

Carlsbad Energy Center

NRG Responses to the City of Carlsbad's Key Issues Posted on the City's Website

City's Key Issue: Use of Coastal Property

Why does the proposed new power plant need to be located on the coast when it does not use ocean water for cooling? Wouldn't the community be better off if this land were redeveloped in a way that enhanced beach and lagoon access?

NRG's Response: Environmental and energy experts conducted a comprehensive analysis of alternative sites and concluded that an alternative site will not work due to significant adverse environmental impacts. Additionally, alternative sites are not technically feasible due to several factors including insufficient electrical transmission capacity. Moreover, any attempt to eliminate power infrastructure at Encina would cause delays which could seriously reduce regional electrical reliability and impose great costs on taxpayers.

Further, the current site is already designated for Utility and Industrial Application. The desalination plant which is supported by the City is located at the same site.

City's Key Issue: Removal of Old Plant

There is no commitment to tear down the old plant when the new plant is built. When will the old power plant be torn down?

NRG's Response: Replacing existing units 1, 2 and 3 with the more efficient and lower profile power generators that are proposed by the Carlsbad Energy Center Project will help the City of Carlsbad in its goal of phasing out the existing power plant so that the site can one day be redeveloped for community and commercial uses.

Ultimately, as units 4 & 5 reach the end of their useful lives, the power plant structure and its stack that sit on the property next to Carlsbad Boulevard will likely be removed. NRG is exploring possible alternate uses for that property that better fit the Carlsbad beach environment. The Carlsbad Energy Center Project, and the retirement of units 1-3 at Encina, sets in motion actions that will result in the eventual retirement of units 4 & 5 and the demolition of the existing Encina Power Plant and its 400-foot tall stack. The timeframe, however, is dependent on San Diego's need for electrical resources and when new replacement resources become available. NRG will not be able to tear down the old plant until the State of California and the California Independent System Operator determine that power from the remaining station is no longer needed.

In the meantime, NRG will work collaboratively with the City of Carlsbad and local residents to create a shared vision for the phased redevelopment of the existing power plant site.

City's Key Issue: Views

How will the planned I-5 widening affect views of the new plant? The existing Eucalyptus trees and berm, which currently screen views of the site, will be removed when the freeway is widened.

NRG's Response: Caltrans EIR/EIS for widening the I-5 freeway have been submitted to the public for comment. Alignments have not been analyzed by Caltrans for the widening in the Carlsbad area. While alignment options may move lanes toward the Carlsbad Energy Center Project, there is enough room for both. NRG will work with the City of Carlsbad as well as Caltrans to determine viable solutions to maintain appropriate barriers between the project and I-5 for safety and visual screening.

City's Key Issue: Stack Height

How tall will the stacks of the new plant be?

NRG's Response: *The Carlsbad Energy Center Project is substantially smaller than the existing Encina Power Station. The existing power block building is approximately 158 feet high and the existing boiler stack is approximately 400 feet high. The proposed project stacks will be approximately 139 feet high. However, by starting at 30 feet below grade in the recessed proposed area, the effective stack height will only be 109 feet above grade—this is roughly one-quarter the height of the current stack. The generating equipment will be approximately 90 feet high, but again by starting at 30 feet below grade, the effective height of the generating equipment will be approximately 60 feet high.*

City's Key Issue: Soil Contamination

What assurances can NRG provide about any soil contamination that results from removing oil tanks on their property to make way for the new power plant?

NRG's Response: *As the prior owner of the Encina Power Station, SDG&E conducted a soil investigation in the tank farm area, and while some soil contained low levels of oil from the operation of the tank farm, a program was implemented by SDG&E under the oversight of the County Department of Health that successfully removed the soil that contained low levels of oil. As part of the demolition of Tanks 5, 6 and 7 to make room for the Carlsbad Energy Center Project, NRG is already working with the County Department of Health, under a voluntary program, to implement a soil sampling and testing of the soil once the tanks are removed to identify any soil that may need to be removed from that area. The testing and removal of soil beneath the tanks will meet all state and county regulatory requirements and will be accomplished under the oversight of the County Department of Health. NRG has successfully completed similar tank removal activities at other sites and that track record will be continued as part of the Carlsbad Energy Center Project.*

City's Key Issue: Lack of Water

The city currently does not have recycled water to provide for the new plant's operations. Where is the power plant going to get its water for its operation?

NRG's Response: *Based on the City's claim that inadequate supplies of reclaimed water will prevent the City from committing to provide the Carlsbad Energy Center Project with sufficient quantities of reclaimed water, a seawater purification system (reverse osmosis) option has been included in the Project design to provide industrial water for Carlsbad Energy Center Project in addition to the originally proposed use of reclaimed water. This Project enhancement will free the Project from dependency on reclaimed water. This Project enhancement will allow for permit approvals, while retaining the ability of the Project to secure reclaimed water if the City and NRG can reach agreement on the provision of reclaimed water in time for detailed Project design to accommodate it.*

City's Key Issue: Hazardous Materials

How will hazardous materials be transported to and from the site?

NRG's Response: *Similar to the ongoing operations of the Encina Power Station, the Project will use small quantities of materials classified as hazardous. As with current operations, these will continue to be transported to the site by truck services that are authorized to do so under federal and state law.*

City's Key Issue: Construction Traffic

Will traffic from construction affect local roadways?

NRG's Response: *Based on the detailed analysis in the Carlsbad Energy Center Project Application for Certification that was submitted to the California Energy Commission, construction traffic will not adversely affect local roadways. The delivery of large or oversize components for the Project will be by rail, using the existing rail spur that is already on the Encina Power Station property. The delivery of construction materials by truck will exit I-5 at Cannon Road, and will enter the Project site using Avenida Encinas rather than entering the site from Carlsbad Blvd. Construction workers will enter the site using the Carlsbad Blvd. As part of the Project, a construction traffic control plan will be implemented under the direction of the California Energy Commission, to ensure that construction traffic does not affect local roadways.*

City's Key Issue: Financial Impact

How would the new power plant affect the city financially?

NRG's Response: The City of Carlsbad will benefit financially from the Carlsbad Energy Center project. The city of Carlsbad will collect tax revenues estimated at \$4 to \$5 million annually in addition to the creation of approximately 350 construction jobs.

For additional Frequently Asked Questions or information regarding the Carlsbad Energy Center Project, please visit our website at <http://www.carlsbadenergycenter.com/>

NRG's responses may 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.

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