



NRG Energy and Dynegy Announce Acquisition of Sierra Pacific Resources Power Plants

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MINNEAPOLIS & HOUSTON, Nov 20, 2000 (BUSINESS WIRE)--- NRG Energy, Inc. (NYSE: NRG - news) and Dynegy Inc. (NYSE: DYN - news) today announced a major expansion of their co-owned generation portfolio in the West through execution of asset purchase agreements to acquire 1,330 megawatts (MW) of power generation facilities from Sierra Pacific Resources (NYSE: SRP - news). The facilities include the 740 MW gas-fired Clark Generating Station and 590 MW of the 605 MW, coal-fired Reid Gardner Generating Station. The facilities are currently owned by Sierra Pacific Resources' subsidiary, Nevada Power Company, and serve the rapidly growing Las Vegas market. The asset purchase price was \$634 million, subject to other adjustments.

The agreements include a transitional power purchase agreement for Nevada Power to purchase energy and ancillary services until March 1, 2003 under a contract that will help provide price stability for its customers throughout the transition to an open market in Nevada.

The transaction is subject to approvals from the Federal Trade Commission, the Federal Energy Regulatory Commission and the Nevada Public Utilities Commission. It is expected to close during the second quarter of 2001.

"Acquiring the Reid Gardner and Clark stations expands our already strong relationship with Dynegy and furthers NRG's strategy of building a top three position in its primary markets," said David H. Peterson, NRG chairman, president and CEO. "This acquisition improves our partnership's position in the western region by adding a strong component of baseload generation to the portfolio."

Chuck Watson, chairman and chief executive officer of Dynegy, said, "The addition of these facilities to our national generation portfolio, combined with the assets we have developed and acquired throughout several regions of the country in 2000, increases our generating capacity by more than 4,000 gross megawatts, which is comparable to many industry mergers without the regulated transmission and distribution.

"It also underscores our ongoing strategy to pursue cost-effective, rapid transactions that enable our shareholders, partners and customers to realize immediate benefits," Watson added. "With this transaction, we are comfortable raising Dynegy's earnings forecast for 2001 from \$1.75 to \$1.80 per share."

Located in southeastern Las Vegas, the Clark Generating Station consists of 10 gas- and oil-fired generating units, totaling 740 MW. The station uses natural gas as the primary fuel and fuel oil as backup. Reid Gardner Generating Station consists of four baseload coal-fired units and is located 52 miles northeast of Las Vegas. Three of the units--110 MW each--are wholly owned by Nevada Power. Nevada Power and the California Department of Water Resources (CDWR) jointly own the fourth unit, a 275 MW coal-fired unit. NRG and Dynegy will jointly acquire Nevada Power's combined ownership and use interest in the fourth unit as part of the transaction. The CDWR will maintain its 15 MW ownership interest in the unit.

"Reid Gardner and Clark are well positioned to create value due to their dispatch diversity, access to high quality, low-cost coal and proximity to Las Vegas, with its fast-growing demand for electricity," said Craig A. Mataczynski, president of NRG North America. "Additionally, these assets complement NRG and Dynegy's current gas-fired peaking and intermediate California assets, providing the benefits of fuel and dispatch level diversification."

"This transaction represents a significant milestone in our ongoing strategy to expand and diversify our asset base," said Steve Bergstrom, president and chief operating officer of Dynegy. "Our partnership with NRG and the strength of our two companies' western portfolio will enable us to meet the long-term demands of the wholesale energy market in the state of Nevada and throughout the region."

NRG will operate the stations and Dynegy will serve as the power marketer and fuel supplier.

The sale of the generation assets is a regulatory condition of the Sierra Pacific-Nevada Power merger, which was completed in July 1999. The Reid Gardner and Clark Stations are among the seven asset bundles included in an auction started by Sierra Pacific earlier this year. In mid-October, NRG was named the successful bidder for Sierra Pacific's 50 percent interest in the 522 MW coal-fired North Valmy Generating Station and 100 percent interest in 25 MW of peaking units in northern Nevada.

