



Calpine to build 1,620 MW at two sites in Florida

Calpine will invest an estimated \$750 million to build two new gas-fired power plants, with 1,620 MW in combined total capacity, in Florida, and will open a new office in Tampa to manage its Southeast operations.

The company will spend about \$500 million to build the 1,080-MW Blue Heron Energy Center facility, to be located in Indian River County, outside the City of Vero Beach. It will also invest \$250 million to develop the 540-MW Osprey Energy Center, to be located in the City of Auburndale, next to Calpine's existing 150-MW Auburndale plant.

"Florida is among the fastest growing electricity markets in the country and is expected to need as much as 800 MW of new

generating capacity per year to meet growing demand and to ensure adequate reserve margins," Calpine Vice President Bob Alff said yesterday.

"Calpine is very excited about the opportunity to help bring the competitive and environmental benefits of modern, independent power facilities to Florida customers," he added.

Calpine expects to begin construction for both facilities in 2001, with the Osprey project slated to operate in early 2003 and the Blue Heron project in mid-2003.

"Like our other Calpine development projects, Osprey and Blue Heron will be up to 40% more fuel efficient than traditional gas-fired

(Continued on page 6)

INSIDE THE MARKET REPORT

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Key Hub Trades for Standard 16-Hour Daily Products 01/12/00

Weighted average index prices (in \$/MWh) and volumes are shown for selected major hubs. More detailed price information is available on page 3.

Delivery Point	Weighted Average Index	Trading Volume Reported
COB	31.44	1000
Mid-Columbia	27.55	750
Palo Verde	31.25	850
ERCOT-B	21.55	500
Com Ed	16.85	950
Entergy	17.13	11,219
Cinergy	15.40	7,550
PJM	21.28	2,250
TVA	15.24	1,700

El Paso Energy buys two New England plants

El Paso Merchant Energy will buy two 67-MW, gas-fired power plants in New England from Energy Management Inc. (EMI) for an undisclosed amount.

A subsidiary of El Paso Energy, El Paso Merchant Energy will hold 100% ownership interest in both facilities, one located in Dartmouth, Mass., and the other in Pawtucket, R.I. El Paso expects to complete the purchase and assume responsibility for all operations and maintenance by March 31.

"The demand for natural gas-fueled power generation is growing rapidly in the Northeast," El Paso Merchant Energy President Greg Jenkins said yesterday. "These

plants are geographically positioned to help us meet the needs of this growth market, and this purchase is aligned with El Paso Merchant Energy's low-risk, disciplined, asset-oriented growth strategy.

"Purchase of these assets significantly enhances our existing merchant plant portfolio," he added.

EMI President James Gordon said, "The Pawtucket and Dartmouth power plants have been outstanding performers over the last decade."

While both plants are about 10 years old, they are two of the "most efficient," *(Continued on page 6)*

Houston St. creates high-volume trading platform

Houston Street Exchange is creating a new, Internet-based trading platform for large-volume, peak trades at the most active hubs.

Houston Street's "Speedway" will be available on the company's web site, HoustonStreet.com, next month, Exchange President and CEO Frank Getman said yesterday.

"There are really two distinct groups of traders in the market," Getman said. One group, physical traders, is served by Houston Street's "PowerPit" trading floor on its web site. That group, he said, includes traders who sell power from assets such as power plants or output under their control.

They sell any amount of power in any type of product deliverable at any point.

But, Getman said, PowerPit wasn't serving the second group, whom he terms financial traders, well.

"What it doesn't meet is the needs of big power marketers trading big blocks of power," he said.

The Speedway will allow them to trade standard products at standard hubs.

"We now have platforms that meet the needs of both sets of traders," he said. "One platform just can't meet the needs of both sets. They have distinct needs."

The additional offering, he added, puts *(Continued on page 2)*

Maryland businesses aggregate for open market

Maryland business groups have organized to enhance their ability to buy electricity at favorable prices and terms when the state's generation market opens July 1.

The Mid-Atlantic Aggregation Group Independent Consortium (MAAGIC), composed of eight trade associations with a total membership of 6,000 businesses, is banking on its size to secure better electricity rates and contract conditions than if each member were to buy independently.

