



Carlsbad Energy Center: A Win-Win for Carlsbad and the Environment

Dear Neighbors,

I am happy to report that the California Energy Commission (CEC) review process for our Carlsbad Energy Center at the current site of the Encina Power Station is now underway. The first CEC public hearing was held December 17, 2007 and the CEC will hold a public workshop January 24, 2008 at 2:30p.m. The December hearing and the January 24th workshop will kick-off the 12 month CEC process that will carefully evaluate the Carlsbad Energy Center Project ensuring that the project meets all environmental requirements and local standards. We encourage each of you to take the opportunity to participate in the CEC's open-public process.

While the wildfires of late 2007 are now, thankfully, a memory, the fires did show all of us the importance of having in-basin electric generation reliability. When numerous transmission lines in many locations across the region were taken out of service, NRG and other local plants stepped up to fill the power void.

Our proposal, to update our facility by building the Carlsbad Energy Center, will further ensure reliable in-basin power. We will provide this power through new state-of-the-art, electrical generation-technology that will use only clean burning natural gas, which means the Center will have a smaller "carbon footprint" and will support California's efforts to address global warming.

There are many benefits to our project, but the two most important benefits are:

- The Carlsbad Energy Center will generate electricity more efficiently, by using less fuel, replacing ocean water cooling with air cooling systems to protect marine life, and creating fewer air emissions;
- By replacing our existing units 1, 2 and 3 with lower profile units east of the railroad tracks, we 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.

Our project is good for Carlsbad and we deeply appreciate your support as we move forward.

Sincerely,

Steve Hoffmann

Regional President, NRG Energy Inc.

In The News...

"The proposed Carlsbad Energy Center has won praise from environmentalists because its high-tech turbines would require 30 percent less natural gas to generate the same amount of electricity as Encina's dated equipment."

San Diego Union Tribune
December 18, 2007



Tim Hemig is NRG's Project Manager of the Carlsbad Energy Center.

Ask Tim Hemig: What are the air quality, noise and visual impacts of the Carlsbad Energy Center?

see page 2 for the answers

Q. & A. with Tim Hemig, NRG

Air Quality

- The Carlsbad Energy Center will use advanced state of the art technology and will enhance local air quality by using the most efficient, newly designed equipment available. It will operate exclusively on natural gas fuel—not oil nor any other backup fuel, just 100% natural gas.

In addition, the Carlsbad Energy Center will replace existing units 1, 2 and 3 at the Encina Power Station, forever eliminating higher air emissions from those units and their oil firing capabilities.

Noise

- Extensive modeling and analysis show there is no noticeable difference between the current noise levels in the community, which were based on noise measurements taken while the existing Encina Power Station was operating at a very low level, and noise coming from the proposed Carlsbad Energy Center. In fact, in the residential areas closest to the Carlsbad Energy Center, the modeling determined that there will be no change in the already quiet community noise levels.

Visual

- The Carlsbad Energy Center will be concealed by terrain and situated west of the I-5 Freeway, in the exact spot the City chose in the South Carlsbad Redevelopment Plan. By using this recessed location, which is approximately 30 feet below grade, we eliminate visual impacts that often accompany power plants.

In addition, the Carlsbad Energy Center is substantially smaller than the existing Encina Power Station. The existing power plant is approximately 150 feet high and the boiler stack is approximately 400 feet high. The stacks from the Carlsbad Energy Center will be 100 feet high and the generating equipment will be 90 feet high. And, by starting 30 feet below grade in the recessed area, the effective stack heights will only be 70 feet above grade.

Governmental Review

- The CEC has a comprehensive evaluation process that closely examines proposed projects like the

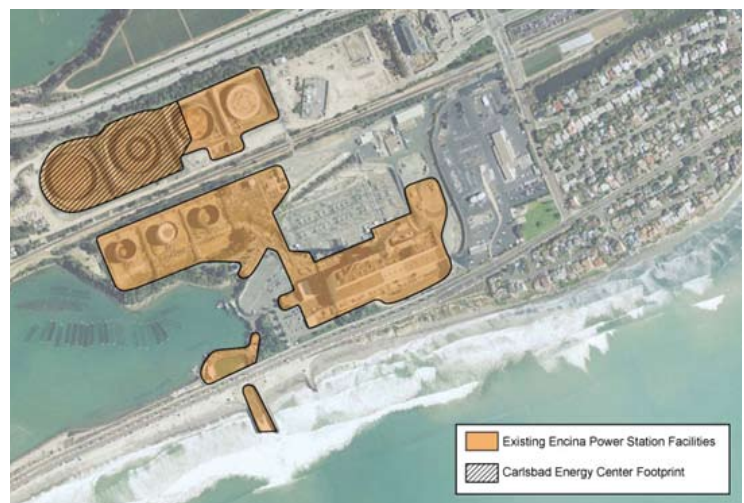
Carlsbad Energy Center to determine if there are any adverse impacts. A complete record of the CEC's review of this project can be found at: www.energy.ca.gov/sitingcases/carlsbad/index.html.

Working For Carlsbad's Future

- Replacing the existing units 1, 2 and 3 at the Encina Power Station with the more efficient and lower profile Carlsbad Energy Center helps the City of Carlsbad in its goal of phasing out the existing power plant so the site can one day be used for community and commercial development.

This initial phase of the Carlsbad Energy Center is also expected to facilitate the eventual retirement and decommissioning of the remaining units from the original power plant when the State determines power from the remaining station is no longer needed.

"NRG West will continue to 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," said Steve Hoffmann, NRG West Regional President. In November 2005, NRG West began meeting with a Community Advisory Group to create ideas for the redevelopment of the site.



For additional visuals and renderings of the proposed project please visit our website at www.carlsbadenergycenter.com



Meeting the region's need for reliable, efficient power.

California Energy Commission Hearing Scheduled: January 24

- The public is invited to participate in the California Energy Commission's Data Request Hearing on January 24, 2008, 2:30 PM at Dove Library, 1775 Dove Lane, Carlsbad.

The workshop is being held by the CEC to publicly review data responses provided by Carlsbad Energy Center LLC and to discuss other items.

Through the spring, summer and early fall of 2008, the CEC will hold various workshops in Carlsbad as part of its analysis of the Carlsbad Energy Center and to ensure maximum public involvement.

For more about how you can stay involved in the process please contact the CEC's Public Advisor's Representative at (800) 822-6228 and reference Application for Certification 07-AFC-6/Carlsbad Energy Center.

NRG West's Environmental Stewardship: Agua Hedionda Lagoon

- NRG West is proud of our long-term relationship with the Agua Hedionda Lagoon. This is a critical community and environmental resource. NRG's David Lloyd has served on the Board of Directors and as Secretary of the Agua Hedionda Lagoon Foundation since 2000. The Foundation promotes environmental stewardship of the lagoon through specialized curriculums and tours for local students. David also spearheaded NRG's financial support of the foundation's Agua Hedionda Lagoon Discovery Center.

"I enjoy being out at the Lagoon's Discovery Center and seeing people connect with the wonders of nature," said David. "The Center provides a unique educational experience for community members.

NRG West's support for the lagoon has been recognized with various environmental awards.



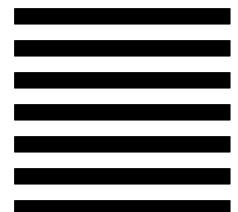
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information about the
Carlsbad Energy Center.