

Macquarie expands in UK power sector

(Reuters, 3/27/13) - Macquarie Bank is expanding its power trading business in the UK, hiring traders from rival banks and sourcing electricity from newly acquired power plants in hopes of becoming a bigger player in the sector.

The Australian banking group has hired six traders and acquired two power station management agreements in the UK in recent months as part of the expansion, Nicholas O'Kane, global head of Macquarie's Energy Markets Division, said in an interview.

"We have, in the last three to four months, taken the opportunity to build up that business," O'Kane said, pointing to client requests as the reason for the expansion.

The move highlights the growth opportunities available to some financial players as others have retrenched and cut back their commodity operations in the face of regulatory and financial pressures.

It also shows the growing attractiveness of the UK power market, where prices spiked to an all-time high last week thanks to a pipeline malfunction that exposed the country's increasing reliance on foreign energy supplies.

To beef up its UK power operations, Macquarie has hired Turab Musayev as vice president of power origination and structuring and Max Hacker as energy analytics analyst, O'Kane said. Four gas and power shift traders, Adam Frame, Dan Briggs, Sid Rajeswaran and Tim Sheldrake

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move into active markets," said [George H. Stein](#), managing director of [Commodity Talent LLC](#), a global executive search firm for commodity

traders based in New York.

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have also joined Macquarie.

Musayev, Hacker, Frame and Sheldrake joined from Bank of America's Merrill Lynch unit. Briggs joined Macquarie from French utility EDF and Rajeswaran joined from BNP Paribas.

The six traders have joined a team of about 15 people in Macquarie's UK gas and

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power trading desk in London, reporting to Jon House and Erik Petersson, co-heads of Macquarie's energy markets division for Europe, Middle East and Africa, according to a spokeswoman.

The division has also acquired agreements to manage electricity output from two gas-fired UK power plants, which Macquarie is using "as a base to build-out our physical power business," O'Kane said.

The power stations, the 489 megawatt Baglan Bay Power Station in Wales and the 819 megawatt Sutton Bridge Power Station in Lincolnshire, were recently acquired by a Macquarie-led consortium, according to the spokeswoman.

The Sutton Bridge deal closed Wednesday while Baglan Bay was completed in October 2012, she said. Terms of the transaction could not be learned by press time.

Macquarie launched its energy markets division in London in 2003, when O'Kane moved from Asia to the UK to set up its trading desk. Since then, Macquarie has become an active player in the UK natural gas sector but less so in power, O'Kane said.

Macquarie's expansion into the sector coincides with a larger transition in commodity trading among global banks. Stung by losses from the 2008 financial crisis and increasing regulatory requirements, many U.S. and European banks have been scaling back their

commodities arms. Royal Bank of Scotland Group, for instance, was forced to sell its Sempra Energy commodity trading venture in 2010 after it was bailed out by the UK government.

Some see the retrenchment as an opportunity for banks like Macquarie to pick up talent in the UK and other markets.

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Macquarie has also added to its power trading team in the United States. The firm recently hired Drew Inman in Houston, Texas to head up its power trading for the Texas market. Inman will be joining three other traders and a team of business originators focused on the Texas electric grid, O'Kane said.

Inman is joining Macquarie from Citigroup

and will start on April 8, O'Kane said.

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