The consortium is based on the concept of aggregation to enhance the position of small to mid-sized customers in a competitive market. Organizers of MAAGIC began discussing the formation of an aggregated group more than a year ago during the development of the state's restructuring legislation, which passed last March.

"We expect with our combined membership of 6,000 member businesses to be a major force in the Maryland market. MAAGIC has the potential to bring the largest commercial load to the marketplace," said Tom Saquella, MAAGIC's organizing chairman and president of the Maryland Retailers Association.

"As best as I can determine, nothing like MAAGIC is being tried on a statewide basis

Houston St. creates new platform... (from page 1)

Houston Street in direct competition with other electronic trading platforms, such as Altra Energy Technologies and Bloomberg.

Houston Street's Speedway will be for trades of firm peak power in blocks of 25 MW or 50 MW, depending on the standard of a particular region. Hubs including Cinergy, Entergy, the New England Power Pool, Pennsylvania-New Jersey-Maryland Interconnection, Tennessee Valley Authority and several Western points will be included. **ML**

anywhere in the U.S. Many are watching, however, to see if it can be done," Saquella said. "Each of the MAAGIC member organizations could do their own separate aggregation, but we decided to explore this idea of combining a number of separate organizations into a larger entity."

MAAGIC has hired Philadelphia-based Mondre Energy to provide expertise in negotiating the electricity market. Mondre Energy has consulted with large energy consumers and aggregations in Pennsylvania, which opened to competition last January.

"One thing we have learned is that this is not a game for amateurs. Technical expertise and knowledge of this evolving market are essential. By combining resources, MAAGIC is able to spread the cost for this expertise," Saquella said.

Mondre Energy will work with MAAGIC to estimate member demand, create a load

Natsource acquires Canadian brokerage

Energy broker Natsource is expanding its power and gas options in Canada with the acquisition of a Calgary-based brokerage.

Natsource said yesterday it will acquire Optimum Energy Brokers, which has sizable gas operations in Alberta and the mid-Continental United States and power trading throughout the Western Systems Coordinating Council.

"We've never really had a presence in Canada," Natsource President Jack Cogen said.

Cogen described the power trading operations of the two companies as "complementary." Gas trading is where the combined company sees its strength.

"This transaction extends our ties to the Northeast, while bolstering Natsource's reach into Canada and the Northwest United States," Optimum Managing Director Perry Undseth said. "This leaves no holes in our

profile, issue a request for proposals from energy suppliers, select one or more providers and create educational materials for members.

Current members are the Building Owners and Managers Association of Baltimore, Maryland Hotel and Motel Association, Maryland Retailers Association, Mid-Atlantic Food Dealers Association, Printing and Graphics Communication Association, Printing Industries of Maryland, Restaurant Association of Maryland and the Washington-Maryland-Delaware Service Station and Automotive Repair Association.

Any trade or business organization is eligible to join MAAGIC. The consortium charges a membership fee ranging from \$4,000 to \$5,000 and will charge a small fee each month to cover expenses. Organizations wishing to learn more about MAAGIC should call 410-269-1440 or e-mail MDRetail@aol.com. **JCS**

combined North American market reach."

One of Natsource's strongest areas is gas trading in the Northeast United States, a presence Optimum doesn't have.

Cogen said Natsource will be able to provide better information to its customers by having access to Optimum's activity, which the company said totals about C\$1 billion a month in gas trades and C\$100 million a month in electricity trades.

Customers will now be able to make trades in both the United States and Canada in a single transaction, Cogen said. The trading of spreads in cross-border deals will also become more efficient, he said.

All Optimum staff will be retained, Cogen said, and the company will keep its office in Calgary. Last year, Natsource established an initial presence in Canada with the acquisition of a Toronto brokerage that trades greenhouse gas emissions credits. **ML**

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MarketReport

Indexes and Transaction Record for 01/12/00

Wednesday, January 12, 2000

Explanations

Index — Volume weighted average of all trades reported
Absolute Low — Low trade reported
Absolute High — High trade reported
Trading Volume Reported — Volume of trades per hour for each of 16 peak hours
Total Peak Volume — Volume for all peak hours, found by multiplying the trading volume by 16
Number of Trades — Volume divided by 50 MW/h for ERCOT, Com Ed, Entergy, Cinergy, PJM, TVA. Volume divided by 25 MW/h for COB, Mid-C, Palo Verde
Volume Divisor — This number is used to calculate a reliable volume of megawatt hours sold in the spot market. *Megawatt Daily* talks to the full spectrum of market players — utilities, marketing firms and brokerages — and thus gets some duplicate trades. The total peak volume reported divided by the volume divisor is meant to be an accurate estimate of the actual volume being transmitted.

