajun's assets in mid-July, when it boosted its offer by $35 million to $1.0255 billion.

Both groups are seeking control of Cajun's 1,683 MW of coal and natural gas-fired generation assets in Louisiana.

U.S. Bankruptcy Judge Gerald Schiff set last Friday as the final deadline for the bids, but he also left the door open for further changes to the bids by setting today as the deadline for parties to file memos related to any changes in the offers.

Louisiana Generating had objected to Swepco's latest bid increase, arguing that it was submitted past a court-set deadline, but Schiff accepted the offer. In response, Louisiana Generating said it would also raise its bid —to $1.026 billion, $500,000 above its rival— if the court approved Swepco's higher bid of $1.0255 billion. Louisiana Generating ultimately went beyond that with its bid Friday.

The Cajun co-op sells its power to smaller co-ops that serve more than 1 million Louisiana residents. The co-op filed for bankruptcy protection from creditors in late 1994 because it said it could not pay a $4.2 billion debt to the Rural Utilities Service related to its 30% stake in the River Bend nuclear power plant, now wholly owned by Entergy.

Enron to build plant, pipeline in Nigeria

Enron is preparing to invest several hundred million dollars to build a 560-MW power plant in Lagos, Nigeria. Under an agreement with Nigerian officials, Enron will begin supplying 90 MW in October from two barges while the plant is under construction. Enron will also build and operate a gas pipeline to supply the plant.

Constellation power plant approved in Florida

Constellation Power won't have to wait any longer to move on with its planned 850-MW Oleander Power Project in Brevard County, Fla.

In a 4-1 vote late Thursday, the Brevard County Commission approved a stipulated settlement agreement between Constellation and the county attorney on performance-based zoning standards Constellation must meet in order to build its plant.

The commission postponed its decision earlier last week because it wanted Constellation to make some adjustments.

Constellation's project had been properly zoned and sited last year, the company's Rick Wolfinger said, but the commission placed a moratorium on power plants because it believed the project might cause a risk to the health, welfare and safety of the community.

Having already being granted zoning and siting rights for its project, Constellation believed the freeze to be illegal and filed a lawsuit against the commission.

Constellation dropped the lawsuit Thursday when the commission lifted the freeze and allowed it to go on with its plans.

After months of making its case, Constellation was able to prove to the commission that there is no evidence the project would be a risk to the community, Wolfinger said.

With the commission's approval, Constellation can now go through the normal evaluation process, the commission's Dwayne Lundgren said.

"We're going to mop up the rest of our permits," Wolfinger said, which should take about another six months.

Constellation expects to begin construction on Oleander some time in 2001, and have it online by mid 2002.

Virginia co-op may build 1,020-MW peaking facility

Old Dominion Electric Cooperative is considering building a 1,020-MW, gas-fired power plant straddling the Maryland-Pennsylvania border.

Estimated to cost between $200 million and $400 million, the plant would generate power into the grid that serves the region in times of peak demand, Old Dominion's Bill Scherrod said.

"There is a definite need for energy in the area," Scherrod said.

Excess power would be sold into the wholesale marketplace, he said.

Through a business alliance formed earlier this year, Reliant Energy would market the power generated from Old Dominion's facility.

Old Dominion provides power for 12 member cooperatives, 10 in Virginia and one each in Delaware and Maryland. It owns portions of two power plants in Virginia, including 11.6% of the North Anna nuclear plant, that provide 54% of its power needs.

Old Dominion has filed a preliminary application with the Maryland Public Service Commission for a certificate of public convenience and necessity.

Old Dominion has an option to purchase the land it intends to build its proposed plant on. The 114-acre site includes 98 acres in Cecil County, Md., and 16 acres in Lancaster County, Pa.

Old Dominion said it does not need to file for an application in Pennsylvania, but it would keep residents there informed on the development of the project.

Residents of rural Rock Springs, Md., are concerned the plant might bring unnecessary noise and pollution to the area, where three other plants now exist.

The PSC is expected to make a decision on Old Dominion's application in coming weeks.

NEMA issues guidelines ... *(from page 1)*

competition which will result in lower prices and better overall service," NEMA said.

"Additional interstate pipeline competition would also significantly improve the reliability of natural gas service, which in turn would improve the reliability of the electric system by providing alternative sources of gas in the event of natural disasters or pipeline emergencies," NEMA said.

