

NRG to Acquire Direct Energy in \$3.6 Billion Deal

BY KATHERINE BLUNT

NRG Energy Inc. has agreed to buy rival electricity firm **Direct Energy** for \$3.6 billion in cash, marking one of the energy sector's largest deals so far this year.

The wholesale and retail power company said Friday that it would add more than three million customers throughout the U.S. and Canada with the acquisition, which will widen its geographic footprint. The combined company will have more than six million customers.

NRG, based in Houston and Princeton, N.J., generates power and sells it to retail customers under brands including Reliant Energy and Green Mountain Energy. It operates largely in Texas, with a smaller presence in states throughout the Northeast with deregulated electricity markets.

Direct Energy, a North American subsidiary of U.K.-based Centrica PLC, sells electricity, natural gas and home-protection programs throughout the U.S. and six Canadian provinces.

NRG Chief Executive Mauricio Gutierrez said the acquisi-

tion will allow the company to create more compelling retail electricity packages. The company's business model contrasts with that of regulated utility, whose customers have limited choices in purchasing electricity. "In the competitive power space, we have to earn every single one of our customers," Mr. Gutierrez said. "The time of one-size-fits-all electricity is behind us."

NRG said the transaction is expected to generate about \$740 million in annual run-rate adjusted earnings and improve cash flows. It is expected to close by the end of the year.

The acquisition is the third-largest U.S. energy-sector deal announced since the coronavirus pandemic put a damper on demand for oil and electricity, according to Dealogic. Chevron Corp. this week agreed to a deal to buy Noble Energy Inc. for about \$5 billion. Earlier this month, Dominion Energy Inc. agreed to sell the rest of its natural-gas transmission and storage network to Warren Buffett's Berkshire Hathaway Inc. for about \$4 billion excluding debt.

—Chris Wack
contributed to this article.