Trades for Standard 16-Hour Daily Products; all prices and volumes in \$/MWh

Delivery Point	Weighted Average Index	Absolute Low	Absolute High	Trading Volume Reported	All Peak Hours Volume	Number of Trades Reported	Volume divisor
COB	31.44	31.00	32.50	1,000	16,000	40	1.4
Mid-Columbia	27.55	26.00	29.00	750	12,000	30	1.4
Palo Verde	31.25	30.75	31.50	850	13,600	34	1.4
ERCOT-B	21.55	21.00	22.00	500	8,000	10	2.4
Com Ed	16.85	16.00	18.00	950	15,200	19	2
Entergy	17.13	16.50	19.00	11,219	179,504	224	2.2
Cinergy	15.40	14.50	17.50	7,550	120,800	151	2.2
PJM	21.28	20.50	22.00	2,250	36,000	45	2.1
TVA	15.24	14.00	16.00	1,700	27,200	34	2.1

Trades for Standard Forward Products (all prices in \$/MWh)

Delivery Point	Next Week 01/17 to 01/21		Balance of Month 01/13 to 01/31		Prompt Month 02/00		All pk. Index	No. of hrs. vol.	Trades
	Low	High	Low	High	Low	High			
COB	—	—	31.25	32.50	29.20	29.65	29.39	2400	6
Mid-Columbia	—	—	—	27.50	25.15	25.50	25.41	2000	5
Palo Verde	—	—	30.50	31.25	28.00	28.50	28.24	4000	10
ERCOT-B	—	—	—	—	—	—	—	0	0
Nepool	—	—	—	33.00	32.80	32.90	32.84	3600	9
Entergy	19.75	20.50	—	—	21.30	21.40	21.35	20000	25
Cinergy	18.75	20.00	—	—	20.75	20.95	20.88	17600	22
PJM	23.50	24.00	—	22.00	23.60	24.05	23.78	44000	55
TVA	—	—	—	—	—	20.90	20.90	1600	2

Methodology

The prices displayed in the table to the right are for power, in \$/MWh, traded at the locations and regions listed. The peak hours are 0600-2200 hrs.; PJM peak hours are 0700-2300. Off-peak hours start at 2200 hrs. on the date before the delivery date and end at 0600 on the delivery date. Not included are 24-hour deals categorized in some NERC regions as off-peak hours over Saturdays and Sundays. Transactions at the hubs listed in the separate table at the top of this page are financially firm. Deals at other locations may be unit-firm or system-contingent, and may include capacity reservation charges. Transactional data is gathered from utilities, marketers, co-ops, brokers, municipals and government power agencies. Deals done in the West are excluded if done after 1015 hrs. PT; deals done in the East and Central areas are excluded if done after 1100 hrs. CT. The middle column is the volume-weighted average of all deals reported and should be used for indexing purposes. The common range represents pricing for most of the trading volume; the absolute range represents lowest and highest prices reported. Copyright 1999 by Financial Times Energy.