Overall, NEMA cited benefits it sees from independent producer merchant plants, including the development of new capacity where needed and lower prices for energy and capacity because new players would have to compete; the assumption of risk for investment in new plants by developers instead of captive ratepayers; and the absence of stranded costs and of recovery of uneconomic investments from captive customers.

The group also sees merchant plants as increasing wholesale competition and diluting the monopoly market power of incumbent utilities and says wholesale competition will lead to robust retail competition when retail competition arrives.

Company Profile

Orion Power Holdings aims to be 'new energy company of the future'

Orion Power Holdings, founded just last year by affiliates of Goldman Sachs & Co. and Constellation Energy Group, has assets totaling about 2,600 MW in New York state and hopes to become a "new energy company of the future," Chief Operating Officer Jack Fusco said last week.

Orion, now one of the largest independent power producers in the state, last month acquired 71 hydroelectric generating facilities in a $425 million acquisition of Niagara Mohawk power plants — assets with a combined generating capacity of 665 MW.

The company also has a pending deal for acquisition of the Astoria Generating Station, Gowanus Gas Turbine and Narrows Gas Turbine from Consolidated Edison — the "Astoria Bundle" — in New York City with a nominal capacity of 1,855 MW, representing about 25% of New York's "in-city" generating capacity.

Last year it acquired the Carr Street Generating Station, a 105-MW natural gas-fired combined cycle power plant in East Syracuse, ranked as one of the most efficient units in the New York Power Pool.

Although Orion may move into other areas of the industry, it targeted generation first because that's what is being deregulated first, Fusco said. In addition, he said, when one of a company's founding shareholders is a firm like Goldman Sachs, it brings with it a certain understanding of the commodity market.

"From day one we've always aspired to be a nationwide generating company and intend to grow the business that way," he said.

Orion looked at New York first because of the opportunities offered from the state's electric industry initiatives, Fusco said.

The company is very pleased with the holdings it has in terms of assets, he said, a combination of combined cycle natural gas, hydro and natural gas and oil. Its portfolio is also diverse in terms of generation service, including peaking, intermediate and baseload hydro facilities.

Orion sees its New York holdings as the basis for further North American expansion, and Fusco said that to become a national generating company it requires a certain "critical mass."

At the same time, though, he and chief financial officer Scott Helm refuse to say which states they are looking at next or to set a megawatt target for future company expansion.

The company's current 2,600-MW base is a "phenomenal start for us," as it has allowed the company to acquire high-quality assets and become a strong regional player in a short time, Fusco said. At the same time, he said, that base is not the needed critical mass and Orion wants to "do something comparable for the next few years."

Neither he nor Helm would talk about specifically where Orion is looking, except to say that much would depend on the pace of deregulation.

"We're very opportunistic at this point," Fusco said, "we believe that the deregulation of the electric utility industry is creating a lot of opportunities for us, so at least initially we're going to focus on growing our business quickly through acquiring utility assets that are being divested."

Where that happens depends on which states are deregulating and how fast they do so, Helm said.

If a state passes a bill that forces divestiture of assets, he said, "we are likely to take a look at that state."

"If it's a state that hasn't yet acted, we're not likely to spend a lot of time looking at that state yet," he said, "because, frankly, there's no forcing function that makes the utility act as a seller." Unless they're forced to do so, Fusco said, utilities won't take action, so Orion evaluates state actions closely and the way to track Orion's actions is to look for states that are leading the pack in restructuring.

While refusing to forecast how the company would operate in the future, Helm said that he wouldn't expect Orion to go for smaller, one-off transactions in other states or regions and then not come back.

Orion believes there are economies of operation and "you need to acquire a certain level of critical mass," Helm said, although Orion doesn't necessarily measure that by number of megawatts or market share.

"Obviously, you've got to start somewhere and you've got

Orion Power Holdings Portfolio

Asset	Capacity (MW)	Fuel Type	Location	Price	Status
Carr Street Generating Station	105	Natural Gas	E. Syracuse, NY	Not Disclosed	Purchased 11/19/1998
Niagra Mowhawk Hydro Assets	655	Water	NY State	$425mm	Purchased 7/30/1999
Con Edison – Astoria Bundle	1,855	Natural Gas/Oil	NY City	$550mm	Under Contract – closing August 1999

Source: Orion Power Holdings

OG&E to restart two units to help meet demand

OG&E Energy will restart two units out of service for a decade, the company said Thursday, two days after setting an all-time demand record.

