UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

  X   Quarterly report pursuant to Section 13 or 15(d) of the Securities
----- Exchange Act of 1934

       Transition report pursuant to Section 13 or 15(d) of the
----- Securities Exchange Act of 1934

For Quarter Ended June 30, 1999   Commission File Number 333-33397

NRG Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware	41-1724239
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1221 Nicollet Mall, Minneapolis, Minnesota	55403
(Address of principal executive officers)	(Zip Code)

Registrant's telephone number, including area code   (612) 373-5300

None

Former name, former address and former fiscal year, if changed since last report

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No
   ------ ------

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 16, 1999
Common Stock, $1.00 par value	1,000 Shares

All outstanding common stock of NRG Energy, Inc., is owned beneficially and of record by Northern States Power Company, a Minnesota corporation.

The Registrant meets the conditions set forth in general instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.

INDEX

		PAGE NO.
PART I		
Item 1	Consolidated Financial Statements and Notes	
	Consolidated Statements of Income	1
	Consolidated Balance Sheets	2-3
	Consolidated Statements of Stockholder's Equity	4
	Consolidated Statements of Cash Flows	5
	Notes to Financial Statements	6-8
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	9-11
PART II		
Item 1	Legal Proceedings	13
Item 6	Exhibits, Financial Statement Schedules, and Reports on Form 8-K	14-15
SIGNATURES		16

CONSOLIDATED STATEMENTS OF INCOME
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(Thousands of Dollars)	1999	1998	1999	1998
OPERATING REVENUES				
Revenues from wholly-owned operations	$ 60,034	$ 25,260	$ 97,881	$ 49,782
Equity in earnings of unconsolidated affiliates	6,625	13,102	15,292	29,183

Total operating revenues	66,659	38,362	113,173	78,965
OPERATING COSTS AND EXPENSES				
Cost of wholly-owned operations	41,124	12,659	69,064	26,305
Depreciation and amortization	6,291	4,373	11,025	8,049
General, administrative, and development	16,288	11,210	32,273	24,380
Total operating costs and expenses	63,703	28,242	112,362	58,734
OPERATING INCOME	2,956	10,120	811	20,231
OTHER INCOME (EXPENSE)				
Minority interest in earnings of consolidated subsidiaries	(691)	(128)	(1,155)	(1,160)
Other income, net	2,574	1,842	3,308	1,899
Interest expense	(15,788)	(12,798)	(26,847)	(24,251)
Total other expense	(13,905)	(11,084)	(24,694)	(23,512)
LOSS BEFORE INCOME TAXES	(10,949)	(964)	(23,883)	(3,281)
INCOME TAXES - BENEFIT	(13,290)	(7,933)	(25,284)	(16,339)
NET INCOME	$ 2,341	$ 6,969	$ 1,401	$ 13,058

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(Thousands of Dollars)	JUNE 30, 1999	DECEMBER 31, 1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 65,962	$ 6,381
Restricted cash	2,452	4,021
Accounts receivable-trade, less allowance for doubtful accounts of $118 and $100	39,314	15,223
Accounts receivable-affiliates	16,751	7,324
Current portion of notes receivable - affiliates	11,895	4,460
Current portion of notes receivable	--	26,200
Income taxes receivable	6,623	21,169
Inventory	48,028	2,647
Prepayments and other current assets	18,504	4,533
Total current assets	209,529	91,958
PROPERTY, PLANT AND EQUIPMENT, AT ORIGINAL COST		
In service	1,198,607	291,558
Under construction	33,309	5,352
	1,231,916	296,910
Less accumulated depreciation	(104,713)	(92,181)
Net property, plant and equipment	1,127,203	204,729
OTHER ASSETS		
Investments in projects	811,491	800,924
Capitalized project costs	31,622	13,685
Notes receivable, less current portion - affiliates	108,332	101,887
Notes receivable, less current portion	3,791	3,744
Intangible assets, net of accumulated amortization of $3,896 and $2,984	45,190	22,507
Debt issuance costs, net of accumulated amortization of $2,502 and $1,675	16,492	7,276
Other assets, net of accumulated amortization of $7,835 and $7,350	48,112	46,716
Total other asset	1,065,030	996,739
TOTAL ASSETS	$ 2,401,762	$ 1,293,426

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

	JUNE 30, 1999	DECEMBER 31, 1998
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 7,747	$ 8,258
Revolving line of credit	221,267	--
Consolidated project-level, non-recourse debt	539,965	--
Accounts payable-trade	36,936	7,371
Accrued property and sales taxes	4,538	3,251
Accrued salaries, benefits and related costs	6,646	7,551
Accrued interest	11,117	7,648
Other current liabilities	25,078	8,289
Total current liabilities	853,294	42,368
MINORITY INTEREST	12,941	13,516
CONSOLIDATED PROJECT-LEVEL, LONG TERM, NONRECOURSE DEBT	126,914	113,437
CORPORATE LEVEL LONG-TERM DEBT, LESS CURRENT PORTION	675,000	504,781
DEFERRED INCOME TAXES	10,998	19,841
DEFERRED INVESTMENT TAX CREDITS	1,215	1,343
POSTRETIREMENT AND OTHER BENEFIT OBLIGATIONS	11,113	11,060
DEFERRED INCOME AND OTHER LONG-TERM OBLIGATIONS	11,761	7,748
Total liabilities	1,703,236	714,094
STOCKHOLDER'S EQUITY		
Common stock; $1 par value; 1,000 shares authorized; 1,000 shares issued and outstanding	1	1
Additional paid-in capital	631,913	531,913
Retained earnings	131,416	130,015
Accumulated other comprehensive income	(64,804)	(82,597)
Total Stockholder's Equity	698,526	579,332
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 2,401,762	$1,293,426

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(Thousands of Dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
BALANCES AT JANUARY 1, 1998	$ 1	$ 431,913	$ 88,283	$ (69,499)	$ 450,698
Net Income			13,058		13,058
Foreign currency translation adjustments				(16,459)	(16,459)
Comprehensive income					(3,401)
BALANCES AT JUNE 30, 1998	$ 1	$ 431,913	$101,341	$ (85,958)	$ 447,297
BALANCES AT JANUARY 1, 1999	$ 1	$ 531,913	$130,015	$ (82,597)	$ 579,332
Net Income			1,401		1,401
Foreign currency translation adjustments				17,793	17,793
Comprehensive income					19,194
Capital Contribution from parent		100,000			100,000
BALANCES AT JUNE 30, 1999	$ 1	$ 631,913	$ 131,416	$ (64,804)	$ 698,526

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(Thousands of Dollars)	SIX MONTHS ENDED JUNE 30, 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,401	$ 13,058
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Undistributed equity earnings of unconsolidated affiliates	26,141	(16,210)
Depreciation and amortization	11,025	8,049
Deferred income taxes and investment tax credits	(8,971)	(5,120)
Minority interest	(575)	(5,722)
Cash provided (used) by changes in certain working capital items, net of acquisition effects		
Accounts receivable	(22,551)	(2,045)
Accounts receivable-affiliates	(9,427)	9,903
Accrued income taxes	14,546	(995)
Inventory	(5,438)	--
Prepayments and other current assets	(13,971)	1,162
Accounts payable-trade	29,565	(9,266)
Accrued property and sales tax	1,287	(924)
Accrued salaries, benefits and related costs	(1,047)	(57)
Accrued interest	3,469	1,585
Other current liabilities	4,676	462
Cash used by changes in other assets and liabilities	(11,313)	(62)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	18,817	(6,182)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions, net of liabilities assumed	(930,185)	--
Investments in projects	(37,167)	(94,194)
Divestiture of projects	1,000	9,219
Changes in notes receivable (net)	12,273	32,255
Purchase of plant, property and equipment	(47,760)	(14,320)
Decrease (increase) in restricted cash	1,569	(2,970)
NET CASH USED BY INVESTING ACTIVITIES	(1,000,270)	(70,010)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions from parent	100,000	--
Revolving line of credit	97,267	53,000
Proceeds from issuance of note	539,965	--
Proceeds from issuance of long-term debt	310,294	22,658
Principal payments on long-term debt	(6,492)	(6,069)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,041,034	69,589

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	59,581	(6,603)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,381	11,986
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 65,962	$ 5,383

See notes to consolidated financial statements.

NRG ENERGY, INC.

NOTES TO FINANCIAL STATEMENTS

The Company is a wholly-owned subsidiary of Northern States Power Company (NSP), a Minnesota corporation. Additional information regarding the Company can be found in NSP's Form 10-Q for the six months ended June 30, 1999.

The accompanying unaudited consolidated financial statements have been prepared in accordance with SEC regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 1998 (Form 10-K). The following notes should be read in conjunction with such policies and other disclosures in the Form 10-K. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments necessary to present fairly the consolidated financial position of the Company as of June 30, 1999 and December 31, 1998, the results of its operations for the three months and six months ended June 30, 1999 and 1998, and its cash flows and stockholders' equity for the six months ended June 30, 1999 and 1998.

1. BUSINESS DEVELOPMENTS

In February 1999, NRG purchased from certain affiliates of Thermal Ventures, Inc. (TVI) the remaining 50.1% limited partnership interests held by the TVI affiliates in San Francisco Thermal Limited Partnership and Pittsburgh Thermal Limited Partnership for $12.3 million. In April 1999, NRG acquired TVI's 50% member interest in North American Thermal Systems LLC (the entity holding the general partnership interest in the San Francisco and Pittsburgh partnerships) for $500,000.

In April 1999, the Company completed the acquisition of the Somerset power station for approximately $55 million from the Eastern Utilities Association (EUA). The Somerset station, located in Somerset, Massachusetts, includes two coal-fired generating facilities and two aeroderivative combustion turbine peaking units supplying 229 MW in aggregate, of which 69 MW is on deactivated reserve.

In April 1999, NRG reached agreement to purchase the 1,700 MW oil and gas-fired Oswego generating station for $91 million from Niagara Mohawk Power Corporation and Rochester Gas and Electric Corporation. The facility is located in Oswego, New York. The acquisition is expected to close in the fourth quarter of 1999, pending regulatory approvals and resolution of certain litigation.

In May 1999, NRG and Dynegy completed the acquisition of the Encina generating station and 17 combustion turbines for $356 million from San Diego Gas & Electric Company. The facilities, which have a combined capacity of 1,218 MW, are located near Carlsbad and San Diego California. NRG and Dynegy will each own a 50% interest in these facilities.

In June 1999, NRG completed its acquisition of the Huntley and Dunkirk generating stations from Niagara Mohawk Power Corporation for $355 million. The two coal-fired power generation facilities are located near Buffalo, New York, and have a combined summer capacity rating of 1,360 MW.

In June 1999, NRG completed its acquisition of the Arthur Kill generating station and the Astoria gas turbine site for $505 million from the Consolidated Edison Company of New York, Inc. These facilities, which are located in Staten Island and Queens, New York, have a combined summer capacity rating of 1,456 MW.

In July 1999, NRG executed a binding agreement to purchase four fossil fuel electric generating stations and numerous remote gas turbines totaling 2,235 MW from Connecticut Light & Power Company for $460 million.

These facilities are located throughout Connecticut. The acquisition is expected to close in the fourth quarter of 1999, pending regulatory approvals.

In June 1999, NRG sold its interest in the Sunnyside project for book value. The underlying assets were previously written down in accordance with Financial Accounting Standards No. 121.

NRG, together with its partner, filed a plan with the United States Bankruptcy Court for the Middle District of Louisiana to acquire 1,708 MW of fossil generating assets from Cajun Electric Power Cooperative of Baton Rouge, La., for approximately $1.0 billion. A second plan was submitted by Southwestern Electric Power Co. In June 1999, the bankruptcy court completed confirmation hearings on the two competing plans. NRG and its partner are awaiting a final confirmation decision by the court, which is expected in the third quarter.

2. CONTINGENT REVENUES

NRG and its partner Dynegy each own a 50% interest in the Long Beach and El Segundo generating stations ("California Projects"). During 1998, the first year of deregulation of the state of California power industry, the California Projects accrued certain receivables related to contingent revenues. These revenues have been deferred pending resolution of the contingency. Such amounts relate to items that are subject to contract interpretations, compliance with processes and filed market disputes. The California Projects are actively pursuing resolution and/or collection of these amounts, which totaled approximately $53 million (NRG's share approximates $26.5 million) as of June 30, 1999. Upon any final resolution and/or collection of these amounts, such deferred revenues will be recognized in NRG's equity income.

3. SUMMARIZED INCOME STATEMENT INFORMATION OF AFFILIATES

The Company has 20-50% investments in four companies that are considered significant subsidiaries, as defined by applicable SEC regulations, and accounts for those investments using the equity method. The following summarizes the income statements of these unconsolidated entities:

(Thousands of Dollars)	THREE MONTHS ENDED JUNE 30, 1999	1998	SIX MONTHS ENDED JUNE 30, 1999	1998
Net sales	$ 166,076	$ 261,471	$ 320,421	$ 399,302
Other income (expense)	12,876	(9,455)	13,000	(509)
Costs and expenses:				
Cost of sales	110,287	112,129	237,403	229,953
General and administrative	41,895	7,582	49,572	12,320
	152,182	119,711	286,975	242,273
Income before income taxes	26,770	132,305	46,446	156,520
Income taxes	6,131	1,766	11,836	5,612
Net income	$ 20,639	$ 130,539	$ 34,610	$ 150,908
Company's share of net income	$ 9,084	$ 5,829	$ 14,595	$ 13,395

4. SHORT TERM BORROWINGS

At June 30, 1999, the Company had $539.9 million in short-term project level borrowings at an average interest rate of 6.35% (LIBOR + 125 basis points) used for project acquisitions. The Company has $686.6 million of available borrowing under this credit facility. The Company plans to refinance its short-term project-level borrowings with long-term project-level debt later this year.

As of June 30, 1999, the Company had $350 million in revolving credit facilities under a commitment fee arrangement. These facilities provide short-term financing in the form of bank loans and letters of credit. At June 30,1999, the Company had $221 million outstanding under its revolving credit agreements.

5. LONG TERM DEBT

In March 1999, NRG filed a shelf registration with the SEC for up to $500 million in debt securities. The net proceeds will be used to finance NRG's equity investment in connection with pending acquisitions and for general corporate purposes, which may include financing the development and construction of new facilities, working capital, debt reduction, capital expenditures and potential acquisitions. In May, 1999, NRG issued $300 million of 7.5% senior notes due in 2009 under this registration. In anticipation of this transaction, NRG executed $175 million in 10-year treasury locks with an effective yield of 5.26%.