Ranges and Indexes of Trades for Standard 16-Hour Daily Products

Delivery Point	Common Low	Common High	Wtd. Av. Index	Absolute Low	Absolute High	Common Low	Common High	Wtd. Av. Index	Absolute Low	Absolute High
	PEAK HOURS, 0600 TO 2200					OFF-PEAK HOURS, 2200 TO 0600				
West										
COB	\$31.00	\$31.75	\$31.44	\$31.00	\$32.50	\$26.00	\$26.25	\$26.04	\$26.00	\$26.25
FourC	\$30.00	\$30.50	\$30.25	\$30.00	\$30.50	—	—	—	—	—
Mead, Nev.	\$31.00	\$32.00	\$31.50	\$31.00	\$32.00	—	—	—	—	—
Mid-C	\$26.75	\$28.25	\$27.55	\$26.00	\$29.00	\$22.50	\$23.00	\$22.72	\$22.00	\$23.00
NP15	\$32.50	\$32.75	\$32.68	\$32.50	\$33.00	\$26.75	\$27.25	\$27.00	\$26.50	\$27.50
Palo Verde	\$31.00	\$31.50	\$31.25	\$30.75	\$31.50	\$23.50	\$24.25	\$24.00	\$23.50	\$24.50
SP15	\$31.50	\$32.50	\$32.00	\$31.50	\$32.50	—	—	—	—	—
Central										
ERCOT, econ. B	\$21.25	\$21.75	\$21.55	\$21.00	\$22.00	—	—	—	—	—
Ameren	\$17.25	\$17.75	\$17.50	\$17.00	\$18.00	\$12.00	\$13.00	\$12.25	\$12.00	\$13.00
Cilco/IP	—	—	—	—	—	—	—	—	—	—
Com Ed Border	\$16.25	\$17.25	\$16.85	\$16.00	\$18.00	\$11.50	\$12.50	\$12.00	\$11.50	\$12.50
MAIN north	\$20.00	\$21.00	\$20.50	\$20.00	\$21.00	\$12.00	\$14.00	\$13.00	\$12.00	\$14.00
MAPP	\$18.00	\$20.00	\$19.00	\$18.00	\$20.00	\$12.25	\$12.75	\$12.50	\$12.00	\$13.50
Entergy, into	\$16.50	\$17.75	\$17.13	\$16.50	\$19.00	—	—	—	—	—
SPP	\$17.25	\$17.50	\$17.46	\$17.25	\$18.00	—	—	—	—	—
East										
Cinergy, into	\$15.00	\$15.50	\$15.40	\$14.50	\$17.50	\$11.50	\$12.50	\$12.00	\$11.50	\$12.50
NorthECAR	\$16.75	\$20.00	\$18.29	\$16.25	\$22.50	\$13.00	\$13.50	\$13.48	\$13.00	\$13.50
PJM-West	\$21.00	\$21.50	\$21.28	\$20.50	\$22.00	—	—	—	—	—
NEPOOL	\$33.00	\$33.25	\$33.13	\$32.75	\$33.50	\$20.25	\$20.75	\$20.50	\$20.00	\$21.00
NYPP-E	—	—	—	—	—	—	—	—	—	—
NYPP-W	\$23.25	\$23.75	\$23.50	\$23.00	\$24.00	—	—	—	—	—
Southern	\$16.50	\$17.50	\$17.00	\$16.50	\$17.50	—	—	—	—	—
TVA, into	\$14.75	\$15.75	\$15.24	\$14.00	\$16.00	—	—	—	—	—
TVA, out of	\$16.50	\$17.00	\$16.75	\$16.50	\$17.00	—	—	—	—	—
Fla.-Ga.	—	—	—	—	—	—	—	—	—	—
Fla. in-state	\$20.50	\$20.75	\$20.58	\$20.50	\$20.75	—	—	—	—	—

Western Snow-Precipitation Levels as Percent of Normal as of 01/11/00

This table lists selected major river basins that feed western hydro projects. The data below from the USDA, Natural Resources Conservation Service (NRCS) comes from selected SNOTEL (SNOWpack TELemetry) sites that record daily precipitation and water levels in or near the river basins. The data is provisional and subject to revision by NRCS. The left column of data is the snow water equivalent found at the sites compared to the average value for those sites on the same day. The right column of data represents the total precipitation, since Oct. 1, found at the sites compared to the average value for those sites on the same day. An asterisk * means data is not available or valid for more than half the recording sites in a basin. The reference period for average conditions is 1961-1990.

