

## BUSINESS

# There goes Texas

A big deal in a big, conservative American state shows that energy utilities can no longer ignore CO<sub>2</sub> emissions. **Emma Marris** reports.



**T**he state of Texas has sometimes chafed at being a mere state, and not a country unto itself. It likes to do things its own way. And the way it is doing energy, to judge from a ground-breaking takeover deal announced last month, is very different now from how it would have been just a year ago.

The proposed buy-out of Texas's largest electrical utility, TXU, by a private-equity investment group has been endorsed by two of the leading environmental groups in the United States. It contains elements which promise to yield a major slow-down in the growth of carbon dioxide emissions in this most energy-addicted of states.

### Continued objections

Not everyone is happy with the proposed deal. Linda Miller, the mayor of Dallas, and several environmental groups have said that they will continue to oppose the three coal-fired power plants permitted by the agreement. "The fact that Environmental Defense gives its blessing doesn't mean that more radical groups are going to toe the line," says Rob Wilder, whose San Diego consultancy, WilderShares, follows the clean-energy sector. "It doesn't shield them completely from opposition, but I think it will be seen as being helpful."

The arrangement does appear to have shielded the buyers from criticism they might have expected for making a heavily leveraged buy-out that will take TXU from being a publicly listed company to a private one. Private buy-outs have been attacked for reducing public accountability, piling up debt and encouraging the pursuit of fast returns, sometimes at the expense of customers and employees.

Outside observers caution, however, that any plan to meet growing electricity demand without resorting to coal has yet to deliver. “This hasn’t been stress tested,” says Michael Liebreich, head of New Energy Finance, a London-based energy consultancy. “If there are blackouts, all bets are off.” ■