



**Q:** *Who is NRG?*

**A:** NRG Energy Inc. (“NRG”) owns and operates approximately 23,000 MW in the United States and is recognized as one of the most respected independent energy companies in the world. In Southern California, NRG owns and operates approximately 2,100 MW, enough generation to power nearly 2 million homes. In 2007, we repowered the Long Beach plant and added 260 MW of critical peaking capacity. The repowering of El Segundo Units 1&2 will add an additional 560 MW of power generation to the Los Angeles area. In addition to the El Segundo, and Long Beach facilities, NRG owns and operates approximately 1,100 MW in San Diego County. Our facilities and employees continue to be recognized for their environmental stewardship.

**Q:** *What are NRG’s plans for the El Segundo Power Station?*

**A:** NRG is proposing to remove units 1 & 2 at El Segundo and develop two trains of fast start, highly efficient combined cycle power plants (referred to as rapid response combined cycle, “R2C2”). These new units would be ideal for responding to peak demand and have the capability to provide efficient base-load generation as well. Capable of providing about 60% of its power generation capacity in 10 minutes, these new units would be ideal to back-up wind power, which is an intermittent resource.

**Q:** *Why is NRG proposing this project?*

**A:** NRG is responding to identified demand by California Independent System Operator and a load serving entity. Our proposed repowering project will supply necessary energy demand to the grid to support California’s growing peak demand, as well as base-load demand. NRG was originally issued a license in 2005 for a 630 MW, ocean-cooled base-load plant. We elected to change to an air-cooled, rapid-response plant that does not impact marine life and is better suited to respond to increasing peak energy demand.

**Q:** *What is the anticipated project timeline?*

**A:** An amendment to the El Segundo Repowering Project license is currently under review by the California Energy Commission (CEC). We anticipate an amended license by September 2008. The project is approved to demolish units 1 & 2 and out-of-service equipment that supported these retired units. To date two stacks and two storage-tanks at the site have been removed, and demolition will continue in phases through about August 2009. Construction of the new plant will take place from about September 2009 to about May 2011; the plant is expected to be ready for commercial operation on June 1, 2011.

**Q:** *What are the benefits of this new electricity generation technology?*

**A:** The proposed technology is state-of-the-art, rapid response combined cycle (“R2C2”) electricity generation that will utilize two trains of fast start combustion turbines generating about 150 MW each in as little as 10 minutes. This rapid production of energy will provide critical backstop for wind generation during peak demand periods (i.e., supports renewables). Waste heat from each combustion turbine will be used to produce steam, which will generate an additional 70 MWs of energy per train. The R2C2 generating units are highly efficient, producing significantly lower emissions and burning 30% less natural gas per MW produced than the generating units the R2C2



will replace. This improved efficiency will result in a lower carbon footprint as compared to the units that it will replace.

***Q: Why does the El Segundo Power Station need upgrading?***

**A:** The El Segundo Power Redevelopment Project is essential for local energy reliability. Our recent energy crisis demonstrated that available electrical resources in the Los Angeles basin are insufficient to meet the current and expected growth in the region. With our first true energy crisis earlier this decade, we experienced a series of damaging blackouts. For the past two summers, our region has set multiple records for energy consumption. Our population continues to expand to the eastern parts of the Los Angeles basin where summers are hotter and air conditioning is essential to health and safety. Regional resources have not kept pace with this growth. The El Segundo Power Redevelopment Project will add critically needed generation to the Los Angeles basin to help maintain reliability for the region.

***Q: What will be the impact on our air quality?***

**A:** The El Segundo Power Redevelopment Project will employ state-of-the-art technology and best available emissions control equipment. The proposed project will enhance local air quality by using the most efficient, newly designed equipment available. It will operate on clean burning natural gas fuel—not oil. The fuel oil tanks, which previously provided back-up fuel oil to the existing units, have been retired and will be removed. The new units will replace the existing units, increasing efficiency and improving overall air emissions.

***Q: What does the State of California say about our region's energy needs?***

**A:** Recently, the California Public Utilities Commission determined that approximately 1,400 megawatts of locally produced power will be required to meet our region's energy demands by 2016. In addition, the Commission recognizes the environmental benefits associated with repowering aging power plants and the need to modernize our aging power infrastructure. The Commission has urged California utilities to give priority preference to repowering projects like the El Segundo Power Redevelopment Project and for this reason in March 2008, Southern California Edison awarded a 10 year Purchase Power Agreement to the El Segundo Power Redevelopment Project.

***Q: How will the El Segundo Power Redevelopment Project affect global warming?***

**A:** The new units will be significantly more efficient than their predecessors, with fewer emissions of greenhouse gas compounds, such as carbon dioxide, per megawatt of power produced. Furthermore, the new units will be well under newly established state mandates for greenhouse gas emission performance – beating the standard by approximately 20%. The plant's impact on the environment is also reduced by using air-cooled condensers instead of those cooled by sea water.

***Q: Why can't renewable resources be utilized instead of a fossil fueled power plant?***

**A:** NRG supports the expansion of renewable resources and also has its own renewable energy division, Padoma Wind Power, based in San Diego County. While we need to continue to find cost effective renewable resources, we also need highly reliable forms of power generation,



especially during periods of extreme heat and high electrical demand. Often during these high demand periods, high ambient temperatures create conditions in which the wind does not blow and wind generation can be less than 5%, thus the need for generating units that can engage in times when renewable resources are unavailable to the grid. The El Segundo Power Redevelopment Project will be capable of extremely fast, 10-minute startups to deliver reliable energy during peak demand situations. This fast-starting feature enables California to dip more deeply into renewable resources, knowing that dependable, fast responding resources like El Segundo Power are available to serve as a back-up.

