



## **NRG Energy, Inc. Receives Conditional Award to Build Advanced Coal-Gasification Power Plant in Western New York: Will Enter into a Strategic Alliance with NYPA**

December 19, 2006

PRINCETON, N.J.--(BUSINESS WIRE)--Dec. 19, 2006--In a landmark decision today, NRG Energy, Inc. (NYSE:NRG) received a conditional award of a contract from the New York Power Authority to build an innovative, 680 net megawatt (MW), Integrated Gasification Combined Cycle (IGCC) plant at its Huntley facility in Tonawanda, New York. The project, which represents a total project cost of approximately \$1.5 billion, is scheduled to go into commercial operation in 2013. Unlike other technologies some refer to as "clean coal," this plant can be designed to capture and sequester carbon from the first day of operation.

"New York should be commended for exercising great courage and leadership in tackling head on the country's single biggest issue, global warming, while embracing coal--our most affordable, abundant domestic fuel source," said David Crane, NRG President and Chief Executive Officer. "While we realize this is only the beginning of a long road to implementation, we are gratified to be part of such an important milestone and we look forward to working with New York to begin construction of this important technology by 2008."

While NRG's proposal was selected, the award is "conditional" in that the cost of the IGCC technology is above current market pricing for new coal plants using more traditional technology that doesn't have the option to capture and sequester carbon. NRG and NYPA are establishing a strategic alliance to pursue tax credits or other federal and/or state funding sources to bridge this economic gap.

"Our public-private partnership with NYPA is essential to making this groundbreaking project a reality," said Crane. "Additional funding is necessary to offset the higher cost for this new plant and transform our current facility to supply power for the next generation, bringing significant environmental and economic benefits to the region."

Acknowledging the more than 50 organizations that have demonstrated support for NRG's bid to build the plant, Crane said, "We are humbled by the massive encouragement and support shown by local and state officials, labor unions, educational institutions, workforce development organizations, local area businesses, environmental groups and the armed forces, and ask for everyone's continued support as we move forward with this project."

### **Background on RFP Process**

As part of the Advanced Clean Coal Power Plant Initiative launched earlier this year by the Governor's Office of Regulatory Reform, NYPA issued a request for proposal on September 1 for up to 600 MW electric generating capacity from a coal plant that would significantly reduce emissions and be built with the ability to capture and sequester carbon dioxide emissions. NRG submitted the Huntley IGCC project in response to this RFP, which includes a 20-year contract, on October 31.

### **IGCC Technology**

IGCC is a process that involves converting coal to a synthetic gas, removing the pollutants--sulfur dioxide, nitrogen oxide and mercury--as well as potentially carbon dioxide (CO<sub>2</sub>), from the synthetic gas before combustion. The cleaned synthetic gas is then used in a combined cycle gas plant in order to generate electricity. The NRG IGCC plant will have the ability to capture up to 65 percent of the carbon dioxide produced. The emissions profile of an IGCC plant, which uses abundant, affordable and domestically available coal, is similar to that of a natural-gas fueled plant.

### **Location and Economic Benefits**

The proposed IGCC facility would be located adjacent to the existing Huntley Generating Station and would utilize existing plant infrastructure such as rail, coal handling, and water and transmission facilities. The project would utilize NRG's experienced skilled workforce and would add an additional 100 full time jobs and over 1,000 new jobs during construction.

### **About NRG**

NRG Energy, Inc. owns and operates a diverse portfolio of power-generating facilities, primarily in Texas and the Northeast, South Central and Western regions of the United States. Its operations include baseload, intermediate, peaking, cogeneration and thermal energy production facilities. NRG also has ownership interests in generating facilities in Australia, Germany and Brazil.

### **Safe Harbor Disclosure**

This news release contains 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 regarding the timing, completion, costs, financing, environmental impact, job creation, financial success and overall benefits of the IGCC project described herein, and typically can be identified by the use of words such as "will," "should," "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, our ability to use existing plant infrastructure, general economic conditions, permitting and regulatory obstacles, construction delays, the volatility of energy and fuel prices, changes in the wholesale power markets and related government regulation, the availability of financing and the condition of capital markets generally and our ability to access capital markets.

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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