



NRG Acquires Interest in Rocky Road Power Plant

January 11, 2000

HOUSTON AND MINNEAPOLIS, January 11, 2000 Dynegy Inc. today announced that it has sold a 50 percent interest in its Rocky Road Power Plant, a 250-megawatt (MW) natural gas-fired, simple-cycle peaking facility in East Dundee, Ill., to NRG Energy, Inc., a wholly owned, nonregulated subsidiary of Northern States Power Company (NYSE: NSP). Terms of the deal were not disclosed.

"Our decision to sell an interest in the Rocky Road facility to NRG Energy reflects the strength of our two companies' ongoing business relationship. NRG Energy recognized the strategic value of the plant and Dynegy's ability to maximize the value of its capacity," said Steve Bergstrom, president and chief operating officer of Dynegy Inc. "Dynegy's initial 100 percent ownership facilitated timely construction of the plant, which went into service before last summer's cooling season. By selling down our ownership in this facility to a power partner, we will be able to redeploy the capital to expand our generation portfolio in other strategic locations throughout the country, thereby maintaining a leadership position in the energy convergence business and moving closer to our goal of owning, controlling or managing 70,000 megawatts across the country."

"Participation in this project offers a number of strategic benefits, including entry into the Chicago market and excellent transmission access across Mid-America," said Craig Mataczynski, president and chief executive officer of NRG North America. "As in California and Arizona, our partnership with Dynegy on Rocky Road will allow us to benefit from the strengths of the two organizations which will enhance the overall success of the project."

The Rocky Road Power Plant began commercial operations on June 30, 1999. In order to meet the rapidly growing demands of the wholesale energy market in the Midwest, Dynegy proposed and received approval for the installation of an additional 100-MW natural gas combustion turbine in October 1999, increasing the facility's generating capacity to a nominal 350 MW. The expansion will be in service before the start of the peak summer 2000 season.

Dynegy and NRG Energy's joint ownership of the Rocky Road Power Plant marks the fifth asset alliance between the two companies. Dynegy and NRG jointly acquired 1,218 MW of power generation facilities, including the 965-MW Encina Power Plant in Carlsbad, Calif. and combustion turbines totaling 253 MW throughout the San Diego area, in December 1998. In August 1999, Dynegy, NRG Energy and Salt River Project (SRP) established Oasis Energy, a partnership to develop an 825-MW natural gas-fired power generation facility near Phoenix. Dynegy and NRG Energy also jointly own a 1,020-MW power plant in El Segundo, Calif. and a 530-MW facility in Long Beach, Calif.

Dynegy Inc. (NYSE: DYN) is one of the country's leading marketers of energy products and services. Through its leadership position in gathering, processing, transportation, power generation, and marketing of energy, the company provides energy solutions to its customers primarily in North America and the United Kingdom. Dynegy's primary business segments are wholesale gas and power and natural gas liquids. Dynegy Marketing and Trade, the company's power generation and natural gas and power marketing and trading subsidiary, focuses on energy convergence and the marketing, trading and arbitrage opportunities that exist among natural gas, power and coal that can be enhanced by the control and optimization of related physical assets. Dynegy's natural gas liquids subsidiary, Dynegy Midstream Services, Limited Partnership, includes North American midstream liquids operations, global natural gas liquids transportation and marketing operations.

NRG Energy is the world's seventh largest independent power producer, specializing in the development, construction, operation, maintenance and ownership of low-cost, environmentally responsible power plants and associated power-marketing activities. With leading generation positions in selected markets in the United States, Europe, the Pacific Rim, and Latin America, NRG Energy is involved in projects representing more than 22,000 MW of generating capacity, including nearly 11,000 MW of fully owned capacity. 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 and geothermal energy.

This press release includes 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. Although Dynegy and NRG Energy believe that their expectations are reasonable, they can give no assurance that these expectations will prove to have been correct. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include fluctuations in commodity prices for natural gas, electricity, natural gas liquids, crude oil, or coal; competitive practices in the industries in which Dynegy and NRG Energy compete; operations and systems risks; environmental liabilities, which are not covered by indemnity or insurance; software, hardware or third-party failures resulting from Year 2000 issues; general economic and capital market conditions, including fluctuations in interest rates; and the impact of current and future laws and governmental regulations (particularly environmental regulations) affecting the energy industry in general, and Dynegy and NRG Energy's operations in particular.

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