**Q: *How will the El Segundo community benefit by repowering the existing power plant?***

**A:** The community will benefit in a number of ways, but most significantly, the community will benefit from higher electric reliability. Other benefits will range from better air quality, improved greenhouse gas emission performance, higher tax receipts to the City of El Segundo, and improvements to the beachfront property with the construction of new lower profile units in place of the 1950s vintage plant. In addition to these benefits, NRG Energy has proven to be a positive resource to communities in which it works. Through its charitable endeavors, NRG is a true community partner wherever it goes. Our continued presence in El Segundo will continue to bring community value.

**Q: *Will the number of employees remain about the same at the new station?***

**A:** During construction of the facility, NRG estimates that approximately 350 new construction jobs will be created. After the facility is fully operative, NRG expects that the existing level of employees will be retained. In addition, local suppliers and businesses will benefit during the construction and operations periods due to the procurement of goods and services locally and the spending of income locally by the construction force. For example, it is estimated that approximately \$30 million would be spent locally during construction and \$4.5 million annually during the operating period.<sup>1</sup>

**Q: *How much will this facility produce in terms of tax revenues?***

**A:** Various taxes will apply to the project, including property taxes, fuel tax, and income tax. An overall increase in annual tax revenue of approximately \$3 million to 6 million per year is anticipated from the project.

**Q: *How much do you estimate the project will cost, and will state or local tax dollars be used for the project?***

**A:** Capital investment from the project is estimated at approximately \$300 to 500 million, all of which would be privately financed. No state or local tax dollars will be utilized for this project.

**Q: *How will environmental and community impacts be assessed and how will the community be assured that no adverse impacts will be created by this project?***

**A:** The California Energy Commission (CEC) has jurisdiction over all proposed power plants in the state via their Application for Certification process. This is a comprehensive evaluation process

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<sup>1</sup> AFC Section 5.10 Socioeconomics.



that (i) closely examines proposed projects like El Segundo Power Redevelopment Project, (ii) determines, along with community input, if any adverse impacts may be caused, and (iii) mandates adverse impacts be mitigated prior to approval of a project. The permitting process was completed in 2005 with the issuance of a license by the CEC. In 2007, we elected to modify our license, converting the plant design to an air-cooled rapid response combined cycle plant. This process was initiated in June 2007 and is expected to be completed by September 2008. Community involvement is a fundamental part of the process, and hearings and meetings are all held locally. A complete record of the CEC's review of this project can be found at: [http://www.energy.ca.gov/sitingcases/elsegundo\\_amendment/index.html](http://www.energy.ca.gov/sitingcases/elsegundo_amendment/index.html). NRG is also providing project licensing information via our permitting team "hotline" at (760) 710-2156 or our 24-hour number at 888-312-0881.

**Q:** *This is an important project in many ways to this community. Will the community and other stakeholders have an opportunity to provide my input to the process?*

**A:** Yes. There are several ways for the community and stakeholders to participate in the permitting process overseen by the CEC. It is our intent for this to be a transparent process. Accordingly, NRG will host community forums for you to examine the project closely and to add your opinion and suggestions. In addition to our own hosted community forums, the California Energy Commission will also host a meeting locally, for example the June 25, 2008 Workshop, at which your voice can be heard.

In an effort to make your participation as easy as possible, you can visit our corporate website [www.elsegundorepowering.com](http://www.elsegundorepowering.com), where you will find project updates. Also, if you provide us with an e-mail address, we will send you timely project updates as they occur.

**Q:** *NRG Energy is not a household name in El Segundo and the South Bay. Who are you besides the owner and operator of the Encina Power Station?*

**A:** NRG is much more than an energy company. As members of the community, our facilities and employees have been recognized for environmental stewardship – including recognition from local, state and federal government for our efforts to eradicate "Killer Algae" (*caulerpa taxifolia*) in the Agua Hedionda Lagoon in Carlsbad. The recognition on this effort from the federal government (National Oceanic and Atmospheric Administration) is one that NRG West is especially proud of, given that the award is only given once every two years and it was the first time that such an award was given to a power producer. Locally, we sponsor and participate in the annual El Segundo Beauty and the Beach cleanup and the Tree Musketeers' Trees to the Sea program. Through our support of Rotary International, we funded the construction of an elementary school in Tijuana, Mexico, which opened its doors in May 2008.

NRG West enjoys the respect of our peers, regulatory and legislative bodies for the leadership positions we are embracing in the west, including leading efforts on regulatory, market and environmental efforts – while at the local level we have garnered significant respect for contributing nearly \$200,000 per year to worthy non-profit organizations– such as the Sempre Fi Wounded Warrior Fund for the families of injured Marines returning from deployments, local Boys & Girls Clubs, Wetlands Restoration efforts and at-risk youth programs in the communities where we operate.

On a national level NRG has been bestowed with two of the industry's highest honors, the Platts



Global Energy Awards for “Energy Company of the Year” and “Industry Leadership.”

*These Frequently Asked Questions contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are subject to certain risks, uncertainties and assumptions and include NRG's expectations with respect to the Carlsbad Energy Center Project and typically can be identified by the use of words such as “will,” “expect,” “estimate,” “anticipate,” “forecast,” “plan,” “believe” and similar terms. Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated above include, among others, general economic conditions, hazards customary in the power industry, weather conditions, competition and changes in wholesale power markets, the volatility of energy and fuel prices, failure of customers to perform under contracts, changes in government regulation of markets and of environmental emissions, unanticipated outages at our generation facilities, and construction delays.*

*NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause NRG's actual results to differ materially from those contemplated in the forward-looking statements included in this news release should be considered in connection with information regarding risks and uncertainties that may affect NRG's future results included in NRG's filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).*

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