6. SEGMENT REPORTING

NRG conducts its business within three segments: Independent Power Generation, Alternative Energy (Resource Recovery and Landfill Gas) and Thermal projects. These segments are distinct components of NRG with separate operating results and management structures in place. The `Other" category includes operations that do not meet the threshold for separate disclosure and corporate charges that have not been allocated to the operating segments. Segment information for the second quarter and six months ended periods of 1999 and 1998 are as follows:

THREE MONTHS ENDED JUNE 30, 1999 (Thousands of Dollars)	INDEPENDENT POWER GENERATION	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL

OPERATING REVENUES					
Revenues from wholly-owned operations	$ 28,068	$ 8,862	$ 21,410	$ 1,270	$ 59,610
Intersegment revenues	--	424	--	--	424
Equity in earnings of unconsolidated affiliates	12,297	1,087	(79)	(6,680)	6,625
Total operating revenues	40,365	10,373	21,331	(5,410)	66,659
NET INCOME (LOSS)	$ 6,578	$ 2,651	$ 1,022	$ (7,910)	$ 2,341

THREE MONTHS ENDED JUNE 30, 1998 (Thousands of Dollars)	INDEPENDENT POWER GENERATION	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 458	$ 8,544	$ 12,235	$ 3,694	$ 24,931
Intersegment revenues	--	329	--	--	329
Equity in earnings of unconsolidated affiliates	13,292	(12)	82	(260)	13,102
Total operating revenues	13,750	8,861	12,317	3,434	38,362
NET INCOME (LOSS)	$ 8,784	$ 5,123	$ 1,221	$ (8,159)	$ 6,969

SIX MONTHS ENDED JUNE 30, 1999 (Thousands of Dollars)	INDEPENDENT POWER GENERATION	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 41,132	$ 15,142	$ 36,555	$ 4,304	$ 97,133
Intersegment revenues	--	748	--	--	748
Equity in earnings of unconsolidated affiliates	20,126	1,336	1,083	(7,253)	15,292
Total operating revenues	61,258	17,226	37,638	(2,949)	113,173
NET INCOME (LOSS)	$ 7,527	$ 6,164	$ 3,184	$(15,474)	$ 1,401

SIX MONTHS ENDED JUNE 30, 1998 (Thousands of Dollars)	INDEPENDENT POWER GENERATION	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 858	$ 15,352	$ 26,653	$ 6,238	$ 49,101
Intersegment revenues	--	681	--	--	681
Equity in earnings of unconsolidated affiliates	28,952	375	236	(380)	29,183
Total operating revenues	29,810	16,408	26,889	5,858	78,965
NET INCOME (LOSS)	$ 21,246	$ 8,848	$ 2,937	$(19,973)	$ 13,058

7. NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires that all derivatives be recognized at fair value in the Balance Sheet, and that changes in fair value be recognized either currently in earnings or deferred as a component of Other Comprehensive Income, depending on the intended use of derivative, its resulting designation and its effectiveness. The Company plans to adopt this standard in 2001, as required. The potential impact of implementing this statement has not yet been determined.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition is omitted per conditions as set forth in General Instructions H(1) (a) and (b) of Form 10-Q for wholly owned subsidiaries. It is replaced with management's narrative analysis of the results of operations set forth in General Instructions H(2) (a) of Form 10-Q for wholly owned subsidiaries (reduced disclosure format). This analysis will primarily compare the Company's revenue and expense items for the six months ended June 30, 1999 with the six months ended June 30, 1998.

RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 1999 COMPARED TO SIX MONTHS ENDED JUNE 30, 1998

Net income for the six months ended June 30, 1999, was $1.4 million compared to $13.1 million for the same period in 1998. The decrease in net income of $11.7 million was due to the factors described below.

OPERATING REVENUES

For the six months ended June 30, 1999, revenues were $113.2 million, an increase of $34.2 million, or 43% over the same period in 1998.

The operating revenues from wholly owned operations for the six months ended June 30, 1999 were $97.9 million, an increase of $48.1 million, or 97%, over the same period in 1998. Approximately $26.0 million of the increase relates to energy sales to Eastern Utilities Association (EUA) under an agreement that went into effect on January 1, 1999. Under the terms of the agreement, NRG will provide various entities within EUA with a fixed percentage of their energy needs for a period of 6.2 to 11 years. In addition, NRG purchased the remaining 50% interest in the Pittsburgh and San Francisco thermal operations resulting in $10 million of additional revenues in 1999. The remaining increase relates to the Dunkirk, Huntley, Astoria and Arthur Kill facilities that were acquired in June 1999. For the six months ended June 30, 1999, revenues from wholly owned operations consisted primarily of revenue from electrical generation (57%) heating, cooling and thermal activities (39%) and technical services (4%).

Equity in earnings of unconsolidated affiliates was $15.3 million for the six months ended June 30, 1999, compared to $29.2 million for the six months ended June 30, 1998, a decrease of $13.9 million, or 48%. The decrease was due to several factors, including a $6.5 million reduction in earnings from the Mt. Poso project primarily due to curtailment revenues that were recorded in 1998, a $2.5 million decrease in earnings due to cooler weather conditions at the El Segundo, Long Beach and Encina facilities and a $1.5 million decrease in earnings from NEO affiliates. In addition, there was a $3.7 million decrease in equity earnings due to the transaction adjustment related to the Kladno Project. A portion of the Kladno project's debt is denominated in U.S. dollars and German deutsche marks, which strengthened against the Czech koruna in the first six months of 1999. Under SFAS No. 52, the Kladno project records foreign currency gains and losses through the income statement.

OPERATING COSTS AND EXPENSES

Cost of wholly owned operations was $69.1 million for the six months ended June 30, 1999. This is an increase of $42.8 million or 163% over the same period in 1998. The increase is due primarily to energy purchases made to satisfy the EUA power sales agreement and increased operating costs from new

acquisitions.

Depreciation and amortization costs were $11.0 million for the six months ended June 30, 1999, compared to $8.0 million for the six months ended June 30, 1998. The depreciation and amortization increase was due primarily to new projects, including the Somerset, Dunkirk, Huntley, Astoria and Arthur Kill facilities and depreciation from the Pittsburgh and San Francisco thermal facilities that were previously recorded on the equity method of accounting.

General, administrative and development costs were $32.3 million for the six months ended June 30, 1999, compared to $24.4 million for the six months ended June 30, 1998. The $7.9 million increase is due primarily to increased business development activities, associated legal, technical, and accounting expenses, employees and equipment resulting from expanded operations and pending acquisitions. The Company's asset base increased from $1.2 billion to $2.4 billion during the first six months of 1999.

OTHER INCOME (EXPENSE)

Other expense for the six months ended June 30, 1999, is $24.7 million, an increase of $1.2 million, compared to $23.5 million for the same period in 1998. The increase in expenses is due primarily to interest costs related to a new $300 Senior Note issuance and approximately $540 million of new short-term debt which is partially offset by increased interest income from loans to affiliates.

INCOME TAX

The Company recognized an income tax benefit due to a pre-tax loss from domestic operations and due to the recognition of certain tax credits. The net income tax benefit for the six months ended June 30, 1999, increased by $9.0 million to $25.3 million as compared to $16.3 million for the same period one year earlier. The increase in tax benefits for the six months period was due primarily to an increase in Section 29 credits from NEO operations and higher domestic pre-tax losses.

YEAR 2000 (Y2K) READINESS

To the extent allowed, the information in the following section is designated as a "Year 2000 Readiness Disclosure." NRG is incurring costs to modify or replace existing technology, including computer software, for uninterrupted operation in the year 2000 and beyond. A committee made up of senior management is leading NRG's initiatives to identify Y2K related issues and remediate business processes as necessary. NRG is also partnering with its parent, NSP, to ensure a consistent overall company process in addressing the Y2K issue, as discussed in NRG's 1998 Form 10-K.

NRG's is on schedule for completion of its Y2K project based on the following revised timetable.

- Assessment/discovery/analysis - Completed
- Final testing - October 31, 1999
- Y2K Ready - November 15, 1999

NRG is currently updating contingency plans for all material Y2K risk and is on track to meet the contingency planning schedule that has been established. In addition to Y2K readiness, NRG's contingency planning addresses the failure of key third party contracts to be Y2K compliant. A Y2K readiness

plan is obtained as part of all new acquisitions.

FORWARD-LOOKING STATEMENTS

In addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements, factors that could cause the actual results to differ materially from those contemplated in any forward-looking statements include, among others, the following:

- Economic conditions including inflation rates and monetary fluctuations;
- Trade, monetary, fiscal, taxation, and environmental policies of governments, agencies and similar organizations in geographic areas where we have a financial interest;

- Customer business conditions including demand for their products or services and supply of labor and materials used in creating their products and services;
- Financial or regulatory accounting principles or policies imposed by the Financial Accounting Standards Board, the Securities and Exchange Commission, the Federal Energy Regulatory Commission and similar entities with regulatory oversight;
- Availability or cost of capital such as changes in: interest rates; market perceptions of the power generation industry, the Company or any of its subsidiaries; or security ratings;
- Factors affecting power generation operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages, maintenance or repairs; unanticipated changes to fossil fuel, or gas supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints;
- Employee workforce factors including loss or retirement of key executives, collective bargaining agreements with union employees, or work stoppages;
- Increased competition in the power generation industry;
- Cost and other effects of legal and administrative proceedings, settlements, investigations and claims;
- Technological developments that result in competitive disadvantages and create the potential for impairment of existing assets;
- Factors associated with various investments including conditions of final legal closing, foreign government actions, foreign economic and currency risks, political instability in foreign countries, partnership actions, competition, operating risks, dependence on certain suppliers and customers, domestic and foreign environmental and energy regulations;
- Limitations on our ability to control the development or operation of projects in which the Company has less than 100% interest;
- Other business or investment considerations that may be disclosed from time to time in the Company's Securities and Exchange Commission filings or in other publicly disseminated written documents, including the Company's Registration Statement No. 333-33397, as amended.

We have no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors pursuant to the Act should not be construed as exhaustive.

PART II

ITEM 1. LEGAL PROCEEDINGS

On or about July 12, 1999, Fortistar Capital, Inc. ("Fortistar") commenced an action against NRG Energy, Inc. ("NRG") in Hennepin County (Minnesota) District Court, seeking damages in excess of $100 million and an order restraining NRG from consummating the acquisition of Niagara Mohawk's Power Corporation's Oswego generating station. Fortistar's motion for a temporary restraining order was denied and a temporary injunction hearing has been scheduled for September 27, 1999. NRG intends to vigorously defend the suit and believes Fortistar's claims to be without merit. NRG has asserted numerous counterclaims against Fortistar. NRG expects to close the Oswego acquisition in the fourth quarter of 1999, pending regulatory approvals and resolution of this lawsuit.

PART II

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

4.3 Loan Agreement, dated June 4, 1999 between NRG Northeast Generating LLC, Chase Manhattan Bank and Citibank, N.A.

4.4 Indenture between the Company and Norwest Bank Minnesota, National Association, as Trustee dated as of May 25, 1999 (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated May 25, 1999 and filed on May 27, 1999).

10.18 Wholesale Standard Offer Service Agreement between Blackstone Valley Electric Company, Eastern Edison Company, Newport Electric Corporation and NRG Power Marketing, Inc., dated October 13, 1998.

10.19 Asset Sales Agreement by and between Niagara Mohawk Power Corporation and NRG Energy, Inc., dated December 23, 1998.

10.20 First Amendment to Wholesale Standard Offer Service Agreement between Blackstone Valley Electric Company, Eastern Edison Company, Newport Electric Corporation and NRG Power Marketing, Inc., dated January 15, 1999.

10.21 Generating Plant and Gas Turbine Asset Purchase and Sale Agreement for the Arthur Kill generating plants and Astoria gas turbines by and between Consolidated Edison Company of New York, Inc., and NRG Energy, Inc., dated January 27, 1999.

10.22 Transition Energy Sales Agreement between Arthur Kill Power LLC and Consolidated Edison Company of New York, Inc., dated June 1, 1999.

10.23 Transition Energy Sales Agreement between Astoria Gas Turbine Power LLC and Consolidated Edison Company of New York, Inc., dated June 1, 1999.

10.24 Transition Power Purchase Agreement between Niagara Mohawk Power Corporation and Huntley Power LLC, dated June 11, 1999.

10.25 Transition Power Purchase Agreement between Niagara Mohawk Power Corporation and Dunkirk Power LLC, dated June 11, 1999.

10.26 Power Purchase Agreement between Niagara Mohawk Power Corporation

and Dunkirk Power LLC, dated June 11, 1999.

10.27 Power Purchase Agreement between Niagara Mohawk Power Corporation and Huntley Power LLC, dated June 11, 1999.

10.28 Amendment to the Asset Sales Agreement by and between Niagara Mohawk Power Corporation and NRG Energy, Inc., dated June 11, 1999.

10.29 Transition Capacity Agreement between Astoria Gas Turbine Power LLC and Consolidated Edison Company of New York, Inc., dated June 25, 1999.

10.30 Transition Capacity Agreement between Arthur Kill Power LLC and Consolidated Edison Company of New York, Inc., dated June 25, 1999.

27 Financial Data Schedule for the period ended June 30, 1999.

(b) REPORTS ON FORM 8-K:

On May 24, 1999, NRG filed a Form 8-K reporting under Item 5 - Other Events. NRG filed certain exhibits relating to the offering of $300,000,000 principal amount of the Company's 7.5% Senior Notes due 2009.

On May 27, 1999, NRG filed a Form 8-K reporting under Item 5 - Other Events. NRG announced that the $300,000,000 Senior Note offering was completed.

On June 28, 1999, NRG filed a Form 8-K reporting under Item 5 - Other Events. NRG announced its acquisition of the Dunkirk and Huntley stations from Niagara Mohawk Power Corporation.

On July 8, 1999, NRG filed a Form 8-K reporting under Item 5 - Other Events. NRG announced its acquisition of the Arthur Kill and Astoria generating assets from the Consolidated Edison Company of New York, Inc.

On July 16, 1999, NRG filed a Form 8-K reporting under Item 5 - Other Events. NRG announced that earnings for the six months ended June 30, 1999 would be below expectation.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NRG ENERGY, INC.

(Registrant)

/s/

Leonard A. Bluhm
Executive Vice President and Chief
Financial Officer (Principal
Financial Officer)

/s/

David E. Ripka
Vice President and Controller
(Principal Accounting Officer)

Date: August 16, 1999

EXHIBIT 4.3

==

LOAN AGREEMENT

Dated as of June 4, 1999

among

NRG NORTHEAST GENERATING LLC,

THE SUBSIDIARY GUARANTORS PARTY HERETO

THE LENDERS PARTY HERETO

THE CHASE MANHATTAN BANK,
as an Administrative Agent and Collateral Agent

and

CITIBANK, N.A.,
as an Administrative Agent and Paying Agent

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED,
as Documentation Agent

$686,564,000

==

TABLE OF CONTENTS

Page

ARTICLE I. DEFINITIONS....................................1
SECTION 1.01. Defined Terms....................................1
SECTION 1.02. Terms Generally....................................26
SECTION 1.03. Accounting Terms; GAAP....................................26

ARTICLE II. THE CREDITS....................................27
SECTION 2.01. The Commitments....................................27
SECTION 2.02. Loans and Borrowings....................................27
SECTION 2.03. Requests for Borrowings....................................28
SECTION 2.04. Funding of Borrowings....................................29
SECTION 2.05. Interest Elections....................................29
SECTION 2.06. Termination and Reduction of the Commitments....................................31

SECTION 2.07. Repayment of Loans; Evidence of Debt.....31
SECTION 2.08. Prepayment of Loans.....33
SECTION 2.09. Fees. 34
SECTION 2.10. Interest.....35
SECTION 2.11. Alternate Rate of Interest.....36
SECTION 2.12. Increased Costs.....36
SECTION 2.13. Break Funding Payments.....37
SECTION 2.14. Taxes. 38
SECTION 2.15. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.....39
SECTION 2.16. Mitigation Obligations; Replacement of Lenders.....40

ARTICLE III. GUARANTEE.....41
SECTION 3.01. The Guarantee.....41
SECTION 3.02. Obligations Unconditional.....42
SECTION 3.03. Reinstatement.....42
SECTION 3.04. Subrogation.....43
SECTION 3.05. Remedies.....43
SECTION 3.06. Instrument for the Payment of Money.....43
SECTION 3.07. Continuing Guarantee.....43
SECTION 3.08. Rights of Contribution.....43
SECTION 3.09. General Limitation on Guarantee Obligations.....44
SECTION 3.10. Effectiveness.....45

ARTICLE IV. REPRESENTATIONS AND WARRANTIES.....45
SECTION 4.01. Organization; Powers.....45
SECTION 4.02. Authorization; Enforceability.....45
SECTION 4.03. Governmental Approvals; No Conflicts.....45
SECTION 4.04. Financial Condition; No Material Adverse Change.....46
SECTION 4.05. Properties.....47
SECTION 4.06. Litigation and Environmental Matters.....47
SECTION 4.07. Compliance with Laws and Agreements.....47

SECTION 4.08. Investment Company Status.....47
SECTION 4.09. Taxes.....48
SECTION 4.10. ERISA.....48
SECTION 4.11. Disclosure.....48
SECTION 4.12. Use of Credit.....48
SECTION 4.13. Material Agreements and Liens.....48
SECTION 4.14. Capitalization.....49
SECTION 4.15. Subsidiaries and Investments.....49
SECTION 4.16. Utility Regulation.....50

ARTICLE V. CONDITIONS PRECEDENT.....50
SECTION 5.01. Effective Date.....50
SECTION 5.02. Conditions Precedent for each Term Loan.....53
SECTION 5.03. Conditions Precedent for each Revolving Loan.....56

ARTICLE VI. AFFIRMATIVE COVENANTS.....57
SECTION 6.01. Financial Statements and Other Information.....57
SECTION 6.02. Notices of Material Events.....58
SECTION 6.03. Existence; Conduct of Business.....59
SECTION 6.04. Payment of Obligations.....59
SECTION 6.05. Maintenance of Properties; Insurance.....59
SECTION 6.06. Books and Records; Inspection Rights.....60
SECTION 6.07. Compliance with Laws and Contractual Obligations.....60
SECTION 6.08. Use of Proceeds.....60
SECTION 6.09. Rating of Index Debt.....60
SECTION 6.10. Certain Obligations Respecting Subsidiaries.....61
SECTION 6.11. Casualty Events.....61
SECTION 6.12. EWG Status.....62
SECTION 6.13. Debt Service Reserve Account.....62

ARTICLE VII. NEGATIVE COVENANTS.....65
SECTION 7.01. Indebtedness.....65
SECTION 7.02. Liens.....66
SECTION 7.03. Fundamental Changes.....66
SECTION 7.04. Investments.....66
SECTION 7.05. Restricted Payments.....67
SECTION 7.06. Transactions with Affiliates.....67
SECTION 7.07. Restrictive Agreements.....67
SECTION 7.08. [Reserved.].....68
SECTION 7.09. Capital Expenditures.....68
SECTION 7.10. Modifications of Certain Documents.....68
SECTION 7.11. Fuel Agreements.....69
SECTION 7.12. Power Marketing Agreements.....69
SECTION 7.13. Power Purchase Agreements.....69

ARTICLE VIII. EVENTS OF DEFAULT....69

ARTICLE IX. THE AGENTS....72

ARTICLE X. MISCELLANEOUS....75
SECTION 10.01. Notices....75
SECTION 10.02. Waivers; Amendments....76
SECTION 10.03. Expenses; Indemnity; Damage Waiver....76
SECTION 10.04. Successors and Assigns....78
SECTION 10.05. Survival....80
SECTION 10.06. Counterparts; Integration; Effectiveness....80
SECTION 10.07. Severability....81
SECTION 10.08. Right of Setoff....81
SECTION 10.09. Governing Law; Jurisdiction; Etc....81
SECTION 10.10. Waiver Of Jury Trial....82
SECTION 10.11. Headings....82
SECTION 10.12. Treatment of Certain Information; Confidentiality....82

SCHEDULE I	-	Commitments
SCHEDULE II	-	Material Agreements and Liens
SCHEDULE III	-	Subject Governmental Approvals
SCHEDULE IV		Litigation
SCHEDULE V	-	Environmental Matters
SCHEDULE VI	-	Subsidiaries and Investments
SCHEDULE VII	-	Governmental Approvals
SCHEDULE VIII	-	Insurance Requirements
SCHEDULE IX	-	Permitted Encumbrances
EXHIBIT A	-	Form of Assignment and Acceptance
EXHIBIT B	-	Form of Security Agreement
EXHIBIT C	-	Form of Pledge Agreement
EXHIBIT D	-	Form of Guarantee Assumption Agreement
EXHIBIT E	-	Form of PMI Security Agreement
EXHIBIT F	-	[Reserved]
EXHIBIT G	-	Form of Equity Contribution Agreement
EXHIBIT H	-	Form of Consent and Agreement
EXHIBIT I	-	Form of Debt Service Reserve Letter of Credit
EXHIBIT J	-	Form of Debt Service Reserve Guarantee
EXHIBIT K	-	Form of Intercompany Note

LOAN AGREEMENT

LOAN AGREEMENT dated as of June 4, 1999 among NRG NORTHEAST GENERATING LLC, the SUBSIDIARY GUARANTORS party hereto, the LENDERS party hereto, THE CHASE MANHATTAN BANK, as an Administrative Agent and as Collateral Agent and CITIBANK, N.A., as an Administrative Agent and as Paying Agent.

The Borrower (as hereinafter defined) has requested that the Lenders (as so defined) make loans to it, under the guarantee of the Subsidiary Guarantors (as so defined), in an aggregate principal amount not exceeding $686,564,000, to finance four separate acquisitions of electricity generating assets. These acquisitions include the Dunkirk and Huntley generating facilities from Niagara Mohawk Power Corporation, the Astoria and Arthur Kill generating facilities from Consolidated Edison Company of New York, Inc., the Somerset generating facilities from Montaup Electric Company and the Oswego generating facility from Niagara Mohawk Power Corporation. The Lenders are prepared to make such loans upon the terms and conditions hereof, and, accordingly, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS.

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers

to whether such Loan, or the Loans constituting such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Acceptable Bank" means any bank or trust company which (a) is organized under the laws of the United States of America, any state thereof, any other member of the Organization for Economic Cooperation and Development or Japan and has an office in the United States of America, (b) has capital, surplus and undivided profits of at least $1,000,000,000 and (c) has outstanding long-term unsecured indebtedness which is rated "A-" or better by S&P and "A3" or better by Moody's (or an equivalent rating by another nationally recognized statistical rating organization of similar standing if neither such corporation is in the business of rating long-term unsecured bank indebtedness).

"Acceptable Guarantor" means any Person which (a) is organized under the laws of any state of the United States of America, (b) has an aggregate stockholders' equity of at least $250,000,000 and (c) has outstanding long-term unsecured indebtedness which is rated "BBB-" or better by S&P and "Baa3" or better by Moody's.

"Acquisition Documents" means the Dunkirk/Huntley Acquisition Documents, the Somerset Acquisition Documents, the Con Ed Acquisition Documents or the Oswego Acquisition Documents or any combination thereof (as the context requires).

"Acquisitions" means the Con Ed Acquisition, the Dunkirk/Huntley Acquisition, the Somerset Acquisition or the Oswego Acquisition, or any combination thereof (as the context requires).

"Additional Project Document" means (a) any contract or agreement entered into by the Borrower or any of its Subsidiaries relating to the Restoration of Affected Property undertaken in accordance with Section 6.11 or (b) any other contract or agreement (other than any Project Document, any Permitted Fuel Agreement, any Permitted Power Marketing Agreement or any Permitted Power Purchase Agreement) entered into by the Borrower or any of its Subsidiaries in the ordinary course of its business relating to acquisition, ownership, leasing, occupation, operation, maintenance or use of the Facilities and under which the Borrower or such Subsidiary, as the case may be, shall have obligations not in excess of $5,000,000 under any such contract or agreement or $20,000,000 in the aggregate as to all such agreements.

"Adjusted LIBO Rate" means, for the Interest Period for any Eurodollar Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate for such Interest Period.

"Administrative Agents" means Chase and Citibank acting jointly, in their respective capacities as administrative agents for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied to the Lenders by the Administrative Agents.

"Affected Property" means, with respect to any Casualty Event, the property of the Borrower and its Subsidiaries lost, destroyed, damaged, condemned or otherwise taken as a result of such Casualty Event.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Alternate Base Rate" means, for any day, a rate per annum equal to the Prime Rate in effect on such day. Any change in the Alternate Base

Rate due to a change in the Prime Rate shall be effective from and including the effective date of such change in the Prime Rate.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments or Loans of all Classes hereunder represented by the aggregate amount of such Lender's Commitments or Loans of all Classes hereunder.

"Applicable Rate" means, for any day, with respect to any ABR Loan or Eurodollar Loan, the applicable rate per annum set forth below under the caption "ABR Spread" or "Eurodollar Spread" based upon the ratings by Moody's and S&P, respectively, applicable on such date to the Index Debt:

Index Debt Ratings:	ABR Spread	Eurodollar Spread
Category 1	0.125%	1.125%
Category 2	0.250%	1.250%
Category 3	1.500%	2.500%

For purposes of the foregoing, (i) if either Moody's or S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a rating in Category 2; (ii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall fall within different Categories, the Applicable Rate shall be based on the lower of the two ratings; and (iii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

"Arthur Kill Facility" means the electrical generating plant and related property, plant and equipment to be purchased by Arthur Kill Power pursuant to, and as more fully described in, the Con Ed Acquisition Documents.

"Arthur Kill Operator" means NRG Arthur Kill Operations Inc., a Delaware corporation.

"Arthur Kill Power" means Arthur Kill Power LLC, a Delaware limited liability company.

"Astoria Facility" means the electrical generating plant and related property, plant and equipment to be purchased by Astoria Power pursuant to, and as more fully described in, the Con Ed Acquisition Documents.

"Astoria Operator" means NRG Astoria Gas Turbines Operations Inc., a Delaware corporation.

"Astoria Power" means Astoria Gas Turbine Power LLC, a Delaware limited liability company.

"Availability Period" means the period from and including the Effective Date to and including (a) in the case of Revolving Loans, the date one Business Day prior to the Maturity Date and (b) in the case of all other Loans, February 15, 2000.

"Available Revolver Amount" means, as at any date of determination, the aggregate amount of all Revolver Amounts as at such date.

"Base Case Financial Model" means the financial model and associated assumptions of the operations of the Facilities as reviewed as to capital expenditures, operating costs and other related matters by the Independent Engineer in the form delivered to the Lenders on or before the date hereof.

"Basic Documents" means, collectively, the Loan Documents and the Project Documents.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means NRG Northeast Generating LLC, a Delaware limited liability company.

"Borrower LLC Agreement" means the Limited Liability Company Agreement dated as of March 11, 1999 by and between NRG Eastern and NRG Generation as the same shall, subject to Section 7.11, be modified and supplemented and in effect from time to time.

"Borrowing" means (a) all ABR Loans of the same Class made, converted or continued on the same date or (b) all Eurodollar Loans of the same Class that have the same Interest Period. For purposes hereof, the date of a Borrowing comprising one or more Loans that have been converted or continued shall be the effective date of the most recent conversion or continuation of such Loan or Loans.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market.

"Capital Expenditures" means, for any period, expenditures (including the aggregate amount of Capital Lease Obligations incurred during such period) made by the Borrower or any of its Subsidiaries to acquire or construct fixed assets, plant and equipment (including renewals, improvements and replacements, but excluding repairs) during such period computed in accordance with GAAP.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Casualty Event" means, with respect to any property of any Person, any loss of or damage to, or any condemnation or other taking of, such property for which such Person or any of its Subsidiaries receives insurance proceeds, or proceeds of a condemnation award or other compensation.

"Category 1" means a period during which each of the following is true (a) the rating most recently published by Moody's for the Index Debt then outstanding is equal to or better than "Baa2" and (b) the rating most recently published by S&P for the Index Debt then outstanding is equal to or better than "BBB".

"Category 2" means (a) initially, the period commencing on the date hereof and ending on the date which is the earlier of (but excluding such date in the case of clause (i); and including such date in the case of clause (ii)) (i) the date on which Moody's or S&P, as the case may be, shall have issued a rating on the Index Debt and (ii) the date which is 150 days after the date hereof or (b) a period (other than a Category 1 period) during which each of the following is true (i) the rating most recently published by Moody's for the Index Debt then outstanding is equal to or better than "Baa3" and (ii) the rating most recently published by S&P for the Index Debt then outstanding is equal to or better than "BBB-".

"Category 3" means (a) in the event that the Index Debt is not rated by Moody's or S&P on or before the 150th Day following the date hereof, the period commencing on but not including such 150th Day and ending on (but not including) the day on which Moody's or S&P, as the case may be, shall have issued a rating on the Index Debt or (b) a period during which the ratings on the Index Debt would not qualify under Category 1 or Category 2.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) other than the Sponsor, of ownership interests representing more than 50% of the aggregate ordinary voting power represented by the membership interests of the Borrower; (b) the acquisition of direct or indirect Control of the Borrower by any Person or group other than the Sponsor; or (c) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) other than the Sponsor, of any ownership interest in Power Marketing, or any ownership interest in NRG Operating Services, Inc.
or any ownership interest in any Operator.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or

(c) compliance by any Lender (or, for purposes of Section 2.12(b), by any

lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Chase" means The Chase Manhattan Bank.

"Citibank" means Citibank, N.A.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans constituting such Borrowing, are Revolving Loans, Tranche A Loans, Tranche B Loans, Tranche C Loans or Tranche D Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment, Tranche A Commitment, Tranche B Commitment, Tranche C Commitment or Tranche D Commitment.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means a Revolving Commitment, Tranche A Commitment, Tranche B Commitment, Tranche C Commitment or Tranche D Commitment, or any combination thereof (as the context requires).

"Con Ed" means Consolidated Edison Company of New York, Inc.

"Con Ed Acquisition" means, collectively, the purchase by Arthur Kill Power of the Arthur Kill Facility and the purchase by Astoria Power of the Astoria Facility, in each case pursuant to the Con Ed Acquisition Documents and for all purposes of this Agreement (except where otherwise specifically noted herein), such purchases together shall constitute one Acquisition.

"Con Ed Acquisition Documents" means the Generating Plant and Gas Turbine Asset Purchase and Sale Agreement dated as of January 27, 1999 between the Sponsor and Con Ed and each of the other agreements attached as a form thereto.

"Consent and Agreement" means each Consent and Agreement substantially in the form of Exhibit H by and between the Collateral Agent and each Person (other than the Borrower or any Subsidiary of the Borrower) party to a Corporate Service Agreement, Operations and Maintenance Agreement, Power Sales Agreement, Transition Agreement or Additional Project Document, as the same shall be modified and supplemented and in effect from time to time.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Corporate Services Agreement" means (a) the Corporate Services Agreement to be entered into between the Sponsor and Astoria Power, (b) the Corporate Services Agreement to be entered into between the Sponsor and Arthur Kill Power, (c) the Corporate Services

Agreement to be entered into between the Sponsor and Dunkirk Power, (d) the Corporate Services Agreement to be entered into between the Sponsor and Huntley Power, (e) the Corporate Services Agreement to be entered into between the Sponsor and Somerset Power and (f) the Corporate Services Agreement to be entered into between the Sponsor and Oswego Harbor Power or any combination thereof (as the context requires).

"Debt Incurrence" means the incurrence by the Borrower or any

of its Subsidiaries after the Effective Date of any Indebtedness.

"Debt Service Reserve Account" has the meaning set forth in Section 6.13.

"Debt Service Reserve Amount" means a Tranche A DSR Amount, Tranche B DSR Amount, Tranche C DSR Amount or Tranche D DSR Amount, or any combination thereof (as the context requires).

"Debt Service Reserve Guarantee" means a guarantee of an Acceptable Guarantor executed and delivered to the Collateral Agent to support the obligations of the Borrower hereunder with respect to all or a part of its obligations to fund the Debt Service Reserve Account and permitting demands for payment thereunder as contemplated by Section 6.13, in each case:

(i) in substantially the form attached hereto as Exhibit J;

(ii) with a term ending no earlier than the Maturity Date; and

(iii) providing for the amount thereof to be made available in full to the Collateral Agent in multiple payments upon the demand of the Collateral Agent.

"Debt Service Reserve Letter of Credit" means one or more irrevocable direct pay letters of credit available for the purpose of drawing to satisfy the obligations of the Borrower with respect to all or a part of its obligations to fund the Debt Service Reserve Account hereunder and permitting draws thereon as contemplated by Section 6.13, in each case:

(i) issued to the Collateral Agent (for the benefit of the Lenders) by an Acceptable Bank;

(ii) in substance substantially similar to the form attached hereto as Exhibit I;

(iii) expiring not earlier than the latest to occur of (a) the date on which the stated amount is drawn down to zero, (b) the date on which the Collateral Agent returns the letter of credit to the issuer for cancellation and (c) the Maturity Date;

(iv) providing for the amount thereof to be made available in full to the Collateral Agent in multiple drawings conditioned only upon the presentation of a sight draft accompanied by the applicable certificate in the form attached to such letter of credit; and

(v) which the Borrower certifies in a certificate of a Financial Officer does not constitute Indebtedness of the Borrower and is not secured by a Lien on any of the property of the Borrower.

"Debt Service Reserve Requirement" means, as at any date of determination, the aggregate amount of all Debt Service Reserve Amounts as at such date.

"Debt Service Reserve Shortfall" means, as at any date of determination, the excess of the Debt Service Reserve Requirement over the credit balance of the Debt Service Reserve Account as at such date.

"Debt Service Reserve Support Instrument" means one or more Debt Service Guarantees or one or more Debt Service Letters of Credit or both (as the context requires).

"Default" means any event or condition which constitutes an

Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the actions, suits and proceedings disclosed in Schedule IV and the environmental matters disclosed in Schedule V.

"Disposition" means any sale, assignment, transfer or other disposition of any property (whether now owned or hereafter acquired) by the Borrower or any of its Subsidiaries to any Person other than the Borrower or any Subsidiary Guarantor excluding any sale, assignment, transfer or other disposition of any property sold or disposed of in the ordinary course of business and on ordinary business terms.

"Dollars" or "$" refers to lawful money of the United States of America.

"Dunkirk Facility" means, collectively, the electrical generating plant and related properties, plants and equipment to be purchased by Dunkirk Power pursuant to, and as more fully described in, the Dunkirk/Huntley Acquisition Documents.

"Dunkirk Operator" means NRG Dunkirk Operations Inc., a Delaware corporation.

"Dunkirk Power" means Dunkirk Power LLC, a Delaware limited liability company.

"Dunkirk/Huntley Acquisition" means, collectively, the purchase by Dunkirk Power of the Dunkirk Facility and the purchase by Huntley Power of the Huntley Facility, in each case pursuant to the Dunkirk/Huntley Acquisition Documents and for all purposes of this Agreement (except as otherwise specifically noted herein), such purchases together shall constitute one Acquisition.

"Dunkirk/Huntley Acquisition Documents" means the Asset Sales Agreement between the Sponsor and Niagara Mohawk Power Corporation dated as of December 23, 1998 and each of the other agreements attached as a form thereto.

"Dunkirk/Huntley Distribution" means a distribution by the Borrower in an aggregate amount not to exceed $221,245,000 made on the date of initial disbursement of Tranche A Loans.

"Dunkirk/Huntley Equity Contribution" means an Equity Contribution (as defined in the Equity Contribution Agreement) to the Borrower made by the Sponsor (indirectly through

the Members) prior to the initial disbursement of Tranche A Loans in an aggregate amount not less than the aggregate purchase price to be paid by Dunkirk Power and Huntley Power in connection with the Dunkirk/Huntley Acquisition.

"Effective Date" means the date on which the conditions specified in Section 5.01 are satisfied (or waived in accordance with Section 10.02).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices, standards or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Contribution Agreement" means an Equity Contribution Agreement substantially in the form of Exhibit G among the Sponsor, the Members and the Administrative Agents, as the same shall be modified and supplemented and in effect from time to time.

"Equity Issuance" means (a) any issuance or sale by the Borrower or any of its Subsidiaries after the Effective Date of (i) any of its membership interests, (ii) any warrants or options exercisable in respect of its membership interests or (iii) any other security or instrument representing an equity interest (or the right to obtain any equity interest) in the Borrower or any of its Subsidiaries or (b) the receipt by the Borrower or any of its Subsidiaries after the Effective Date of any capital contribution (whether or not evidenced by any equity security issued by the recipient of such contribution); provided that Equity Issuance shall not include (x) any such issuance or sale by any Subsidiary of the Borrower to the Borrower or any wholly owned Subsidiary of the Borrower, (y) any capital contribution by the Borrower or any wholly owned Subsidiary of the Borrower to any Subsidiary of the Borrower or (z) any capital contribution by a Member to the Borrower pursuant to the Equity Contribution Agreement.

"Equity Rights" means, with respect to any Person, any subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including any Members' or voting trust agreements) for the issuance, sale, registration or voting of, or securities convertible into, any additional shares of capital stock of any class, or partnership or other ownership interests of any type in, such Person.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any material unfunded liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan (other than a voluntary termination by the Plan administrator with respect to which the Plan would have no material unfunded

liability); (f) the incurrence by the Borrower or any of its ERISA Affiliates of any Withdrawal Liability which could reasonably be expected to have a Material Adverse Effect; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability which could reasonably be expected to have a Material Adverse Effect or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans constituting such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VIII.

"Excluded Taxes" means, with respect to the Administrative Agents, the Paying Agent, the Collateral Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.16(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement or is attributable to such Foreign Lender's failure or inability to comply with Section 2.14(e), except to the extent that such Foreign Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.14(a).

"Excluded Waiting Period" means, for each Subject Governmental Approval, the period commencing upon the issuance of such Subject Governmental Approval during which any

Person may commence any action or proceeding seeking a rehearing of the merits on the issuance of such Subject Governmental Approval or appeal the decision of the relevant Governmental Authority to issue such Subject Governmental Approval.

"Facility" means the Arthur Kill Facility, the Astoria Facility, the Dunkirk Facility, the Huntley Facility, the Somerset Facility or the Oswego Facility, or any combination thereof (as the context requires).

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Paying Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, treasurer or other Person, acting in such capacity for and on behalf of the Borrower.

"Foreign Lender" means any Lender that is organized under the

laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Fuel Agreement" means a Fuel Supply Agreement or a Fuel Transportation Agreement, or any combination thereof (as the context requires).

"Fuel Supply Agreement" means each contract or agreement entered into by the Borrower or any of its Subsidiaries for the supply of fuel to one or more Facilities.

"Fuel Transportation Agreement" means each contract or agreement entered into by the Borrower or any of its Subsidiaries for the transportation of fuel to one or more Facilities.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Approval" shall mean any authorization, consent, approval, license, ruling, permit, concession, certification, exemption, filing, variance, order, judgment, decree, publication, notice to, declaration of or with or registration by or with any Governmental Authority.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee Assumption Agreement" means a Guarantee Assumption Agreement substantially in the form of Exhibit D by an entity that, pursuant to Section 6.10(a) is required to become a "Subsidiary Guarantor" hereunder in favor of the Administrative Agents.

"Guarantee Effectiveness Certificate" has the meaning set forth in Section 3.10.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated

pursuant to any Environmental Law.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"Huntley Facility" means, collectively, the electrical generating plant and related properties, plants and equipment to be purchased by Huntley Power pursuant to the Dunkirk/Huntley Acquisition Documents.

"Huntley Operator" means NRG Huntley Operations Inc., a Delaware corporation.

"Huntley Power" means Huntley Power LLC, a Delaware limited liability company.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course

of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Independent Engineer" means Stone & Webster, and/or such other Person as the Administrative Agents may engage on behalf of the Lenders with the consent of the Borrower, so long as Event of Default shall not have occurred and be continuing, to act as Independent Engineer for the purposes of this Agreement.

"Independent Insurance Consultant" means Sedgwick of Tennessee, Inc., and/or such other Person as the Administrative Agents may engage on behalf of the Lenders with the consent of the Borrower, so long as Event of Default shall not have occurred and be continuing, to act as Independent Insurance Consultant for the purposes of this Agreement.

"Independent Market Consultant" means PHB Hagler Bailly, and/or such other Person as the Administrative Agents may engage on behalf of the Lenders with the consent of the Borrower, so long as Event of Default shall not have occurred and be continuing, to act as Independent Market Consultant for the purposes of this Agreement.

"Index Debt" means senior, long-term indebtedness for borrowed money of the Borrower that is not guaranteed by any Person other than the Subsidiaries or subject to any credit enhancement other than the Borrower's assets.

"Intercompany Loan" means each intercompany loan made by the Borrower to a Subsidiary Guarantor with the proceeds of Loans incurred by it hereunder.

"Intercompany Note" means each promissory note or other evidence of indebtedness issued by a Subsidiary Guarantor to the Borrower in respect of an Intercompany Loan each substantially in the form of the attached Exhibit K.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.05.

"Interest Payment Date" means (a) with respect to any ABR Loan, each Quarterly Date and (b) with respect to any Eurodollar Loan, the last day of each Interest Period therefor.

"Interest Period" means, for any Eurodollar Loan, the period commencing on the date of such Loan and ending on the numerically corresponding day in the calendar month that is

one, two or three months thereafter, as specified in the applicable Borrowing Request or Interest Election Request; provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Loan initially shall be the date on which such Loan is made and thereafter shall be the effective date of the most recent conversion or continuation of such Loan.

"Investment" means, for any Person: (a) the acquisition (whether for cash, property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of any other Person or any agreement to make any such acquisition (including any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such sale); (b) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such property to such Person), but excluding any such advance, loan or extension of credit arising in connection with the sale of inventory or supplies by such Person in the ordinary course of business; (c) the entering into of any Guarantee of, or other contingent obligation with respect to, Indebtedness or other liability of any other Person and (without duplication) any amount committed to be advanced, lent or extended to such Person; or (d) the entering into of any Hedging Agreement.

"Lenders" means the Persons listed on Schedule I and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"LIBO Rate" means, for the Interest Period for any Eurodollar

Borrowing, the rate appearing on Page 3750 of the Dow Jones Markets (Telerate) Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Paying Agent from time to time for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for the offering of Dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the LIBO Rate for such Interest Period shall be the rate at which Dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Paying Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any

of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means, collectively, this Agreement, the Security Documents and the Equity Contribution Agreement.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Loss Proceeds" means all Net Available Proceeds received by the Borrower and its Subsidiaries in respect of a Casualty Event.

"Margin Stock" means "margin stock" within the meaning of Regulations T, U and X of the Board.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of the Borrower and its Subsidiaries taken as a whole, (b) the ability of any Obligor to perform any of its obligations under this Agreement or any of the other Basic Documents to which it is a party or (c) the material rights of or benefits available to the Lenders, the Administrative Agents, the Paying Agent or the Collateral Agent under this Agreement or any of the other Loan Documents.

"Material Indebtedness" means Indebtedness (other than the Loans), or obligations in respect of one or more Hedging Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding $5,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of any Person in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Person would be required to pay if such Hedging Agreement were terminated at such time.

"Maturity Date" means June 2, 2000.

"Member" means NRG Eastern or NRG Generation, or both (as the context requires).

"Moody's" means Moody's Investor Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Available Proceeds" means:

(i) in the case of any Disposition, the amount of Net Cash Payments received in connection with such Disposition;

(ii) in the case of any Casualty Event, the aggregate amount of proceeds of insurance, condemnation awards and other compensation received by the Borrower and its Subsidiaries in respect of such Casualty Event net of reasonable expenses incurred by

the Borrower and its Subsidiaries in connection therewith and any income and transfer taxes payable by the Borrower or any of its Subsidiaries in respect of such Casualty Event;

(iii) in the case of any Equity Issuance, the aggregate amount of all cash received by the Borrower and its Subsidiaries in respect of such Equity Issuance net of reasonable expenses incurred by the Borrower and its Subsidiaries in connection therewith; and

(iv) in the case of any Debt Incurrence, the aggregate amount of all cash received by the Borrower and its Subsidiaries in respect of such Debt Incurrence net of reasonable expenses incurred by the Borrower and its Subsidiaries in connection therewith.

"Net Cash Payments" means, with respect to any Disposition, the aggregate amount of all cash payments, and the fair market value of any non-cash consideration, received by the Borrower and its Subsidiaries directly or indirectly in connection with such Disposition; provided that Net Cash Payments shall be net of the amount of any legal, title and recording tax expenses, commissions and other fees and expenses paid by the Borrower and its Subsidiaries in connection with such Disposition.

"NRG Eastern" means NRG Eastern LLC, a Delaware limited liability company.

"NRG Generation" means Northeast Generation Holding LLC, a Delaware limited liability company.

"NRG Operations" means NRG Operating Services, Inc., a Delaware corporation.

"NRG Marketing" means NRG Northeast Power Marketing, Inc., a Delaware corporation.

"Obligor" means the Borrower and each Subsidiary Guarantor.

"Operating Expenses" means for any period, the sum, computed without duplication, of all costs and expenses incurred by the Borrower and its Subsidiaries during such period (or, in the case of any future period, projected to be paid or payable during such period) in connection with the operation, maintenance and administration of the Facilities, including, subject to Section 7.09, capital expenditures.

"Operations and Maintenance Agreement" means (a) the Operations and Maintenance Agreement to be entered into between the Astoria

Operator and Astoria Power, (b) the Operations and Maintenance Agreement to be entered into between the Arthur Kill Operator and Arthur Kill Power, (c) the Operations and Maintenance Agreement to be entered into between the Dunkirk Operator and Dunkirk Power, (d) the Operations and Maintenance Agreement to be entered into between the Huntley Operator and Huntley Power, (e) the Operations and Maintenance Agreement to be entered into between the Somerset Operator and Somerset Power and (f) the Operations and Maintenance Agreement to be entered into between the Oswego Operator and the Oswego Harbor Power, or any combination thereof (as the context requires).

"Operator" means the Arthur Kill Operator, the Astoria Operator, the Dunkirk Operator, the Huntley Operator, the Somerset Operator or the Oswego Operator, or any combination thereof (as the context requires).

"Oswego Acquisition" means the purchase by Oswego Harbor Power of the Oswego Facility pursuant to the Oswego Acquisition Documents.

"Oswego Acquisition Documents" means the Asset Sales Agreement dated as of April 1, 1999 between the Sponsor, Niagara Mohawk Power Corporation, Rochester Gas and Electric Corporation and Oswego Harbor Power and each of the other agreements attached as a form thereto.

"Oswego Facility" means the electrical generating plant and related property, plant and equipment to be purchased by Oswego Harbor Power pursuant to, and as more fully described in, the Oswego Acquisition Documents.

"Oswego Harbor Power" means Oswego Harbor Power LLC, a Delaware limited liability company.

"Oswego Operator" means NRG Oswego Harbor Power Operations Inc., a Delaware corporation.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document, but not including Excluded Taxes.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 6.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 45 days or are being contested in compliance with Section 6.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) cash deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VIII;

(f) encumbrances identified on Schedule IX hereto, and other easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary; and

(g) Liens created or granted pursuant to the Security Documents;

provided that, except as provided in the preceding clause (g), the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Fuel Agreement" means any Fuel Agreement with a term of two years or less.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 270 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits, as at the date of the most recent financial statement of such commercial bank issued on or immediately prior to such acquisition, of not less than $250,000,000; and

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) of this definition and entered into with a financial institution satisfying the criteria described in clause (c) of this definition.

"Permitted Power Marketing Agreement" means (a) any Transition Agreement, (b) any other Power Marketing Agreement with a term of two years or less, (c) any other Power Marketing Agreement with a term of three years or less; provided that any given Power Marketing Agreement shall not qualify as a Permitted Power Marketing Agreement pursuant to this clause (c) if the amount that the Borrower and its Subsidiaries shall have the right to receive thereunder during any calendar year, when added to the aggregate amount that the Borrower and its Subsidiaries shall have the right to receive during such calendar year under all other Power Marketing Agreements that qualify as Permitted Power Marketing Agreements pursuant to this

clause (c), would exceed $50,000,000 in the aggregate and (d) each other Power Marketing Agreement entered into by the Borrower or any of its Subsidiaries with the consent of the Required Lenders.

"Permitted Power Purchase Agreement" means (a) any Power Purchase Agreement with a term of two years or less, entered into by the Borrower or any of its Subsidiaries in the ordinary course of its business and not for speculation, (b) any other Power Purchasing Agreement with a term of three years or less; provided that any given Power Purchase Agreement shall not qualify as a Permitted Power Purchase Agreement pursuant to this clause (b) if the amount that the Borrower and its Subsidiaries shall be required to pay thereunder during any calendar year, when added to the aggregate amount that the Borrower and its Subsidiaries shall be required to pay during such calendar year under all other Power Purchase Agreements that qualify as Permitted Power Purchase Agreements pursuant to this clause (b) would exceed $50,000,000 in the aggregate, in each case, entered into by the Borrower or any of its Subsidiaries in the ordinary course of its business and not for speculation and (c) each other Power Purchase Agreement entered into by the Borrower or any of its Subsidiaries with the consent of the Required Lenders.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreement" means a Pledge Agreement substantially in the form of Exhibit C between the Members and the Collateral Agent, as the same shall be modified and supplemented and in effect from time to time.

"PMI Security Agreement" means the Security Agreement substantially in the form of Exhibit E, between NRG Marketing and the Collateral Agent, as the same shall be modified and supplemented and in effect from time to time.

"Power Marketing" means NRG Northeast Power Marketing LLC, a Delaware limited liability company.

"Power Marketing Agreement" means each Transition Agreement and each other contract or agreement, other than Power Sales Agreements, entered into by the Borrower or any of its Subsidiaries for the sale of electrical generating capacity, electrical energy or both.

"Power Purchase Agreement" means each contract or agreement, other than Power Sales Agreements, entered into by the Borrower or any of its Subsidiaries for the purchase of electrical generating capacity, electrical energy or both.

"Power Sales Agreement" means (a) the Power Sales and Agency Agreement to be entered into between Power Marketing and Astoria Power, (b) the Power Sales and Agency

LOAN AGREEMENT

Agreement to be entered into between Power Marketing and Arthur Kill Power, (c) the Power Sales and Agency Agreement to be entered into between NRG Marketing (or, following the assignment thereof by NRG Marketing to Power Marketing, Power Marketing) and Dunkirk Power, (d) the Power Sales and Agency Agreement to be entered into between NRG Marketing (or, following the assignment thereof by NRG Marketing to Power Marketing, Power Marketing) and Huntley Power, (e) the Power Sales and Agency Agreement to be entered into between Power Marketing and Oswego Harbor Power and (f) the Power Sales and Agency Agreement to be entered into between NRG Marketing (or, following the assignment thereof by NRG Marketing to Power Marketing, Power Marketing) and Somerset Power, or any combination thereof (as the context requires).

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Citibank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Project Documents" means each Acquisition Document, each Power Sales Agreement, the Borrower LLC Agreement, the limited liability company agreement of each Subsidiary of the Borrower, each Operations and Maintenance Agreement, each Transition Agreement, each Intercompany Note, each Consent and Agreement and each Corporate Services Agreement, or any combination thereof (as the context requires).

"Quarterly Dates" means the last Business Day of January, April, July and October in each year, the first of which shall be the first such day after the date hereof.

"Reduction Certificate" has the meaning set forth in Section 6.13(e).

"Register" has the meaning set forth in Section 10.04.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Lenders" means, at any time, subject to the last paragraph of Section 10.02(b), Lenders having outstanding Loans and unused Commitments representing more than 50% of the sum of the total outstanding Loans and unused Commitments at such time. The "Required Lenders" of a particular Class of Loans means Lenders having outstanding Loans and unused Commitments of such Class representing more than 50% of the total outstanding Loans and unused Commitments of such Class at such time.

"Restore" means, with respect to any Affected Property, to rebuild, repair, restore or replace such Affected Property. The term "Restoration" shall have a correlative meaning.

"Restricted Payment" means membership distributions of the Borrower or any Subsidiary of the Borrower (in cash, property or obligations) on, or other payments or distributions on account of, or the setting apart of money for a sinking or other analogous fund for, or the purchase, redemption, retirement or other acquisition of, any portion of any membership interest in the Borrower or such Subsidiary or of any warrants, options or other

rights to acquire any such membership interest (or to make any payments to any Person, such as "phantom stock" payments, where the amount thereof is calculated with reference to fair market or equity value of the Borrower or any Subsidiary)

excluding, to the extent included, the Somerset Distribution.

"Revolver Amount" means a Tranche A Revolver Amount, Tranche B Revolver Amount, Tranche C Revolver Amount or Tranche D Revolver Amount, or any combination thereof (as the context requires).

"Revolving Commitment" means, with respect to each Lender, the commitment of such Lender to make one or more Revolving Loans hereunder during the Availability Period, expressed as an amount representing the maximum aggregate principal amount of the Revolving Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.06 or 2.08(b) and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Revolving Commitment is set forth on Schedule I, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable.

"Revolving Lender" means a Lender with a Revolving Commitment or an outstanding Revolving Loan.

"Revolving Loan" means a Loan made pursuant to clause (e) of Section 2.01 and subject to the conditions precedent in Section 5.03.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill Companies, Inc.

"Security Agreement" means a Security Agreement substantially in the form of Exhibit B among the Borrower, the Subsidiary Guarantors and the Collateral Agent, as the same shall be modified and supplemented and in effect from time to time.

"Security Documents" means, collectively, the Security Agreement, the Pledge Agreement, the PMI Security Agreement and all Uniform Commercial Code financing statements required by the Security Agreement, the Pledge Agreement or the PMI Security Agreement to be filed with respect to the security interests in personal property created pursuant thereto.

"Somerset Acquisition" means the purchase by Somerset Power of the Somerset Facility pursuant to the Somerset Acquisition Documents.

"Somerset Acquisition Documents" means the Asset Purchase Agreement between the Sponsor and Montaup Electric Company dated as of October 13, 1998 and each of the agreements attached as a form thereto.

"Somerset Distribution" means any distribution in an amount not to exceed $38,227,000 by Somerset Power to the Borrower on the date of initial disbursement of Tranche C Loans to the extent that the proceeds of such distribution are used by the Borrower (FOR ITSELF

AND ON BEHALF OF THE MEMBERS) to prepay all or a part of its outstanding Indebtedness evidenced by the Somerset Notes.

"Somerset Facility" means the electrical generating plant and related property, plant and equipment to be purchased by Somerset Power pursuant to, and as more fully described in, the Somerset Acquisition Documents.

"Somerset Notes" means, collectively, (a) the promissory note of the Borrower dated June 1, 1999 in the principal amount of $27,101,250 made in favor of Somerset Generation 1, Inc., (b) the promissory note of NRG Eastern dated June 1, 1999 in the principal amount of $136,875 made in favor of Somerset Generation 1, Inc., (c) the promissory note of NRG Generation dated June 1, 1999

in the principal amount of $136,875 made in favor of Somerset Generation 1, Inc., (d) the promissory note of the Borrower dated June 1, 1999 in the principal amount of $27,101,250 made in favor of Somerset Generation 2, Inc., (e) the promissory note of NRG Eastern dated June 1, 1999 in the principal amount of $136,875 made in favor of Somerset Generation 2, Inc. and (f) the promissory note of NRG Generation dated June 1, 1999 in the principal amount of $136,875 made in favor of Somerset Generation 2, Inc.

"Somerset Operator" means Somerset Operations Inc., a Delaware corporation.

"Somerset Power" means Somerset Power LLC, a Delaware limited liability company.

"Sponsor" means NRG Energy, Inc., a Delaware corporation.

"Statutory Reserve Rate" means, for the Interest Period for any Eurodollar Borrowing, a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the arithmetic mean, taken over each day in such Interest Period, of the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Paying Agent is subject for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subject Governmental Approval" means each of the Governmental Approvals identified on Schedule III.

"Subject Person" means the Borrower, each Subsidiary and NRG Operating Services, Inc.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date,

as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless otherwise specified, "Subsidiary" means a Subsidiary of the Borrower.

"Subsidiary Guarantor" means each of the PERSONS identified under the caption "SUBSIDIARY GUARANTORS" on the signature pages hereto and each Subsidiary of the Borrower that becomes a "Subsidiary Guarantor" after the date hereof pursuant to Section 6.10(a).

"Tax Payment Amount" means, for any period, an amount not exceeding in the aggregate the amount of Federal, state and local income taxes the Borrower would otherwise have paid in the event it were a corporation (other than an "S corporation" within the meaning of Section 1361 of the Code) for such

period and all prior periods.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Tranche A Commitment" means, with respect to each Lender, the commitment of such Lender to make a Tranche A Loan hereunder during the Availability Period, expressed as an amount representing the maximum aggregate principal amount of the Tranche A Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.06 or 2.08(b) and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Tranche A Commitment is set forth on Schedule I, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Tranche A Commitment, as applicable. The initial aggregate amount of the Lenders' Tranche A Commitments is $221,245,000.

"Tranche A DSR Amount" means (a) for the period from and including the date hereof to but excluding the date of initial Borrowing of the Tranche A Loan, $0, and (b) at all times from and after such date, $8,555,000.

"Tranche A Lender" means a Lender with a Tranche A Commitment or an outstanding Tranche A Loan.

"Tranche A Loan" means a Loan made pursuant to clause (a) of Section 2.01 and subject to the conditions precedent in Section 5.02.

"Tranche A Revolver Amount" means (a) for the period from and including the date hereof to but excluding the date of initial Borrowing of the Tranche A Loan, $0, and (b) at all times from and after such date, $13,687,000.

"Tranche B Commitment" means, with respect to each Lender, the commitment of such Lender to make a Tranche B Loan hereunder during the Availability Period, expressed as an amount representing the maximum aggregate principal amount of the Tranche B Loans to be

made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.06 or 2.08(b) and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Tranche B Commitment is set forth on Schedule I, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Tranche B Commitment, as applicable. The initial aggregate amount of the Lenders' Tranche B Commitments is $318,652,000.

"Tranche B DSR Amount" means (a) for the period from and including the date hereof to but excluding the date of initial Borrowing of the Tranche B Loan, $0, and (b) at all times from and after such date, $12,321,000.

"Tranche B Lender" means a Lender with a Tranche B Commitment or an outstanding Tranche B Loan.

"Tranche B Loan" means a Loan made pursuant to clause (b) of Section 2.01 and subject to the conditions precedent in Section 5.02.

"Tranche B Revolver Amount" means (a) for the period from and including the date hereof to but excluding the date of initial Borrowing of the Tranche B Loan, $0, and (b) at all times from and after such date, $19,714,000.

"Tranche C Commitment" means, with respect to each Lender, the commitment of such Lender to make a Tranche C Loan hereunder during the

Availability Period, expressed as an amount representing the maximum aggregate principal amount of the Tranche C Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.06 or 2.08(b) and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Tranche C Commitment is set forth on Schedule I, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Tranche C Commitment, as applicable. The initial aggregate amount of the Lenders' Tranche C Commitments is $38,227,000.

"Tranche C DSR Amount" means (a) for the period from and including the date hereof to but excluding the date of initial Borrowing of the Tranche C Loan, $0, and (b) at all times from and after such date, $1,478,000.

"Tranche C Lender" means a Lender with a Tranche C Commitment or an outstanding Tranche C Loan.

"Tranche C Loan" means a Loan made pursuant to clause (c) of Section 2.01 and subject to the conditions precedent in Section 5.02.

"Tranche C Revolver Amount" means (a) for the period from and including the date hereof to but excluding the date of initial Borrowing of the Tranche C Loan, $0, and (b) at all times from and after such date, $2,365,000.

"Tranche D Commitment" means, with respect to each Lender, the commitment of such Lender to make a Tranche D Loan hereunder during the Availability Period, expressed as an amount representing the maximum aggregate principal amount of the Tranche D Loans to be

made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.06 or 2.08(b) and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Tranche D Commitment is set forth on Schedule I, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Tranche D Commitment, as applicable. The initial aggregate amount of the Lenders' Tranche D Commitments is $68,440,000.

"Tranche D DSR Amount" means (a) for the period from and including the date hereof to but excluding the date of initial Borrowing of the Tranche D Loan, $0, and (b) at all times from and after such date, $2,646,000.

"Tranche D Lender" means a Lender with a Tranche D Commitment or an outstanding Tranche D Loan.

"Tranche D Loan" means a Loan made pursuant to clause (d) of Section 2.01 and subject to the conditions precedent in Section 5.02.

"Tranche D Revolver Amount" means (a) for the period from and including the date hereof to but excluding the date of initial Borrowing of the Tranche D Loan, $0, and (b) at all times from and after such date, $4,234,000.

"Transactions" means the execution, delivery and performance by each Obligor of this Agreement and the other Basic Documents to which such Obligor is intended to be a party, the borrowing of Loans and the use of the proceeds thereof.

"Transition Agreements" means (a) with respect to the Arthur Kill Facility and the Astoria Facility, the Transition Capacity Agreement to be entered into between Con Ed and Arthur Kill Power, the Transition Energy Sales Agreement dated as of June 1, 1999 between Con Ed and Arthur Kill Power, the Transition Energy Sales Agreement dated as of June 1, 1999 between Con Ed and

Astoria Power, the Transition Capacity Agreement to be entered into between Con Ed and Astoria Power, (b) with respect to the Huntley Facility and the Dunkirk Facility, the Swap Transaction to be entered into between Niagara Mohawk Power Corporation and Power Marketing, the Transition Power Purchase Agreement (Huntley) dated as of December 23, 1998 between Niagara Mohawk Power Corporation and the Sponsor, the Transition Power Purchase Agreement (Fossil-Call Option-PreISO) to be entered into between Niagara Mohawk Power Corporation and Dunkirk Power and the Transition Power Purchase Agreement (Fossil-Call Option-Pre ISO) to be entered into between Niagara Mohawk Power Corporation and Huntley Power, (c) with respect to the Somerset Facility, the Wholesale Standard Offer Service Agreement dated as of October 13, 1998 between Blackstone Valley Electric Company, Eastern Edison Company, Newport Electric Corporation and NRG Power Marketing, Inc., as amended by the First Amendment to the Wholesale Standard Offer Service Agreement dated as of January 15, 1999, and (d) with respect to the Oswego Facility, the Transition Power Purchase Agreement dated as of April 1, 1999 between Niagara Mohawk Power Corporation and Oswego Harbor Power.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans constituting such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"Withdrawal Certificate" has the meaning set forth in Section 6.13(c).

"Withdrawal Date" has the meaning set forth in Section 6.13(c).

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Year 2000 Problem" means any significant risk that computer hardware, software or equipment containing embedded microchips essential to the businesses or operations of the Borrower and its Subsidiaries will not, in the case of dates or time periods occurring after December 31, 1999, function at least as effectively as in the case of dates or time periods occurring prior to January 1, 2000.

SECTION 1.02. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that if the Borrower notifies the Administrative Agents that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agents notify the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II. THE CREDITS.

SECTION 2.01. The Commitments.

(a) Tranche A Loans. Subject to the terms and conditions set forth herein, each Lender agrees to make Tranche A Loans to the Borrower during the Availability Period in a principal amount not exceeding its Tranche A Commitment. Amounts repaid in respect of Tranche A Loans may not be reborrowed.

(b) Tranche B Loans. Subject to the terms and conditions set forth herein, each Lender agrees to make Tranche B Loans to the Borrower during the Availability Period in a principal amount not exceeding its Tranche B Commitment. Amounts repaid in respect of Tranche B Loans may not be reborrowed.

(c) Tranche C Loans. Subject to the terms and conditions set forth herein, each Lender agrees to make Tranche C Loans to the Borrower during the Availability Period in a principal amount not exceeding its Tranche C Commitment. Amounts repaid in respect of Tranche C Loans may not be reborrowed.

(d) Tranche D Loans. Subject to the terms and conditions set forth herein, each Lender agrees to make Tranche D Loans to the Borrower during the Availability Period in a principal amount not exceeding its Tranche D Commitment. Amounts repaid in respect of Tranche D Loans may not be reborrowed.

(e) Revolving Loans. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount not exceeding the lesser of (i) its Revolving Commitment and (ii) its ratable share (in accordance with its respective Revolving Commitment) of the Available Revolver Amount as at the date such Revolving Loan is made. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

SECTION 2.02. Loans and Borrowings.

(a) Obligations of Lenders. Each Loan shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Type of Loans. Subject to Section 2.11, each Borrowing shall be constituted entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such

Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) Minimum Amounts; Limitation on Number of Borrowings. At the commencement of the Interest Period for any Eurodollar Borrowing, such Borrowing shall (except in the case of a Borrowing that utilizes the full amount of the relevant Commitment) be in an aggregate amount of $5,000,000 or a larger multiple of $500,000. At the time that each ABR Borrowing is made, such Borrowing shall (except in the case of a Borrowing that utilizes the full amount of the relevant Commitment) be in an aggregate amount equal to $500,000 or a larger multiple of $100,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of twelve Eurodollar Borrowings outstanding.

(d) Limitations on Lengths of Interest Periods. Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert to or continue as a Eurodollar Borrowing, any Borrowing if the Interest Period requested therefor would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Paying Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Paying Agent of a written Borrowing Request in a form approved by the Paying Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) whether the requested Borrowing is to be a Tranche A Borrowing, Tranche B Borrowing, Tranche C Borrowing, Tranche D Borrowing or Revolving Borrowing;

(ii) the aggregate amount of the requested Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(v) in the case of a Eurodollar Borrowing, the Interest Period therefor, which shall be a period contemplated by the definition of the term "Interest Period";

(vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.04; and

(vii) in the case of a Revolving Loan Borrowing, a calculation of the Available Revolver Amount as of the date of such Borrowing.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section,

the Paying Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Funding of Borrowings.

(a) Funding by Lenders. Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Paying Agent most recently designated by it for such purpose by notice to the Lenders. The Paying Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Paying Agent in New York City and designated by the Borrower in the applicable Borrowing Request.

(b) Presumption by the Paying Agent. Unless the Paying Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Paying Agent such Lender's share of such Borrowing, the Paying Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Paying Agent, then the applicable Lender and the Borrower severally agree to pay to the Paying Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Paying Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate that applies to the applicable Borrowing. If such Lender pays such amount to the Paying Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.05. Interest Elections.

(a) Elections by the Borrower for Borrowings. Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have the Interest Period specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a Borrowing of a different Type or to continue such Borrowing as a Borrowing of the same Type and, in the case of a Eurodollar Borrowing, may elect the Interest Period therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans constituting such Borrowing, and the Loans constituting each such portion shall be considered a separate Borrowing.

(b) Notice of Elections. To make an election pursuant to this Section, the Borrower shall notify the Paying Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Paying Agent of a written Interest Election Request in a form approved by the Paying Agent and signed by the Borrower.

(c) Information in Interest Election Requests. Each telephonic

and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) of this paragraph shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period therefor after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Notice by the Paying Agent to Lenders. Promptly following receipt of an Interest Election Request, the Paying Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) Failure to Elect; Events of Default. If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period therefor, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agents, at the request of the Required Lenders, so notify the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period therefor.

SECTION 2.06. Termination and Reduction of the Commitments.

(a) Scheduled Termination. Unless previously terminated, the Commitments of each Class shall terminate at 5:00 p.m., New York City time, on the last day of the Availability Period.

(b) Voluntary Termination or Reduction. The Borrower may at any time terminate, or from time to time reduce, the Commitments of any Class; provided that (except in the case of any such termination of the full amount of the relevant Commitment) each reduction

of the Commitments of any Class pursuant to this Section shall be in an amount that is $5,000,000 or a larger multiple of $1,000,000.

(c) Notice of Voluntary Termination or Reduction. The Borrower shall notify the Paying Agent of any election to terminate or reduce the Commitments of any Class under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following

receipt of any notice, the Paying Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable.

(d) Automatic Termination. Any portion of the Tranche A Commitment, Tranche B Commitment, Tranche C Commitment or Tranche D Commitment not utilized on the date of the initial Borrowing with respect to such Class shall automatically terminate at 5:00 p.m., New York City time, on the date of such initial Borrowing.

(e) Effect of Termination or Reduction. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

SECTION 2.07. Repayment of Loans; Evidence of Debt.

(a) Repayment. The Borrower hereby unconditionally promises to pay the Loans as follows:

(i) to the Paying Agent for account of the Tranche A Lenders the outstanding principal amount of the Tranche A Loans on the Maturity Date;

(ii) to the Paying Agent for account of the Tranche B Lenders the outstanding principal amount of the Tranche B Loans on the Maturity Date;

(iii) to the Paying for account of the Tranche C Lenders the outstanding principal amount of the Tranche C Loans on the Maturity Date;

(iv) to the Paying Agent for account of the Tranche D Lenders the outstanding principal amount of the Tranche D Loans on the Maturity Date; and

(v) to the Paying Agent for account of the Revolving Lenders the outstanding principal amount of the Revolving Loans on the Maturity Date.

(b) Manner of Payment. Prior to any repayment or prepayment of any Borrowings of any Class hereunder, the Borrower shall select the Borrowing or Borrowings of the applicable Class to be paid and shall notify the Paying Agent by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., New York City time, in the case of any Loan other than a Revolving Loan, three Business Days before, in the case of a Revolving Loan that is a Eurodollar Loan, two Business Days before and in the case of a Revolving Loan that is an ABR Loan, the same day as, the scheduled date of such repayment; provided that each repayment of Borrowings of any Class shall be applied to repay any outstanding ABR

Borrowings of such Class before any other Borrowings of such Class. If the Borrower fails to make a timely selection of the Borrowing or Borrowings to be repaid or prepaid, such payment shall be applied, first, to pay any outstanding ABR Borrowings of the applicable Class and, second, to other Borrowings of such Class in the order of the remaining duration of their respective Interest Periods (the Borrowing with the shortest remaining Interest Period to be repaid first). Each payment of a Borrowing shall be applied ratably to the Loans included in such Borrowing.

(c) Maintenance of Loan Accounts by Lenders. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing

the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(d) Maintenance of Loan Accounts by the Paying Agent. The Paying Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and each Interest Period therefor, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Paying Agent hereunder for account of the Lenders and each Lender's share thereof.

(e) Effect of Entries. The entries made in the accounts maintained pursuant to paragraph (c) or (d) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Paying Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(f) Promissory Notes. Any Lender may request that Loans of any Class made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Paying Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.08. Prepayment of Loans.

(a) Optional Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, such prepayment to be effected in each case in the manner specified in clause (c) of this Section.

(b) Mandatory Prepayments. The Borrower will prepay the Loans, and/or the Commitments shall be subject to automatic reduction, as follows:

(i) Casualty Events. Not later than the date specified in Section 6.11 in respect of any Casualty Event affecting any Facility, the Borrower shall prepay the Loans, and/or the Commitments shall be subject to automatic reduction, in an aggregate amount, if any, equal to 100% of the Net Available Proceeds of such Casualty Event, such prepayment

and/or reduction to be effected in each case in the manner and to the extent specified in clause (c) of this Section. Nothing in this paragraph shall be deemed to limit any obligation of the Borrower or any of its Subsidiaries pursuant to any of the Security Documents to remit to a collateral or similar account maintained by the Administrative Agents pursuant to any of the Security Documents the proceeds of insurance, condemnation award or other compensation received in respect of any Casualty Event.

(ii) Equity Issuance. Upon any Equity Issuance, the Borrower shall prepay the Loans, and/or the Commitments shall be subject to automatic reduction, in an aggregate amount equal to 100% of the Net Available Proceeds thereof, such prepayment and/or reduction to be effected in each case in the manner and to the extent specified in

clause (c) of this Section.

(iii) Sale of Assets. Without limiting the obligation of the Borrower to obtain the consent of the Required Lenders pursuant to Section 7.03 to any Disposition not otherwise permitted hereunder, in the event that the Net Available Proceeds of any Disposition (herein, the "Current Disposition"), and of all prior Dispositions, shall exceed $5,000,000 then, no later than five Business Days prior to the occurrence of the Current Disposition, the Borrower will deliver to the Lenders a statement, certified by a Financial Officer of the Borrower, in form and detail satisfactory to the Administrative Agents, of the amount of the Net Available Proceeds of the Current Disposition and of all such prior Dispositions and will prepay the Loans, and/or the Commitments shall be subject to automatic reduction, in an aggregate amount equal to 100% of the Net Available Proceeds of the Current Disposition and such prior Dispositions in excess of $5,000,000, such prepayment and/or reduction to be effected in each case in the manner and to the extent specified in clause (c) of this Section.

(iv) Debt Incurrence. Upon any Debt Incurrence, the Borrower shall prepay the Loans, and/or the Commitments shall be subject to automatic reduction, in an aggregate amount equal to 100% of the Net Available Proceeds thereof, such prepayment and/or reduction to be effected in each case in the manner and to the extent specified in clause (c) of this Section.

(c) Prepayments and/or reductions of the Commitments described in this clause (b) shall be applied as follows:

first, to prepay the Loans then outstanding ratably among the Classes of Loans (other than Revolving Loans) in accordance with the aggregate amount of the outstanding Loans of such Class (if any);

second, after the payment in full of the Loans of all Classes other than Revolving Loans, the Revolving Commitments shall be automatically reduced in an amount equal to any excess over the amount referred to in the foregoing clause "first" (and to the extent that, after giving effect to such reduction, the aggregate principal amount of the Revolving Loans would exceed the Revolving Commitments or Available Revolver Amount, the Borrower will prepay the Revolving Loans in an aggregate amount equal to such excess); and

third, after the payment in full of the Loans of all Classes then outstanding and the reduction of the Revolving Commitment to zero, to reduce the amount of the unused Commitments of any single Class as may be specified by the Borrower's notice delivered pursuant to clause (d) of this Section until the unused Commitment of such Class is reduced to zero and then to reduce the amount of the unused Commitment of any other single Class as so specified.

(d) Notices, Etc. The Borrower shall notify the Paying Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, in the case of any loan other than a Revolving Loan, three Business Days before the date of prepayment and, in the case of a Revolving Loan, two Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, in the case of any loan other than a Revolving Loan, one Business Day before the date of prepayment and, in the case of a Revolving Loan, the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount to be prepaid, in the case of a reduction of Commitment, the Class to which such reduction is to be applied and, in the case of a mandatory

prepayment, a reasonably detailed calculation of the amount of such prepayment. Promptly following receipt of any such notice, the Paying Agent shall advise the Lenders of the contents thereof. Each partial prepayment shall be in an amount that would be permitted in the case of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.10 and shall be made in the manner specified in Section 2.07(b).

SECTION 2.09. Fees.

(a) Commitment Fee. The Borrower agrees to pay to the Paying Agent for account of each Lender a commitment fee, which shall accrue at a rate per annum equal to 1/4 of 1% on the average daily unused amount of the Commitments of such Lender for the period from and including the date hereof to but not including the earlier of the date such Commitments terminate and the last day of the Availability Period. Accrued commitment fees shall be payable in arrears on each Quarterly Date and on the earlier of the date the relevant Commitment terminates and the last day of the Availability Period, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Agents' Fees. The Borrower agrees to pay the Paying Agent the fees payable to the Paying Agent in the amounts and at the times separately agreed upon between the Borrower and the Paying Agent. The Borrower agrees to pay the Collateral Agent the fees payable to the Collateral Agent in the amounts and at the times separately agreed upon between the Borrower and the Collateral Agent.

(c) Reserve Fees. In addition to commitment fee under clause (a) of this Section 2.09, the Borrower agrees to pay to the Paying Agent for account of each Lender (i) a reserve fee equal to 1/8 of 1% on the sum of (x) unused amount of the Commitments of such Lender plus (y)

the aggregate principal amount of the Loans of such Lender outstanding at the close of business on December 30, 1999 and (ii) a second reserve fee equal to 1/8 of 1% on the sum of (x) unused amount of the Commitments of such Lender plus (y) the aggregate principal amount of the Loans of such Lender outstanding at the close of business on February 15, 2000. Accrued reserve fees shall be payable on December 30, 1999 and February 15, 2000, respectively.

(d) Payment of Fees. All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Paying Agent for distribution, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.10. Interest.

(a) ABR Loans. The Loans constituting each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Rate.

(b) Eurodollar Loans. The Loans constituting each Eurodollar Borrowing shall bear interest at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period for such Borrowing plus the Applicable Rate.

(c) Default Interest. Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration, by mandatory prepayment or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to

(i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Payment of Interest. Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Borrowing prior to the end of the Interest Period therefor, accrued interest on such Borrowing shall be payable on the effective date of such conversion.

(e) Computation. All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Paying Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.11. Alternate Rate of Interest. If prior to the commencement of the Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agents determine (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agents are advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agents shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agents notify the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.12. Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lenders of making or maintaining any Eurodollar Loan (or of maintaining its

obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates from Lenders. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be

conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than six months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof; provided, however, that, the Borrower shall have no obligation with respect to demands made after the Maturity Date.

SECTION 2.13. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period therefor (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of an Interest Period therefor, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurodollar Loan other than on the last day of an Interest Period therefor as a result of a request by the Borrower pursuant to Section 2.16, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the Adjusted LIBO Rate for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such

Lender) for Dollar deposits from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.14. Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agents or Lender (as the case may be) receives an amount equal to

the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) Payment of Other Taxes by the Borrower. In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agents and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agents or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agents on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agents the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agents.

(e) Foreign Lenders. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agents), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

SECTION 2.15. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Payments by the Obligors. Each Obligor shall make each

payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.12, 2.13 or 2.14, or otherwise) or under any other Loan Document (except to the extent otherwise provided therein) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Paying Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Paying Agent at its offices at One Court Square, Long Island City, New York 11120, except as otherwise expressly provided in the relevant Loan Document, and except that payments pursuant to Sections 2.12, 2.13, 2.14 and 10.03 shall be made directly to the Persons entitled thereto. The Paying Agent shall distribute any such payments received by it for account of any other Person to the appropriate recipient promptly following receipt thereof. If any

payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder or under any other Loan Document (except to the extent otherwise provided therein) shall be made in Dollars.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Paying Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) Pro Rata Treatment. Except to the extent otherwise provided herein: (i) each Borrowing of a particular Class shall be made from the relevant Lenders, each payment of fees under Section 2.09 in respect of Commitments of a particular Class shall be made for account of the relevant Lenders, and each termination or reduction of the amount of the Commitments of a particular Class under Section 2.06 shall be applied to the respective Commitments of such Class of the relevant Lenders, pro rata according to the amounts of their respective Commitments of such Class; (ii) each Borrowing of any Class shall be allocated pro rata among the relevant Lenders according to the amounts of their respective Commitments of such Class (in the case of the making of Loans) or their respective Loans of such Class (in the case of conversions and continuations of Loans); (iii) each payment or prepayment of principal of Tranche A Loans, Tranche B Loans, Tranche C Loans, Tranche D Loans and Revolving Loans by the Borrower shall be made for account of the relevant Lenders pro rata in accordance with the respective unpaid principal amounts of the Loans of such Class held by them; and (iv) each payment of interest on Tranche A Loans, Tranche B Loans, Tranche C Loans, Tranche D Loans and Revolving Loans by the Borrower shall be made for account of the relevant Lenders pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Lenders.

(d) Sharing of Payments by Lenders. If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon then due than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and

accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by any Obligor pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this

paragraph shall apply). Each Obligor consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Obligor rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Obligor in the amount of such participation.

(e) Presumptions of Payment. Unless the Paying Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Paying Agent for account of the Lenders hereunder that the Borrower will not make such payment, the Paying Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Paying Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Paying Agent, at the Federal Funds Effective Rate.

(f) Certain Deductions by the Paying Agent. If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(b) or 2.15(e), then the Paying Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Paying Agent for account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.16. Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.12, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for account of any Lender pursuant to Section 2.14, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the sole judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.12 or 2.14, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.12, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for account of any Lender pursuant to Section 2.14, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agents, require such Lender to assign and delegate, without recourse (in accordance with and subject to the

restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agents, which consent shall not unreasonably be withheld, (ii) such Lender shall

have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder (other than, in the case of the replacement of any Lender that defaults in its obligation to fund Loans hereunder, amounts payable to such Lender pursuant to Section 2.13 to the extent such amounts are payable solely as a result of such replacement), from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.12 or payments required to be made pursuant to Section 2.14, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III. GUARANTEE.

SECTION 3.01. The Guarantee. Subject to each Subsidiary Guarantor individually, to Section 3.10, the Subsidiary Guarantors hereby jointly and severally guarantee to each Lender, the Administrative Agents, the Paying Agent and the Collateral Agent and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the principal of and interest on the Loans made by the Lenders to the Borrower and all other amounts from time to time owing to the Lenders or the Administrative Agents by the Borrower under this Agreement and by any Obligor under any of the other Loan Documents, and all obligations of the Borrower or any of its Subsidiaries to any Lender (or any affiliate of any Lender) in respect of any Hedging Agreement, in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the "Guaranteed Obligations"). Subject to each Subsidiary Guarantor individually, to Section 3.10, the Subsidiary Guarantors hereby further jointly and severally agree that if the Borrower shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Subsidiary Guarantors will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

SECTION 3.02. Obligations Unconditional. The obligations of the Subsidiary Guarantors under Section 3.01 are absolute and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of the Borrower under this Agreement or any other agreement or instrument referred to herein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section that the obligations of the Subsidiary Guarantors hereunder shall be absolute and unconditional, joint and several, under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the

Subsidiary Guarantors hereunder, which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to the Subsidiary Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Agreement or any other agreement or instrument referred to herein shall be done or omitted;

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under this Agreement or any other agreement or instrument referred to herein shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with; or

(iv) any lien or security interest granted to, or in favor of, the Administrative Agents or any Lender or Lenders as security for any of the Guaranteed Obligations shall fail to be perfected.

The Subsidiary Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agents or any Lender exhaust any right, power or remedy or proceed against the Borrower under this Agreement or any other agreement or instrument referred to herein, or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

SECTION 3.03. Reinstatement. The obligations of the Subsidiary Guarantors under this Article shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Subsidiary Guarantors jointly and severally agree that they will indemnify the Administrative Agents and each Lender on demand for all reasonable costs and expenses (including fees of counsel) incurred by the Administrative Agents or such Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

SECTION 3.04. Subrogation. The Subsidiary Guarantors hereby jointly and severally agree that until the payment and satisfaction in full of all Guaranteed Obligations and the expiration and termination of the Commitments of the Lenders under this Agreement they shall not exercise any right or remedy arising by reason of any performance by them of their guarantee in Section 3.01, whether by subrogation or otherwise, against the Borrower or any other guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations.

SECTION 3.05. Remedies. The Subsidiary Guarantors jointly and severally agree that, as between the Subsidiary Guarantors and the Lenders, the obligations of the Borrower under this Agreement may be declared to be forthwith due and payable as provided in Article VIII (and shall be deemed to have become automatically due and payable in the circumstances provided in Article VIII) for purposes of Section 3.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Borrower) shall forthwith become due and payable by the Subsidiary Guarantors for purposes of Section 3.01.

SECTION 3.06. Instrument for the Payment of Money. Each Subsidiary Guarantor hereby acknowledges that the guarantee in this Article constitutes an instrument for the payment of money, and consents and agrees that any Lender or the Administrative Agents, at their sole option, in the event of a dispute by such Subsidiary Guarantor in the payment of any moneys due hereunder, shall have the right to bring motion-action under New York CPLR Section 3213.

SECTION 3.07. Continuing Guarantee. The guarantee in this Article is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising.

SECTION 3.08. Rights of Contribution. The Subsidiary Guarantors hereby agree, as between themselves, that if any Subsidiary Guarantor shall become an Excess Funding Guarantor (as defined below) by reason of the payment by such Subsidiary Guarantor of any Guaranteed Obligations, each other Subsidiary Guarantor shall, on demand of such Excess Funding Guarantor (but subject to the next sentence), pay to such Excess Funding Guarantor an amount equal to such Subsidiary Guarantor's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, debts and liabilities of such Excess Funding Guarantor) of the Excess Payment (as defined below) in respect of such Guaranteed Obligations. The payment obligation of a Subsidiary Guarantor to any Excess Funding Guarantor under this Section shall be subordinate and subject in right of payment to the prior payment in full of the obligations of such Subsidiary Guarantor under the other provisions of this Article and such Excess Funding Guarantor shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such obligations.

For purposes of this Section, (i) "Excess Funding Guarantor" means, in respect of any Guaranteed Obligations, a Subsidiary Guarantor that has paid an amount in excess of its Pro Rata Share of such Guaranteed Obligations, (ii) "Excess Payment" means, in respect of any Guaranteed Obligations, the amount paid by an Excess Funding Guarantor in excess of its Pro Rata Share of such Guaranteed Obligations and (iii) "Pro Rata Share" means, for any Subsidiary Guarantor, the ratio (expressed as a percentage) of (x) the amount by which the aggregate present fair saleable value of all properties of such Subsidiary Guarantor (excluding any shares of stock of any other Subsidiary Guarantor) exceeds the amount of all the debts and liabilities of such Subsidiary Guarantor (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of such Subsidiary Guarantor hereunder and any obligations of any other Subsidiary Guarantor that have been Guaranteed by such Subsidiary Guarantor) to (y) the amount by which the aggregate fair saleable value of all properties of all of

the Subsidiary Guarantors exceeds the amount of all the debts and liabilities (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of the Borrower and the Subsidiary Guarantors hereunder and under the other Loan Documents) of all of the Subsidiary

Guarantors, determined (A) with respect to any Subsidiary Guarantor that is a party hereto on the Effective Date, as of the Effective Date, and (B) with respect to any other Subsidiary Guarantor, as of the date such Subsidiary Guarantor becomes a Subsidiary Guarantor hereunder.

SECTION 3.09. General Limitation on Guarantee Obligations. In any action or proceeding involving any state corporate law, or any state or Federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Subsidiary Guarantor under Section 3.01 would otherwise, taking into account the provisions of Section 3.08, be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 3.01, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by such Subsidiary Guarantor, any Lender, the Administrative Agents or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

SECTION 3.10. Effectiveness. The respective obligations of each Subsidiary Guarantor under this Article III shall not be effective unless and until a Financial Officer of the Borrower shall have delivered a certificate (each, a "Guarantee Effectiveness Certificate") to each Administrative Agent to the effect that all Governmental Approvals under Section 204 of the Federal Power Act as may be necessary for such Subsidiary Guarantor to incur and perform its obligations under this Article III have been obtained and remain in effect and that all applicable waiting periods have expired without any action being taken by any competent authority which restricts, prevents or imposes materially adverse conditions upon the incurrence or performance of such obligations. The Borrower shall cause a Guarantee Effectiveness Certificate in respect of Power Marketing to be delivered to the Administrative Agents within four Business Days after receipt by Power Marketing of such Governmental Approvals and the expiration of such applicable waiting periods.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to the Lenders that:

SECTION 4.01. Organization; Powers. Each of the Borrower and its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 4.02. Authorization; Enforceability. The Transactions are within each Obligor's limited liability company and other powers and have been duly authorized by all necessary limited liability company and other action and, if required, by all necessary member or

other action. This Agreement has been duly executed and delivered by each Obligor and constitutes, and each of the other Basic Documents to which an Obligor is a party when executed and delivered by such Obligor will constitute, a legal, valid and binding obligation of such Obligor, enforceable against each Obligor in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such

enforceability is considered in a proceeding in equity or at law).

SECTION 4.03. Governmental Approvals; No Conflicts.

(a) Governmental Approvals. Attached as Schedule VII is a true and correct list of all Governmental Approvals which are necessary as of the date of this Agreement for (i) each Obligor to execute, deliver and perform its obligations under this Agreement and the other Basic Documents and (ii) the Borrower to consummate the Acquisitions and the Transactions in accordance with the Project Documents. Each Obligor has received or has the benefit of all Governmental Approvals which are necessary for the execution, delivery and performance of its respective obligations under this Agreement and the other Loan Documents. Each Obligor has received or has the benefit of all Governmental Approvals which are necessary for the execution, delivery and performance of its obligations under the Project Documents (and all such Governmental Approvals are in effect), in each case, other than (x) those identified on Schedule VII as requiring further action for their procurement and which are not now necessary and are expected to be obtained in the ordinary course of business by the time they are necessary and (y) those the absence of which in respect of the Project Documents could not reasonably be expected to have a Material Adverse Effect on the Borrower or any of its Subsidiaries or the conduct of its respective business. All Governmental Approvals which are necessary for the acquisition and operation of the Facilities have been obtained and are in effect (other than those which are not now necessary and which are identified in Schedule VII as requiring further action for their procurement and which are expected to be obtained in the ordinary course of business by the time they are necessary).

(b) No Conflicts. The Transactions (i) will not violate any applicable law or regulation or the Borrower LLC Agreement or the charter, by-laws or other organizational documents (including the limited liability company operating agreement of each Subsidiary Guarantor) of the Borrower or any of its Subsidiaries or any order of any Governmental Authority, (ii) will not result in a default under any indenture, agreement or other instrument binding upon the Borrower or any of its Subsidiaries or assets, or give rise to a right thereunder to require any payment to be made by any such Person, and (iii) except for the Liens created pursuant to the Security Documents, will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

SECTION 4.04. Financial Condition; No Material Adverse Change.

(a) Financial Condition. The Borrower has heretofore furnished to the Lenders its opening consolidated balance sheet as at April 30, 1999, certified by a Financial Officer. Such financial statements present fairly, in all material respects, the financial position of the Borrower and its Subsidiaries as at such date in accordance with GAAP.

(b) No Material Adverse Change. Since the date hereof, there has been no material adverse change in the business, assets, operations, prospects or condition, financial or otherwise, of the Borrower and its Subsidiaries, taken as a whole.

(c) Year 2000 Issues. On the basis of a comprehensive review and assessment of the Borrower's and its Subsidiaries' systems and equipment and inquiry made of the Borrower's and its Subsidiaries' material suppliers, vendors and customers, including testing and replacements to be completed by the fourth quarter of 1999, the Borrower has no reason to believe that the Year 2000 Problem, including costs of remediation, will result in a Material Adverse Effect. The Borrower and its Subsidiaries have developed and are developing feasible contingency plans which the Borrower believes in good faith to be adequate to ensure uninterrupted and unimpaired business operation without a

Material Adverse Effect in the event of failure of their own or a third party's systems or equipment (including those of vendors, customers and suppliers) due to the Year 2000 Problem.

SECTION 4.05. Properties.

(a) Property Generally. Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, subject only to Liens permitted by Section 7.02 and except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Intellectual Property. Each of the Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 4.06. Litigation and Environmental Matters.

(a) Actions, Suits and Proceedings. There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority now pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve this Agreement or the Transactions.

(b) Environmental Matters. Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

(c) Disclosed Matters. Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 4.07. Compliance with Laws and Agreements. Each of the Borrower and its Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements, organizational documents and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 4.08. Investment Company Status. Neither the Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 4.09. Taxes. Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all Tax returns, information statements and reports required to have been filed and has paid or caused to be paid all

Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which such Person has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 4.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, materially exceed the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, materially exceed the fair market value of the assets of all such underfunded Plans.

SECTION 4.11. Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Obligors to the Lender in connection with the negotiation of this Agreement and the other Loan Documents or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 4.12. Use of Credit. Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of any Loan hereunder will be used to buy or carry any Margin Stock.

SECTION 4.13. Material Agreements and Liens.

(a) Material Agreements. Part A of Schedule II is a complete and correct list (other than the Loan Documents) of each credit agreement, loan agreement, indenture, purchase agreement, guarantee, letter of credit or other arrangement providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, or guarantee by, the Borrower or any of its Subsidiaries outstanding on the date hereof the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) $100,000, and the aggregate principal or face amount outstanding or that may become outstanding under each such arrangement is correctly described in Part A of Schedule II.

(b) Liens. Part B of Schedule II is a complete and correct list of each Lien securing Indebtedness of any Person outstanding on the date hereof the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) $100,000 and covering any property of the Borrower or any of its Subsidiaries, and the aggregate Indebtedness secured (or that may be secured) by each such Lien and the property covered by each such Lien is correctly described in Part B of Schedule II.

SECTION 4.14. Capitalization. The Borrower has heretofore delivered to the Lenders a true and complete copy of the Borrower LLC Agreement. The only members of the Borrower on the date hereof are the Members. The only members of each Subsidiary (other than Power Marketing) of the Borrower on the date hereof are the Borrower and the Members. The only members of Power Marketing on the date hereof are the borrower and NRG Marketing. The Sponsor directly owns 100% of the ownership interests of each Member. As of the date hereof, (x) there are no outstanding Equity Rights with respect to the Borrower and (y) there are no outstanding obligations of the Borrower or any of its Subsidiaries to repurchase, redeem, or otherwise acquire any membership or other equity interests in the Borrower nor are there any outstanding obligations of the Borrower or any of its Subsidiaries to make payments to any Person, such as "phantom stock" payments, where the amount thereof is calculated with reference to the fair market value or equity value of the Borrower or any of its Subsidiaries.

SECTION 4.15. Subsidiaries and Investments.

(a) Subsidiaries. Set forth in Part A of Schedule VI is a complete and correct list of all of the Subsidiaries of the Borrower as of the date hereof. The Borrower directly owns 99% of the ownership interests of each Subsidiary. Except as disclosed in Part A of Schedule VI, (x) the Borrower owns, free and clear of Liens (other than Liens created pursuant to the Security Documents), and has the unencumbered right to vote, 99% of the ownership interests in each Person shown to be held by it in Part A of Schedule VI, and (y) there are no outstanding Equity Rights with respect to such Person.

(b) Investments. Set forth in Part B of Schedule VI is a complete and correct list of all Investments (other than Investments disclosed in Part A of Schedule VI and other than Investments of the types referred to in clauses (b), (c), (d), (e) and (f) of Section 7.04) held by the Borrower or any of its Subsidiaries in any Person on the date hereof and, for each such Investment, (x) the identity of the Person or Persons holding such Investment and (y) the nature of such Investment. Except as disclosed in Part B of Schedule VI, each of the Borrower and its Subsidiaries owns, free and clear of all Liens (other than Liens created pursuant to the Security Documents), all such Investments.

(c) Restrictions on Subsidiaries. None of the Subsidiaries of the Borrower is, on the date hereof, subject to any indenture, agreement, instrument or other arrangement of the type described in Section 7.07.

SECTION 4.16. Utility Regulation.

(a) None of the Members, the Borrower, any Subsidiary nor any Operator is a "public utility company", an "electric utility company" or a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended ("PUHCA"), nor subject to regulation under PUHCA except pursuant to Section 9(a)(2) or Section 32 thereof.

(b) Each Subsidiary (other than Power Marketing) is an "exempt wholesale generator" under Section 32(a) of PUHCA. None of the Affiliates of the Subject Persons nor any of the Administrative Agents, the Collateral Agent or Lenders is or will be, solely as a result of the participation by such parties individually or as a group in the ownership of any of the Subject Persons or the Subject Persons' use or operation of each Facility and sale of power generated by any such the Facility, subject to regulation as a "public-utility company," an "electric utility company," a "holding company" or a "subsidiary company" or "affiliate" of any of the foregoing, under PUHCA. The representations in this clause (b) as they relate to a Subsidiary of the Borrower shall be deemed to be made with respect to such Subsidiary only on and after the date on which the Acquisition to which such Subsidiary is to be a party has been consummated.

(c) So long as each Subsidiary is an "exempt wholesale generator" under Section 32(a) of PUHCA, none of the Administrative Agents, the Collateral Agent or Lenders will solely by reason of the exercise of remedies under the Security Documents be subject to regulation as a "public-utility company," an "electric utility company," or a "holding company," or a "subsidiary company" or "affiliate" of any of the foregoing, under PUHCA; provided that (i) each Subsidiary remains the sole owner and operator of each Facility, within the meaning of Section 2(a)(3) of PUHCA, or (ii) the Administrative Agents, the Collateral Agent or Lenders assume ownership or operation of a Facility through a special purpose subsidiary that obtains a determination of "exempt wholesale generator" status.

ARTICLE V. CONDITIONS PRECEDENT.

SECTION 5.01. Effective Date. The obligations of the Lenders to make Loans hereunder shall not become effective until the date on which the Administrative Agents shall have received each of the following documents, each of which shall be satisfactory to the

Administrative Agents (and to the extent specified below, to each Lender) in form and substance (or such condition shall have been waived in accordance with Section 10.02):

(a) Executed Counterparts. From each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agents (which may include telecopy transmission of a signed signature page to this Agreement) that such party has signed a counterpart of this Agreement.

(b) Opinion of Counsel to the Obligors. Favorable written opinions (addressed to the Administrative Agents and the Lenders and dated the Effective Date) of James Bender, Esq., General Counsel of, and Dorsey & Whitney LLP, special counsel for, the Obligors, the Members and the Sponsor, in form and substance reasonably acceptable to the Administrative Agents and covering such other matters relating to the Borrower, this Agreement or the Transactions as the Required Lenders shall reasonably request (and each Obligor hereby instructs such counsel to deliver such opinion to the Lenders and the Administrative Agents).

(c) Opinion of Special New York Counsel to the Lenders. An opinion, dated the Effective Date, of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel to the Lenders.

(d) Corporate Documents. Such documents and certificates as the Administrative Agents or their counsel may reasonably request relating to the organization, existence and good standing of each Obligor, each Member and the Sponsor, the authorization of the Transactions and any other legal matters relating to the Obligors, the Members and the Sponsor, this Agreement or the Transactions, all in form and substance satisfactory to the Administrative Agents and their counsel.

(e) Officer's Certificate. A certificate, dated the Effective Date and signed by a Financial Officer of the Borrower confirming compliance with the conditions set forth in clauses (j) and (k) of Section 5.02.

(f) Security Agreement. The Security Agreement, duly executed and delivered by the Borrower, the Subsidiary Guarantors and the

Collateral Agent and the certificates identified under the name of the Borrower in Annex 1 thereto, in each case accompanied by undated stock powers executed in blank. In addition, each Obligor shall have taken such other action (including delivering to the Collateral Agent, for filing, appropriately completed and duly executed copies of Uniform Commercial Code financing statements) as the Collateral Agent shall have requested in order to perfect the security interests created pursuant to the Security Agreement.

(g) Pledge Agreement. The Pledge Agreement, duly executed and delivered by each Member and the Collateral Agent and the certificates identified under the name of such each such Member in Annex 1 thereto, in each case, accompanied by undated stock powers executed in blank. In addition, each Member shall have taken such other action (including delivering to the Collateral Agent, for filing, appropriately completed and duly executed copies of Uniform Commercial Code financing statements) as the Collateral

Agent shall have requested in order to perfect the security interests created pursuant to the Pledge Agreement.

(h) Transition Agreements. Certified copies of each Transition Agreement then in effect, in form and substance satisfactory to the Collateral Agent.

(i) Independent Engineer's Report. The Independent Engineer shall have delivered its final report to the Lenders in form and substance satisfactory in all respects to the Administrative Agents favorably reviewing (among other matters to be reviewed at the request of the Lenders as determined in their sole discretion) the technical feasibility of all engineering, design, capacity and operating specifications and arrangements and capital expenditure and operating cost estimates relating to the Facilities and environmental matters relating to the Facilities. In addition, if requested by the Required Lenders (through the Administrative Agents), the Borrower shall have completed (and delivered to each Lender) an environmental risk questionnaire in a form provided to the Borrower by the Administrative Agents (and containing such inquiries with respect to environmental matters as shall have been requested by any Lender, through the Administrative Agents, to be included in such questionnaire), and the responses to such questionnaire (and the underlying facts and circumstances shown thereby) shall be in form and substance satisfactory to each Lender.

(j) Power Marketing Report. The Independent Market Consultant shall have delivered its final report to the Lenders in form and substance satisfactory in all respects to the Administrative Agents.

(k) Insurance Report. The Independent Insurance Consultant shall have delivered its final report to the Lenders in form and substance satisfactory in all respects to the Administrative Agents.

(l) Other Information. Reports and documents of regarding information about litigation, tax, accounting, labor, insurance, pension liabilities (actual and contingent), real estate, leases, environmental matters, material contracts, debt agreements, property ownership, contingent liabilities and management of the Borrower and its subsidiaries including specific references to the Facilities.

(m) Equity Contribution Agreement. The Equity Contribution Agreement, duly executed and delivered by the Sponsor, each Member and

the Administrative Agents pursuant to which the Sponsor shall have agreed to make capital contributions, subject to the terms and conditions thereof, to the Borrower, either directly or indirectly through the Members, in an aggregate amount of not less than $474,376,000.

(n) Fees and Taxes. (i) Evidence that all filing, recordation, subscription and inscription fees and all recording and other similar fees, and all recording, stamp and other taxes and other expenses related to such filings, registrations and recordings necessary for the consummation of the transactions contemplated by this Agreement and the other Basic Documents have been paid in full (to the extent the obligation to make such payment then exists) by or on behalf of the Borrower and (ii) the Paying Agent shall

have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(o) Debt Service Reserve Account. Evidence of the establishment of the Debt Service Reserve Account.

(p) PMI Security Agreement. The PMI Security Agreement, duly executed and delivered by NRG Marketing and the Collateral Agent and certificates identified under the name of NRG Marketing in Annex 1 thereto, in each case accompanied by undated stock powers executed in blank. In addition, NRG Marketing shall have taken such other action (including delivering to the Collateral Agent, for filing, appropriately completed and duly executed Copies of Uniform Commercial Code financing statements) as the Collateral Agent shall have requested in order to perfect the security interests created pursuant to the PMI Security Agreement.

(q) Base Case. The Base Case Financial Model for the Facilities prepared by the Borrower as of the Effective Date in form and substance satisfactory to each Lender (in consultation with the Independent Engineer) containing, without limitation, estimates of future operations and costs.

(r) Other Documents. Such other documents as the Administrative Agents or any Lender or special New York counsel to the Lenders may reasonably request.

SECTION 5.02. Conditions Precedent for each Term Loan. The obligation of each Lender to make a Loan of any Class (other than Revolving Loans to which this Section 5.02 shall not apply) on or after the Effective Date is subject to the satisfaction of the following conditions precedent:

(a) Governmental Approvals. Evidence that all Governmental Approvals and third party consents and approvals required in connection with the relevant Acquisition have been obtained and remain in effect, and that all applicable waiting periods (other than any Excluded Waiting Period) have expired without any action being taken by any competent authority which restricts, prevents or imposes materially adverse conditions upon such Acquisition.

(b) Acquisition Documents. Evidence that the relevant Acquisition shall have been (or shall be simultaneously) consummated in all material respects in accordance with the terms of its respective Acquisition Documents (except for any modifications, supplements or

material waivers thereof, or written consents or determinations made by the parties thereto that shall be satisfactory to the Required Lenders), and the Administrative Agents shall have received a certificate of a Financial Officer of the Borrower to such effect and to the effect that attached thereto are true and complete copies of the documents delivered in connection with the closing of such Acquisition pursuant to the relevant Acquisition Documents. In addition, the Administrative Agents shall have received copies of the legal opinions delivered to the Borrower or its relevant Subsidiary in connection with such Acquisition.

(c) Insurance. Certificates of insurance evidencing the existence of all insurance required to be maintained by the Borrower and its Subsidiaries pursuant to Section 6.05 in respect of the Facility that is the subject of the relevant Acquisition, such certificates to be in such form and contain such information as is specified in Section 6.05. The Borrower shall have delivered a certificate of a Financial Officer of the Borrower setting forth the insurance obtained by it in accordance with the requirements of Section 6.05 and stating that (i) such insurance is in full force and effect and (ii) all premiums then due and payable thereon have been paid.

(d) Sponsor Credit Rating. The Administrative Agents shall have received a certificate of a treasurer of the Sponsor to the effect that, immediately prior to giving effect to such Borrowing, the long-term unsecured Indebtedness of the Sponsor is rated Baa3 or better by Moody's and BBB- or better by S&P.

(e) