



The Carlsbad Energy Center Project

Dear Neighbors,

In December, the California Energy Commission (CEC) staff released the Preliminary Staff Assessment (PSA), which evaluates NRG's Application for Certification for the Carlsbad Energy Center Project (CECP). In its assessment, the CEC staff endorsed construction of the CECP at NRG's existing site because it reduces environmental impacts and costs while meeting the region's need for new, highly efficient, reliable electrical generating resources. The PSA also concluded that the CECP is consistent with all land use requirements and laws.

The CEC held a public workshop on January 7th and 8th to discuss the PSA. The *North County Times* set the stage with its editorial on January 7th that not only endorsed the CECP, but encouraged residents of Carlsbad and surrounding communities to attend the workshop to learn why the project is needed for the region.

The *North County Times*' editorial states in part:

"The quickest, best way for the City of Carlsbad to see the redevelopment of beachfront land that is now home to a power plant is the very proposal against which the City is waging a public relations campaign."

We believe California's energy regulators should clear the way for the construction of NRG Energy Inc.'s proposed plant between Interstate 5 and the coastal railroad tracks, and urge the company to stick with its plan to eventually demolish the existing but antiquated Encina.

... the longer the City battles, the longer the delay in getting Encina replaced and removed."

Approximately 100 people attended the two-day workshop where several Carlsbad citizens voiced their support for the project.

The CEC staff plans to hold an additional workshop after issuing its Final Staff Assessment (FSA), which is expected by spring 2009.

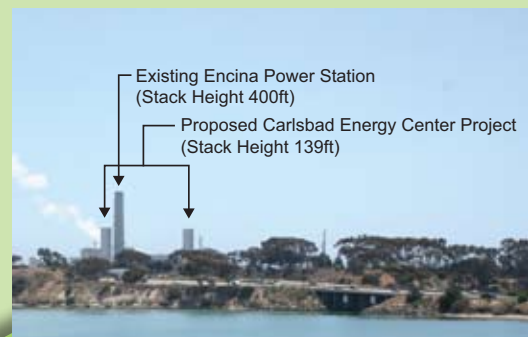
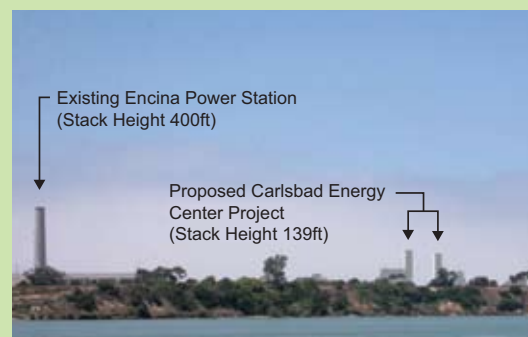
NRG remains committed to bringing this important energy project online to meet the needs of the region; to boost the local and regional economy through significant employment, spending and a new tax base; and to accomplish significant environmental benefits through greater fuel efficiency and lower greenhouse gas emissions.

Steve Hoffmann - Regional President, NRG West

- The Carlsbad Energy Center Project replaces Encina Power Station's existing units 1, 2 and 3 with the more energy efficient and lower profile Carlsbad Energy Center at the site of the existing power plant.

- By phasing out the existing power plant, the City of Carlsbad will be able to meet its redevelopment goal of using the 65 coastal acres of the site for community and commercial development.

- The substantially smaller Carlsbad Energy Center will be concealed by foliage and terrain west of the I-5 freeway. By using a location which is approximately 30 feet below grade, visual impacts that often accompany power plants will be reduced significantly.



Preliminary Staff Assessment

Recently, detractors of the Carlsbad Energy Center Project distributed information alleging several unresolved issues regarding the project. In an effort to set the record straight, the information below explains where each issue currently stands in the application process for certification by the California Energy Commission.

Greenhouse Gas Emissions

The San Diego County Air Pollution Control District (APCD) and the California Energy Commission (CEC) staff did not have concerns or issues regarding greenhouse gas emissions as they relate to the Carlsbad Energy Center Project (CECP). In the Preliminary Staff Assessment (PSA), the CEC found that "The CECP would replace less efficient existing units with lower greenhouse gas emitting units. Accordingly, it would not result in a significant cumulative GHG impact."

Air Emissions Reduction Credits

NRG has identified a source for the remaining air emissions reduction credits which it will use for CECP as part of the APCD air permit. The use of air emissions offset credits for new projects is an important component of the APCD's permitting process and NRG has secured all of the air credits needed for the project including a net benefit to regional air quality.

Water

The CECP eliminates the daily need for ocean cooling and also eliminates freshwater usage. Such significant environmental benefits from the project do not, however, eliminate the need for some water usage at the facility. Because the City of Carlsbad is reluctant to provide requested treated wastewater to the project, NRG has proposed a small ocean water purification system to provide water to help operate the project. The seawater for the CECP ocean water purification system will be taken from the Encina Power Station's existing seawater intake system with a maximum flow of 4.32 million gallons per day, so there will be no new intake of seawater for the CECP. Switching to air cooling for the new units and limiting ocean water intake for industrial water purification from a maximum 225 million gallons per day to a maximum 4.32 million gallons per day represents a 98% reduction in maximum seawater usage. It is also important to note that reclaimed water could also be used as the source for producing the high-quality industrial water needed by the CECP, and reclaimed water remains an option for the CECP.

Visual Impacts

Visual resources are an important issue. In its Preliminary Staff Assessment (PSA), CEC staff concluded that the implementation of appropriate Conditions of Certification included in the PSA will not present significant visual impacts. CEC staff went on to state in the PSA that the California Department of Transportation (Caltrans) proposed, but did not yet fully define, that an I-5 widening project could result in cumulative significant impacts which Caltrans would be required to mitigate. In a letter from Caltrans dated February 5, 2009, Caltrans said "From a Caltrans perspective, we believe that although there are many constraints in this corridor, the needs of both facilities can be accommodated by working in partnership." NRG and Caltrans have agreed to work together on this important matter and will determine viable solutions to maintain appropriate barriers, including trees and berms between the project and I-5 for safety and visual screening.

Fire and Emergency Response

NRG, CEC staff and the City Fire Marshal all agree that fire safety and emergency response are important elements for the design and operation of industrial facilities such as the CECP. As it does for the existing operations at the Encina Power Station, NRG is committed to continuing to work with the City Fire Marshal and Fire Department to ensure that the CECP meets all fire code and emergency response requirements. In the PSA, CEC staff found that the CECP will comply with all applicable federal, state and local fire safety and emergency response requirements, as well as all applicable hazardous materials management requirements. NRG has and continues to provide detailed information to the CEC and the City demonstrating conformance with fire code requirements and the reduction of onsite fire risk with modern fire prevention devices and systems.

Added to the growing list of CECP supporters is the San Diego Regional Chamber of Commerce. Last month, the Board of Directors voted unanimously to support the CECP project after hearing from proponents of the project, as well as listening to concerns from the City of Carlsbad.

In a press release issued to the media, Chamber Chairman Ben Haddad stated:

“The Chamber’s support of this project reiterates our focus on more efficient use of energy and addresses our future needs...” “This project reduces our carbon footprint, and will bring needed jobs and revenues to the San Diego region.”



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NRG West is repeatedly recognized for its support of marine research and aquaculture. Seen here are seahorses being raised by Carlsbad Aquafarms at the Encina Power Station location.

For details visit: www.carlsbadenergycenter.com

We want to hear from you!

Name: _____

Address: _____

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- Please contact me. I would like additional information about the Carlsbad Energy Center.

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