	Percent of Snow water Equivalent	Percent of Average Accumulated Precipitation
Montana		
Kootenai River	97	115
Flathead River	92	119
Upper Clark Fork River	94	100
Bitterroot River	109	108
Idaho		
Priest and Other Basins	113	124
Snake above Palisades	74	60
Henry's Fork, Teton Basins	75	66
Big and Little Wood Basins	67	67
Big and Little Lost Basins	63	54
Clearwater	118	121
Salmon	91	88
Washington		
Columbia above Methow	104	104
Chelan, Entiat, Wenatchee	100	124
Yakima, Ahtanum	111	140
Lewis, Cowlitz	143	138
White, Green, Others	134	130
Skykomish, Others	121	142
Oregon		
Owyhee	77	62
Malheur	90	92
Grand Ronde, Others	112	120
Umatilla, Others	81	104
Deschutes, Others	105	100
Lower Columbia	128	138
Willamette	123	113
Rogue, Umpqua	93	76
Klamath	89	75
Lake County, Goose Lake	67	50
Harney	69	69
California Basins		
Northern Great Basin	44	55
Truckee River	26	38
Lake Tahoe	22	36
Carson River	10	29
Walker River	8	25
Klamath	89	75
Basins Feeding Hoover Dam		
Colorado		
Upper Colorado	62	59
San Miguel, San Juan	26	22
New Mexico		
San Juan Headwaters	19	19
Utah		
Green River	64	62
Wyoming		
Upper Green River	71	54
Lower Green River	74	59

Weather, outage slow next-day price slide

Dailies traded as though they would fall off big time yesterday, but mixed responses to near-freezing weather, a threat of snow and an outage slowed the retreat. Still, prices backed off about \$2 from the previous day's trades at COB and Mid-Columbia. Next-day lows traded down to about \$31 at COB and \$26 at Mid-Columbia.

Western Markets

"The weather's not that bad, loads are manageable, there's generation and prices wanted to respond," one player said. "Frankly, they're a little strong ... but if the temperature drops a degree below normal, people panic."

News that a nuke unit would not return until the weekend helped shore up falling prices at Palo Verde. Dailies dropped to below \$31, about \$3 down from the previous day.

Prices also fell about \$3 to \$30 at NP15. They dropped \$1 or so to the low \$30s at SP15, Mead and Four Corners.

February also retreated about 50¢ from the previous day's prices at COB and Mid-Columbia. The prompt month ranged \$29.20-\$29.65 at COB and \$25.15-\$25.50 at Mid-Columbia.

At Palo Verde, February traded down to \$28 then rose to \$28.50. Later deals ranged \$28.25-\$28.35.

"I don't know what was happening ... possibly someone was trying to cover a spread," one player said.

The California Power Exchange (Cal-PX) price for peak power for today was \$37.30, up from \$34.11 the previous day. Off-peak was \$28.02, up from \$27.54. The 24-hour weighted average was \$34.67, up from \$32.22 a day earlier.

The Bonneville Power Administration offered surplus power for today at 200 MW each for COB and Northwest delivered. At COB, peak was priced at \$25.50 or the Cal-PX average, whichever was higher. Off-peak was priced at the higher of \$25.50 or the Cal-PX average.

Elsewhere in the Northwest, peak was priced at the higher of \$25.50 or the Cal-PX average less \$1. Off-peak was at the higher of \$25.50 or the Cal-PX average less 75¢. BM

MAIN dips, Entergy dailies slip to \$17

Winter continued as a no-show in MAIN, producing some of the lowest daily prices on record for the season.

Yesterday, next-day prices at ComEd hovered in the mid teens, failing to break \$18. Ameren, on light volume, posted prices \$1 less than those traded the previous day.

Little price deviation was reported in MAPP. The magic number for dailies appeared to be \$19. Some areas had colder weather but it was still well within winter norms.

"We have to keep generation geared for the cold, and temperatures warmer than normal produce a glut of power in relation to load," said one frustrated trader.

In Entergy, dailies traded down to \$16.50, nearly \$1 less than a day earlier. The balance of the week traded at \$18. Next-week got stuck at \$20, where a large block was done.

Central Markets

February traded in a 20-cent range to \$21.40. March sold for \$22.05, June for \$60, and September for \$31.80. January-February 2001 deals traded at \$27.10.

Dailies in SPP fell about \$3, trading in the \$17 range. Today's high temperature in Kansas City will hit 60 degrees. Highs are forecast at that level for the rest of the week.

