

## TVA plans to buy gas-fired power plant

*It is diversifying*

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The Tennessee Valley Authority plans to buy a second combustion turbine plant in as many months to help meet growing peak power demands.

TVA, the country's largest public utility, will ask its directors Thursday to approve the purchase of a 546-megawatt gas-fired plant in Gleason, Tenn. The three-unit plant, built by Enron Corp. in 2001, is owned by Greensburg, Pa.-based Allegheny Energy Supply.

"We're trying to position ourselves to meet our customer requirements at the lowest possible cost," TVA spokesman John Moulton said. "We're buying these plants at attractive prices, and they will help us meet our peak demands, which have been growing about 2 percent a year."

TVA agreed in October to buy a 680-megawatt combustion turbine plant near Calvert City, Ky. The three-unit plant was built by Duke Energy in 2002 and sold to TVA by investment firm KGen Partners.

The Gleason plant, like the Calvert City plant, is already connected to the TVA power grid. It also is located on an interstate gas pipeline and capable of being upgraded to a combined cycle plant to boost output to 870 megawatts, TVA officials said.

Both the Gleason and Calvert City plants operated only a few months before natural gas prices spiked a few years ago and they were no longer cost effective as power sources during most periods of the year.

TVA plans to add them to its fleet of combustion turbines that are operated only for short times when energy demand is highest – typically on the hottest days of summer and coldest days of winter.

TVA, which provides electricity to about 8.6 million people in Tennessee and six surrounding states, has 80 combustion turbines now, including Calvert, located at three stand-alone sites and four coal-fired power plants.

TVA budgeted \$90 million this year to buy peak-power plants after its 34,000-megawatt system came up about 5,700 megawatts short of meeting its highest demands this summer, forcing it to buy power from other utilities.

TVA expects to bring a third nuclear reactor at its Browns Ferry station in Alabama back online next summer following a 20-year shutdown and \$1.8 billion restoration.

Allegheny Energy spokesman Allen Staggers said the Gleason plant is the third and final plant Allegheny will sell after exiting its money-losing, deregulated power supply business.

"When the energy market for these types of plants collapsed, we were forced to change our business plan and dispose of those assets," he said.

Terms of the Gleason and Calvert City purchases will not be disclosed until the sales are completed, TVA officials said.