



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

Dear Neighbors,

As our region and California as a whole continue to experience dramatic energy demand growth, NRG West is implementing environmentally superior energy production solutions that will improve energy delivery as well as deliver on Carlsbad's future.

Recently, the California Public Utilities Commission (CPUC) determined that 530 megawatts of locally produced power will be required to meet our region's growing energy demands. In addition, the CPUC recognizes the environmental benefits associated with repowering aging power plants and the need to modernize our aging power infrastructure. The CPUC is urging California utilities to give priority preference to repowering projects like the proposed Carlsbad Energy Center Project (CECP). The CPUC's and the California Energy Commission's (CEC) most recent update to the state's Energy Action Plan states that "there are significant potential benefits to California from both a reliability and a greenhouse gas emissions perspective" in using access to existing transmission while upgrading the efficiencies of power plants.

The CEC has held two public workshops in Carlsbad - one in December, and the other in January. The CEC is carefully evaluating the Carlsbad Energy Center Project to ensure it meets all environmental requirements and local standards. We encourage you to take the opportunity to participate in the CEC's public meeting process.

As our proposal continues to be reviewed, I invite your comments and questions. Please also visit our website at www.carlsbadenergycenter.com.

Sincerely,

Steve Hoffmann
Regional President
NRG West

Exceeding Green Standards

- ✓ The Carlsbad Energy Center Project meets numerous local, regional, state and national energy and environmental objectives, such as the following:
- ✓ City of Carlsbad's South Carlsbad Coastal Redevelopment Plan
- ✓ San Diego Regional Energy Strategy
- ✓ CA Public Utilities Commission's and CA Energy Commission's 2008 Energy Action Plan update
- ✓ Ocean Protection Council's Resolution regarding 'once-through cooling' technology in Coastal Waters
- ✓ California's Greenhouse Gas Performance Standards for Electric Resource Procurement
- ✓ CA Public Utilities Commission's 2007 Long Term Electrical Procurement Plan

Did you know...?

When NRG West purchased the Encina Power Plant site from SDG&E in 1999, NRG spent over \$50 million to reduce emissions of oxides of nitrogen (NOx). Because NOx is a precursor to smog, NRG believed it was necessary to implement the best control measures available. Consequently, Selective Catalytic Reduction (SCR) controls were installed in 2001 and 2002.

Carlsbad Energy Center Project: The Right Time, The Right Place

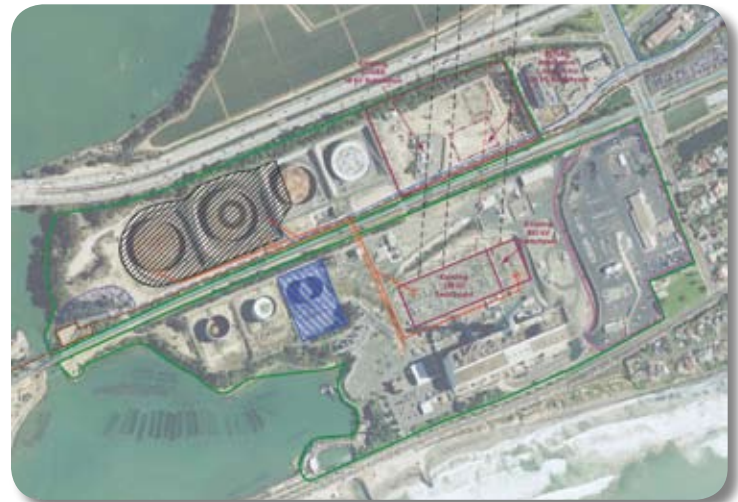
The Carlsbad Energy Center Project (CECP) at the existing Encina Power Station was chosen for the following reasons:

- The City of Carlsbad’s land use requirements, as prescribed in their General Plan and zoning code, limit where power plants can be located to one area of the community, which is where the Encina Power Station is currently located.
- CECP permanently retires existing Units 1, 2, & 3 at the Encina Power Station consistent with the South Carlsbad Coastal Redevelopment Plan, which includes as a key objective to “facilitate the redevelopment of the Encina Power Generating Facility to a physically smaller, more efficient power generating plant.”
- CECP meets the expanding need for new, highly efficient and reliable local area electrical resources identified by the California Energy Commission and California Public Utilities Commission.
- Utilizing the existing Encina Power Station infrastructure significantly reduces environmental impacts associated with connections to utilities.

(Continued on next page)

Legend:

- - - Existing SDG&E Transmission Line (138kV & 230kV)
- - - SDG&E Proposed New 230kV Line
- Existing Potable Water
- - - New Potable Water Interconnection
- Existing Reclaimed Water
- - - New Reclaimed Water Interconnection
- New Electrical Interconnection to Existing SDG&E Switchyard and Transmission Grid
- Existing Natural Gas Line
- - - New Natural Gas Interconnection
- Existing Sewer and Existing Sewer Lift Station
- - - New Sewer Interconnection
- Proposed New Sewer Lift Station and New Sewer Line



Encina Power Plant Site

- ▨ Carlsbad Energy Footprint
- ▭ SDG&E Facilities
- ▭ SDG&E Proposed Relocation 230kV Switchyard
- ▭ Public Utility General Plan and Zoning Designation
- ▭ Poseidon Desalination Plant Site
- ▭ SDG&E Operations Center

Congratulations to David Lloyd, NRG’s Director of Community Relations

David Lloyd was honored at the Carlsbad Chamber of Commerce 40th Annual Business Awards Dinner at the Four Seasons on February 22, 2008. David was selected as a finalist for the prestigious “Businessperson of the Year” award.

A Carlsbad resident for over 8 years, David has served on the Board of Directors and as Secretary of the Agua Hedionda Lagoon Foundation since 2000. The Foundation promotes the environmental stewardship of the Lagoon through specialized curriculums and tours for local 3rd through 5th grade

students. David spearheaded NRG’s financial support of the Foundation’s Agua Hedionda Lagoon Discovery Center. David is also a representative on the Public Advisory Committee for the Southern California Wetlands Recovery Project, which provides recommendations for the use of bond funds for clean water and wetlands recovery projects from San Diego to Santa Barbara. Besides his efforts in support of environmental causes, David has also served on the Board of Directors of the Carlsbad Chamber of Commerce for the last three years.





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

Carlsbad Energy Center Project: The Right Time, The Right Place

(Continued from page 2)

- The CECP will result in the permanent reduction of 225 million gallons per day of seawater for cooling of Units 1, 2, and 3 directly resulting in the protection of marine life.
- Because of the City's established South Carlsbad Coastal Redevelopment Plan, the CECP will create significant economic benefits in the form of tax revenues estimated at \$4 to \$5 million annually.
- The CECP will be effectively screened from public and private views due to its location in the 30 feet below grade tank containment areas and through enhanced and existing vegetative screening.

Congratulations to Alex Shih, winner of the NRG \$500 Energy Savings Kit

NRG offered the chance to win an Energy Savings Kit, which included \$500 in energy savings supplies, such as:

- The Energy Efficient Home: A Complete Guide
- Green Living: The Handbook for Living Lightly on the Earth
- 20 Energy Star® Compact Fluorescent Light Bulbs
- 2 Energy-Efficient Flush Mount Lights
- 5 Automatic Sensor Xnite Lite Diamond Blue LED Night Lights
- Assorted energy-efficient kitchen and bathroom faucets
- Home Depot Gift Card



Katherine and Michael Shih accepting the \$500 Energy Savings Kit from NRG's Tim Hemig for their son Alex.



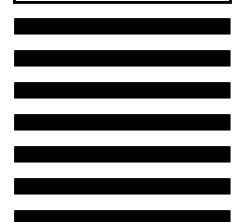
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Information about the
Carlsbad Energy Center.

- I support this project and
you may list my name as
a supporter.