Only a handful of daily trades were done in ERCOT. Prices remained flat with the previous day's deals. For a second day, no term trades were confirmed. Some sources said there probably wouldn't be much term trading for the remainder of the month because some large players are bringing in new people. After they are in place and acclimated, term market dealing should get back to normal. MSL/LL/AH

Central Generation Outage Report for January 12				
Information from the Nuclear Regulatory Commission is sometimes outdated, and not all utilities respond to requests for verification of unit status. Copyright 2000 by FT Energy				
Unit Name, Operator	MW	NERC Region	Unit Status	Scheduled restart or outage date
Duane Arnold 1 Alliant Energy	515	MAPP	Nuclear; at 95% after shut down Jan. 4	Full power Jan. 11

FUTURES Results for 01/11/00
NYMEX

California-Oregon Border

*Settlement	High	Low	Change	Volume	
February	29.45	29.55	29.45	-0.40	62
March	26.40	26.40	26.00	0.05	98
April	27.10	—	—	-0.10	0
May	24.55	—	—	—	0
June	25.15	—	—	—	0
July	40.00	—	—	—	0
August	54.85	—	—	—	0
September	48.50	—	—	—	0
October	34.60	—	—	—	0
November	34.80	—	—	—	0
December	36.45	—	—	—	0
January	32.00	—	—	—	0
Volume of contracts (unofficial)					160
Total open interest Monday					2,129

Palo Verde

*Settlement	High	Low	Change	Volume	
February	28.50	28.50	28.50	-0.15	10
March	26.50	27.00	27.00	0.05	8
April	27.85	—	—	—	0
May	27.85	—	—	—	0
June	35.00	—	—	-0.15	0
July	53.00	—	—	—	0
August	65.05	—	—	—	0
September	52.40	—	—	—	0
October	32.45	—	—	—	0
November	29.95	—	—	—	0
December	30.95	—	—	—	0
January	27.40	—	—	—	0
Volume of contracts (unofficial)					18
Total open interest Monday					1,752

Cinergy

*Settlement	High	Low	Change	Volume	
February	22.00	—	—	—	0
March	22.90	—	—	—	0
April	23.50	—	—	—	0
May	29.00	—	—	—	0
June	60.00	—	—	—	0
July	147.00	—	—	—	0
August	125.00	—	—	—	0
September	33.00	—	—	—	0
October	24.00	—	—	—	0
November	25.00	—	—	—	0
December	26.00	—	—	—	0
January	31.00	—	—	—	0
Volume of contracts (unofficial)					193
Total open interest Monday					193

Entergy

*Settlement	High	Low	Change	Volume	
February	21.30	—	—	—	0
March	25.00	—	—	—	0
April	25.00	—	—	—	0
May	31.15	—	—	—	0
June	60.00	—	—	—	0
July	140.00	—	—	—	0
August	124.00	—	—	—	0
September	35.00	—	—	—	0
October	24.00	—	—	—	0
November	25.00	—	—	—	0
December	25.00	—	—	—	0
January	30.00	—	—	—	0
Volume of contracts (unofficial)					0
Total open interest Monday					16

Pennsylvania/New Jersey/Maryland

*Settlement	High	Low	Change	Volume	
February	23.70	—	—	—	0
March	23.75	—	—	—	0
April	23.90	—	—	—	0
May	30.10	—	—	0.50	0
June	53.30	—	—	0.05	0
July	93.00	—	—	3.00	0
August	84.00	—	—	—	0
September	33.00	—	—	—	0
October	27.00	—	—	—	0
November	26.00	—	—	—	0
December	27.00	—	—	—	0
January	32.00	—	—	—	0
Volume of contracts (unofficial)					0
Total open interest Monday					402

Settlement is weighted average of trades in last two minutes of trading, except on expiration day, when last 30 minutes are used. Change is from previous settlement price.

Daily market finishes a bit short in Cinergy

Cinergy dailies were range-bound, compared with deals made the day before. Yet the market finished a bit short. Prices then hit \$17.50, as opposed to those done at \$14.50 after options' expiration the previous day.

The prompt month came off more than 50¢ in the latest lap of its rollercoaster ride, to below \$21.

Dailies in PJM dropped another dollar, with little volume reported. Next-week prices fell \$1 from the high of \$25 a day before. The balance of the month remained flat.

Meanwhile, the bidding period for the PJM February 2000 firm transmission rights auction opened today and will close at midnight Jan. 18. Results will be posted by 5 p.m., Jan. 20.

Moderate weather shunted activity in New York. Today's highs were forecast for the 40s in New York City. Dailies traded around \$23, mostly in zone A. Summer in zone G went for \$75.25.