Nevada Power and Sierra Pacific intend to complete the sale and transfer of their remaining generation assets in 2001.

"The acquiring companies have great expertise in producing and marketing electricity. Their presence should benefit southern Nevada as we make the transition to competitive markets," said Walter Higgins, chairman, president and chief executive officer of Sierra Pacific Resources. "This sale will help jumpstart electric industry competition in Nevada, and it will allow us to focus on our core businesses of transmission and distribution."

This acquisition represents the sixth asset alliance between NRG and Dynegy. The companies jointly own 2,768 MW of power generation facilities in California and 350 MW in Illinois.

The acquisition is expected to be accretive to both companies. The special purpose holding company formed by NRG and Dynegy to acquire the assets will be capitalized with non-recourse project debt and sponsor equity.

NRG has scheduled an analyst/investor conference call for 2:00 PM (eastern) on Tuesday, November 21 to discuss the acquisition's contribution to earnings. The call will be accessible live by dialing 800.260.0702 from within the United States, or 612.288.0318 from international locations, and by accessing the investor relations section of NRG's web site, www.nrgenergy.com. The call will also be available for replay through November 27 by dialing 800.475.6701 from within the United States, or 320.365.3844 from international locations. The access code is 552008.

NRG Energy is a leading global energy company primarily engaged in the acquisition, development, construction, ownership and operation of power generation facilities. NRG owns all or a portion of 63 power generation projects and its net ownership interest in these projects exceeds 14,000 MW. The company's operating project portfolio will total more than 28,000 MW once projects in advanced development, construction and under acquisition agreements have closed. NRG's operations utilize such diverse fuel sources as natural gas, oil, coal and coal seam methane, biomass, landfill gas, and hydro, as well as refuse-derived fuel.

Dynegy Inc. is a leading provider of energy and communications solutions to customers in North America, the United Kingdom and Continental Europe. The company's leadership position extends across the entire convergence value chain, from broadband, power generation and wholesale and retail marketing and trading of power, gas, coal, emission allowances, and weather derivatives to transportation, gathering and processing.

Headquartered in Nevada, Sierra Pacific Resources is a holding company, whose principal subsidiaries are Nevada Power Company, the electric utility for southern Nevada; Sierra Pacific Power Company, the electric utility for most of northern Nevada and the Lake Tahoe area of California; and a natural gas and water distributor in the Reno-Sparks area. Other subsidiaries include the Tuscarora Gas Pipeline Company, which owns 50 percent interest in an interstate natural gas transmission partnership; and Sierra Pacific Communications, a telecommunications company.

Certain statements included in this news release, including the expected impact of this acquisition on earnings are intended as "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. These statements include assumptions, expectations, predictions, intentions or beliefs about future events. NRG and Dynegy caution that actual future results may vary materially from those expressed or implied in any forward-looking statements. Some of the key factors that could cause actual results to vary from those NRG or Dynegy expects include changes in commodity prices for energy or communications products or services; the timing and extent of deregulation of energy markets in the U.S. and Europe; general capital market conditions; the effectiveness of NRG or Dynegy's risk management policies and procedures; the liquidity and competitiveness of wholesale trading markets for energy commodities, including the impact of electronic or online trading in these markets; operational factors affecting NRG or Dynegy's power generation or Dynegy's midstream natural gas facilities; and with respect to Dynegy, uncertainties regarding the development of, and competition within, the market for broadband services in the U.S. and Europe; and uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting NRG or Dynegy's business. More information about the risks and uncertainties relating to these forward-looking statements are found in NRG or Dynegy's SEC filings, which are available free of charge on the SEC's website at www.sec.gov.

Refer to each company's web site for more information: NRG (www.nrgenergy.com), Dynegy (www.dynegy.com) and Sierra Pacific Resources (www.sierrapacificresources.com).

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