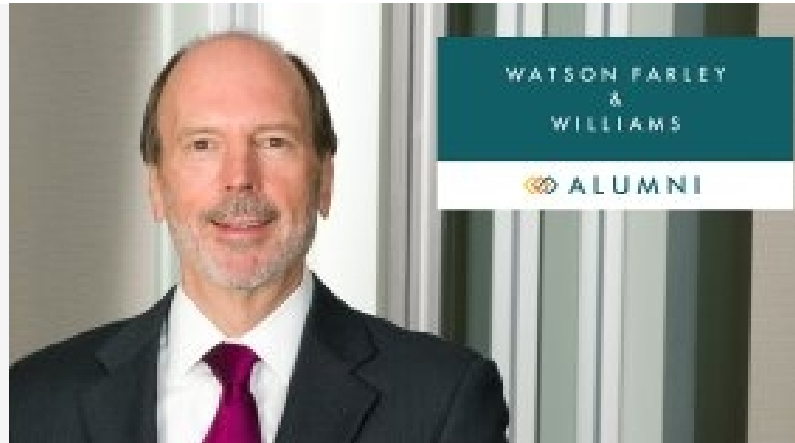


GENERATING A SUSTAINABLE FUTURE: AN INTERVIEW WITH THAD MILLER

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Thad Miller was a partner in the New York office from 1990 to 1993. He is now Executive Vice Chairman, Chief Legal Officer and a member of the Board of Directors at Calpine Corp, the largest independent generator of electricity in the United States.

Thad Miller is self-effacing about his legal skills: “Fortunately my colleagues in the Calpine legal group are far better lawyers than me, so I spend the bulk of my time on broader company management and strategic issues, and meeting with investors and Federal and state administrative officials, legislators and regulators,” he says.

Thad’s entrepreneurial flair really came to the fore during his time at Goldman Sachs, as Vice President in the commodities trading division, which he joined after leaving WFW in 1993. “We traded both physical and financial derivative products tied to crude oil, petroleum products, natural gas, precious and base metals, and grain, primarily making markets for industrial customers. This also exposed me to proprietary ventures not typically associated with investment banks. For example, building a catalytic cracker in Rotterdam, chartering tankers and leasing storage in Guam for large quantities of oil in anticipation of geo-political events, and leasing a refinery in Canada to take advantage of oil price arbitrage opportunities between Northern Europe and the US east coast,” he explains.

A power move

“One of my most challenging times was during Goldman’s entry into power (electricity) trading through a joint venture called Constellation Power Source, as the US sought to take the first step in deregulating electricity by encouraging trading competition,” says Thad. This was followed by Goldman’s merchant bank’s (private equity) entry into the sector to purchase power plants from the traditional electric utilities who were being forced by regulators in some states to divest of power generation plants as part of the transition to competitive power markets. Orion Power Holdings was formed. After Goldman went public soon after, Thad joined Orion Power in 1999. “We went on to acquire and operate 96 hydroelectric, natural gas and coal power plants in 12 states in the eastern US,” says Thad. In 2000 Orion became a NYSE publicly traded company through an IPO and in late 2001 at the height of the de-regulation of and just prior to the Enron collapse, Orion Power was acquired.

In 2002 Thad joined the private equity firm Texas Pacific Group (TPG). In late 2004 a TPG-led consortium including KKR, Blackstone, and Goldman Sachs purchased Texas Genco, an independent power producer in Texas in the largest private equity “club” deal of that era. “Texas Genco was essentially a collection of generation assets including a nuclear power plant around which we had to build an operating company. By mid-2005 we had done so and were preparing an IPO when another producer made a merger offer which we accepted and completed in early 2006.”

“We built Calpine into a Fortune 300 Company.”

After a two-year break, in 2008 Thad joined Calpine as Executive Vice President and Chief Legal Officer. He is proud of the company's track record despite bumpy equity and power market conditions over the last ten years. “Calpine had just emerged from bankruptcy, so it was a turn-around project. We transformed Calpine and it became a Fortune 300 company and the largest US independent power producer with 90 natural gas and geothermal power plants in 23 states,” he says. In March this year a consortium of investors led by the private equity firm Energy Capital Partners took Calpine private with an enterprise value of US\$16 billion. Thad joined the Board of Directors and became Executive Vice Chairman.

Thad enjoys the challenge of navigating a constantly changing business and political landscape. “The power generation business is going through a major transformation as it embraces renewables such as wind and solar as well as the lower price of domestic natural gas due to advances in fracking. These technologies, aided by public policy, have led to the retirement of coal and oil plants. Developing a strategy to assure our sustainability as a company is intellectually challenging and rewarding.”

“When it is done against all scientific evidence, it is particularly frustrating and disappointing.”

Thad dislikes being vulnerable to the vicissitude of politicians who “through the stroke of a pen can act for wholly political and often otherwise irrational reasons.” Thad is a staunch advocate for pricing carbon emissions through a carbon tax or a trading program. He has had access to leading science on climate change and direct input into the national and international dialogue to address the threats created by carbon emissions. He was a panelist at the meetings that led to the Paris Climate Accord and had regular contact with the prior US administration on the drafting of rules under the Clean Air Act. “The US was on the cusp of implementing a carbon program but alas the new administration has decided to make a 180 degrees course change. This illustrates the challenges to our business — that which is created by the stroke of a pen may be eliminated or altered in the same manner. When it is done against all scientific evidence, it is particularly frustrating and disappointing,” says Thad.

“Those early lessons were invaluable.”

Thad regards his experience of opening WFW's US office as key to his subsequent career. “When I joined WFW in 1990 it was almost a decade old but still decidedly fresh and anything but institutional. Opening the US office gave me a flavour of the challenges and rewards of building a business, and the energy and support of WFW in London was not unlike having private equity owners behind a start-up. Understanding the ups and downs of that WFW start-up and the support from London was a microcosm of what I would encounter down the line in the world of start-ups and turnarounds. Those early lessons were invaluable,” he says.

He retains a strong admiration of and affection for old WFW colleagues. “Alastair (Farley) and Martin (Watson) were forces of nature and it was a privilege to be associated with them and the other leaders in London. My memory of the camaraderie and determination of the NY group in creating that office never fades.” He remembers with fondness building a presence in New York with some ‘terrific colleagues,’ annual partner meetings in London and “a sense of having fun while working hard” that permeated the WFW culture.

Thad admits he has not stayed in touch with the firm and former colleagues as much as he would have liked. However, he has welcomed the recent contact which he says has served as a gentle reminder to rekindle some of those relationships.

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Thad takes time from his hectic work schedule to travel with his grandchildren and family, as well as to be involved, with his wife Marilyn, in several charitable endeavours. There is always time for a little windsurfing and small boat sailing, too!