Nepool followed the same weather patterns as its neighbor, with highs in the 50s yesterday. Highs in the 40s are forecast for today, and dailies inched up less than \$1 on light volume. February traded between \$32.80 and \$32.90.

Daily trades in TVA were few and far between. Deals were reported in the low to mid teens on low volume.

Trades into Southern Co. were slow as usual. A few deals for peak hours were done near \$17.

In Florida, only a couple of next-day deals were reported, with prices in the low \$20s. At the Florida-Georgia Border, no daily trades were confirmed. BR/MSL/AH/LL

Eastern Markets

Court dismisses challenge to HQ market-based rates

A federal appeals court yesterday threw out a challenge to a 1997 FERC order granting Hydro-Quebec's market-based rates, saying the environmental coalition and tribe that brought the complaint lacked standing.

The Grand Council of the Crees, which represents about 10,000 native inhabitants of northern Quebec, claimed that granting market-based rates to Hydro-Quebec would lead the company to build more hydroelectric generation facilities, destroying their fish and wildlife resources.

The New England Coalition for Energy Efficiency and the Environment said construction of additional hydroelectric facilities in northern Quebec would damage the

habitat of migratory birds, including one classified as endangered, that also live in New York and New England.

The petitioners challenged the FERC order under the Federal Power Act and National Environmental Policy Act. Yesterday, the U.S. Court of Appeals for the District of Columbia Circuit ruled they did not have "standing," a legal right to challenge the conduct of another (No. 98-1280).

Because the court determined the Cree council and the environmental coalition did not have legal grounds on which to challenge the FERC order, it did not address whether FERC violated the law by not preparing an environmental impact statement in deciding Hydro-Quebec's market-based rates. ML

Spark Spreads for January 12

These spark spreads (in \$/MWh) compare the cost of generating power using a gas turbine at various heating efficiencies with the cost of buying peaking from the grid. The \$/mmBtu column is based on the closest geographic Gas Daily price posting midpoint, while the \$/MWh column is based on the Megawatt Daily index. A positive spread indicates it's economical to buy gas, while a negative spread indicates it's economical to buy power from the grid. The gas and power transactions were generally conducted yesterday for delivery today, weekends excepted. Copyright 2000 by FT Energy

	\$/mmBtu	\$/MWh	7000	8000	10000	12000
COB/Malin, Ore.	2.335	31.44	15.10	12.76	8.09	3.42
Mid-Columbia/Stanfield	2.220	27.55	12.01	9.79	5.35	0.91
Palo Verde/EI Paso San Juan	2.155	31.25	16.17	14.01	9.70	5.39
ERCOT/Houston Ship Channel	2.220	21.55	6.01	3.79	-0.65	-5.09
Com Ed/Chicago Citygates	2.280	16.85	0.89	-1.39	-5.95	-10.51
Entergy/Henry Hub	2.110	17.13	2.36	0.25	-3.97	-8.19
Cinergy/Columbia Gas, App.	2.345	15.40	-1.02	-3.36	-8.05	-12.74
PJM-West/Transco Z6 (non-NY)	2.520	21.28	3.64	1.12	-3.92	-8.96
Nepool/New England Citygates	2.610	33.13	14.86	12.25	7.03	1.81
NYPP-E/Transco Z6 (NY)	2.650	n/a	—	—	—	—
Fla. in-state/Fla. Citygates	2.415	20.58	3.68	1.26	-3.57	-8.40

Study sees call centers as next to be contracted out

Utilities seeking ways to control costs and improve service are increasingly looking to turn over their customer call center operations to independent companies, according to a new study.

Outsourcing — hiring service bureaus to manage customer care functions — is a strategic way for utilities to cut costs and improve levels of service, said Irene Stillings, senior advisor to the energy consult-

El Paso Energy buys two plants... (from page 1)

environmentally superior gas-fired plants in New England," with historic availabilities in excess of 96%, Gordon said. Output from both plants is spoken for under long-term power purchase contracts, he said.

"The sale of these two facilities realizes the value our company created while affording El Paso and the existing plant operating teams the opportunity to deliver efficient, clean electricity to consumers into the new century," Gordon said.

In a partnership with Calpine, EMI is the managing general partner and operator of three new gas-fired merchant plants in New England, with a combined capacity of about 700 MW. The 170-MW plant in Dighton, Mass., is up and running. The 265-MW Tiverton, R.I., plant and the 265-MW Rumford, Maine, plant are under construction. EMI expects to complete both plants in time to operate by the end of June, Gordon said.

Last year, EMI solicited offers for all five of its New England plants (*MWD*, 6/15/99). The company later decided to keep the three new plants, Gordon said. JCS

ing firm E Source and author of *Outsourcing Customer Care: A Guide for Utilities*.

Call centers are merely the latest service regulated utilities are contracting out. They have long been outsourcing other customer service functions, such as meter reading, payment and debt collection and remittance processing, the study said.

"Outsourcing is not an excuse for management to wash its hands of a poorly managed, costly or misunderstood function," Stillings said.

Customer service, which is becoming more prevalent in utilities, is a costly opera-

tion, said Filomena Gogel, utility customer care series director at E Source.

"In some cases, outsourcing to a high-quality service bureau can put you where you want to be in terms of customer satisfactions and value," Gogel said. Highly trained members of the bureaus can provide customer call service 24 hours a day, seven days a week, she added.

Among the examples the study cited are GPU Energy, which uses a call center in Utah to respond to customer questions about retail choice in Pennsylvania, and San Diego Gas & Electric, which contracts out more than a third of its call center traffic. CD

Dynegy sells half of Ill. plant to NRG Energy

Dynegy yesterday sold a 50% interest in its Rocky Road Power Plant in Illinois to NRG Energy, a regular partner in merchant plant development.

"Our decision to sell an interest in the Rocky Road facility reflects the strength of our two companies' ongoing business relationship," Dynegy President and Chief Operating Officer Steve Bergstrom said.

NRG Energy President and CEO Craig Mataczynski said the purchase of a portion of the Rocky Road plant gives NRG its first

entry into the Midwest.

The 250-MW, gas-fired Rocky Road plant began commercial operation in June 1999. In October, Dynegy received approval to expand capacity by 100 MW, which it said will be available before this summer.

The two companies together own and operate four facilities totaling more than 3,700 MW in California and are partners with the Salt River Project in an 825-MW merchant plant in Arizona. ML

MidAmerican says proxy advisory firm favors merger

MidAmerican Energy Holdings, seeking shareholder approval for its proposed acquisition by an investor group, said yesterday that a national proxy advisory firm has recommended approving the merger.

Shareholders of MidAmerican will consider Jan. 27 the proposed sale to an investor group headed by Berkshire Hathaway. The

proxy advisory firm, Institutional Shareholder Services, provides research and voting services to institutional investors.

FERC approved the merger Dec. 15. In addition to the shareholders, approval is still needed from the Illinois Commerce Commission, Iowa Utilities Board and Nuclear Regulatory Commission.

Calpine to build two plants in Florida ... (from page 1)

power plants and will be equipped with advanced emission control technology," Alff said.

Both facilities will use a combined-cycle configuration, supplied by Orlando-based Siemens Westinghouse Power, to generate power.

There has been a dispute in Florida over whether state law allows for the development of merchant plants such as the two proposed by Calpine. Under the law, before a company can build a combined-cycle power plant, the Public Service Commission (PSC) must determine whether there is need for

such a plant, the PSC's Kevin Bloom explained. If there is steam in the generating process, Bloom added, the PSC must approve the project before it can proceed.

Florida's largest utilities have opposed similar projects in the state proposed by Duke Energy and by PG&E Generating (*MWD*, 11/2/99), arguing that such plants are illegal.

The PSC approved Duke's proposed plant in New Smyrna Beach, but Florida utilities challenged the decision. The case is currently before the state Supreme Court, where testimony is scheduled for Feb. 9.

The proposal by PG&E Generating is still under PSC review, with a PSC staff report due Jan. 20.

The PSC has "nothing in hand" from Calpine regarding the two proposed facilities, but the company may seek regulatory approval in February, Bloom said.

Calpine will open its Tampa office in March. The new office will support development of the Osprey and Blue Heron facilities and Calpine's other southeastern operations, including the 150-MW Auburndale facility. Calpine acquired a 50% interest in the Auburndale facility in 1997. JCS