



NRG Energy Successful in Bid for North Valmy Generating Station in Nevada

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MINNEAPOLIS, Oct 19, 2000 (BUSINESS WIRE)--- NRG Energy, Inc. (NYSE:NRG) announced it has signed an asset purchase agreement as the successful bidder in Sierra Pacific Resources' (NYSE:SRP) auction of its 50 percent interest in the 522-megawatt (MW) coal-fired North Valmy Generating Station and 100 percent interest in 25 MW of peaking units near Valmy Station. The Valmy assets are currently owned by Sierra Pacific Resources' subsidiary, Sierra Pacific Power Company. Idaho Power, the other 50 percent owner of the Station, has a 180-day right of first refusal on purchasing Sierra Pacific Resources' 50 percent interest.

The agreement includes a transitional power purchase agreement (TPPA) for Sierra Pacific Power to purchase energy and ancillary services through March 1, 2003 under a contract that will provide price certainty for Sierra's customers. The asset purchase price was \$273.3 million, net of the TPPA, subject to tax and other adjustments.

"Acquiring the Valmy assets fits with NRG's strategy of building a significant position in its core markets," said David H. Peterson, NRG's chairman, president and CEO. "By purchasing this plant, NRG is adding a strong component of baseload capacity and earnings to its portfolio in the western United States."

North Valmy Generating Station consists of two coal-fired units, totaling 522 MW, located in Valmy, Nevada - 130 miles northeast of Reno. The asset bundle includes 25 MW of peaking units consisting of a single 17-MW combustion turbine generator unit located near Winnemucca, 30 miles southwest of Valmy, and four diesel-generator units totaling 8 MW located at Battle Mountain, 80 miles east of Valmy.

"Valmy is located in one of the fastest-growing markets in the West and provides significant opportunities for value creation including adequate land to add coal-fired generation, sufficient water supply, and access to additional low-priced high-quality coal," said Craig A. Mataczynski, president of NRG North America. "Also, Valmy complements NRG's current gas-fired peaking and intermediate California assets and provides the benefits of fuel and dispatch level diversification."

NRG expects the Valmy project to contribute two to three cents to earnings per share during the first two years and eight to 12 cents thereafter. The company expects to use a combination of non-recourse and corporate funding to finance the acquisition. NRG plans to issue corporate earnings guidance for 2001 in conjunction with its third quarter earnings release, scheduled for October 24, after market close.

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. NRG Energy'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.

Certain information included in this news release contains statements that are forward-looking. Such forward-looking information involves risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of NRG Energy. For more information regarding these risks and uncertainties, review NRG Energy's filings with the Securities and Exchange Commission. More information on NRG Energy is available at www.nrgenergy.com.

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