Reactivation of two generators, with a combined capacity of 115 MW, at its gas-fired Mustang Power Plant that have been out of commission since the late 1980s is a quick fix, and the start of a more extensive expansion program that could add as much as 1,000 MW to existing plants over the next several years.

It will also consider adding turbines to the Mustang plant, as well as other gas-fired facilities including Horseshoe Lake, Seminole and Muskogee.

"Enhancing equipment already in place is a cost-effective way to meet the growing demand for electric power," OGE Energy Chairman, President and CEO Steven Moore said.

Oklahoma Gas & Electric customer power usage peaked at 5,748 MW last week, the highest ever for the utility.

OG&E said it will return the Mustang units to service next summer once it has completed inspections and repairs. It had taken the units offline when new cogeneration facilities built by other operators created an excess of capacity.

Omaha utility to increase capacity

The Omaha Public Power District (OPPD) Board of Directors Thursday approved a $138 million project that would provide an additional 330 MW to its customers beginning in 2003.

OPPD experienced a record peak demand level of 1,967 MW late last month.

The additional capacity is expected to prevent the district from having to buy electricity during times of high demand and high prices, OPPD said.

To keep its rates low, OPPD will sell excess power from the units to other utilities on the wholesale market. The project will not increase customer rates, OPPD said.

The project entails adding two new 165-MW, gas-fired generators to one of its facilities in Sarpy County, Neb. OPPD has not yet selected a site for the project.

OPPD will purchase the generators for about $73 million from Siemens Westinghouse Power Corporation.

When the juice begins to flow from the new units, OPPD's total generation capacity will increase by 15%.

OPPD expects the first unit to be online May 2003, and the second by July 2003. The new equipment is estimated to provide enough power through 2008.

to get a beachhead to build a business around, but having done that in New York, we then took the opportunity to expand into a couple of additional transactions to get that critical mass established," he said.

Critical mass, he said, is a function of having the right amount of capacity in a market and the right number of resources and employees.

Fusco said setting megawatt holding targets "just doesn't make sense" because companies set them and then buy facilities that don't work, whereas Orion wants quality assets.

Orion, he said, is much more focused financially and "much more disciplined, financially" than some other companies.

For the future, Fusco said the company will look for opportunities mainly in the United States and Canada.

"While the international market's fun, it's very difficult," he said.

"There's just so many opportunities here because of the electric restructuring, at least for the foreseeable future, I don't think we see a need to go elsewhere to meet our business plan," he said.

Dynegy considers another Ky. merchant plant

Dynegy is eyeing sites in Kentucky for a possible second merchant power facility there.

Dynegy currently is considering building a merchant power plant in Lawrence County and is still evaluating sites, Dynegy's John Sousa said.

"We still have development homework to do," he said.

Dynegy received Oldham County Fiscal Court approval earlier this year to build what would become Kentucky's first merchant power plant, the Bluegrass Generation Plant, a 500-MW, gas-fired facility. Dynegy began looking for sites in the East Central Area Reliability Council region in January due to future power demand concerns stemming from last year's price spikes.

Dynegy has not yet estimated the cost or capacity of its latest project, Sousa said.

New York revises power plant siting process

New York legislators and Gov. George Pataki are praising an agreement struck this month on legislation to improve the state process for reviewing power plant proposals.

Revisions to the state's Article X process for reviewing proposed electric generating facilities were included in the budget package approved by legislators. The agreement on the siting process was a specific arrangement made among Pataki and Senate and Assembly leaders of both parties.

Seven proposals for new or additional generation capacity are now under review by the state Board of Electric Generation Siting and the Environment. Another five projects have been announced but not yet submitted.

Legislators said the agreement will allow for construction of efficient, clean power plants that will lead to job growth and a more secure supply of power for New Yorkers.

"This bill will enable New York state to respond to a critical need for additional power through construction of new, more efficient, cleaner-burning energy plants," Republican Senate Majority Leader Joseph Bruno said.

"It will also encourage utility competition, lower energy rates and more power for business, economic development and job creation," he said.

The agreement incorporates into law recommendations made in June by the state Department of Public Service, which oversees the Article X process. The department's proposal emphasized in the review a proposed plant's environmental effects, including an expanded pre-application process in which the effects, mitigation measures and opportunities for public participation could be addressed.

The final version allows the Environmental Conservation Department to issue environmental permits prior to construction of a plant, something only the siting board could do before, and sets up a pre-application process.

Also, the Energy Planning Board is directed to conduct a study of the reliability of New York's transmission and distribution systems.

The revised process becomes effective Dec. 1.