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Associated Press

HOUSTON (AP) — Independent power producer Calpine is buying a power plant from MinnTex Power Holdings LLC for \$625 million.

"We strongly believe in the potential of the Texas market as electric demand increases and reserve margins tighten," Calpine CEO Jack Fusco said in a statement on Monday.

The 1,050 megawatt, natural gas-fired plant is in Guadalupe County, near San Antonio, Texas. The deal also includes rights to an advanced development opportunity for an approximately 400 megawatt quick-start, natural gas-fired peaker, if market conditions warrant.

The transaction, which Calpine anticipates funding with available cash, is expected to close in 2014's first quarter. It still needs approval by the Public Utility Commission of Texas.

Shares of Calpine Corp. fell a penny to \$18.90 in early morning trading.

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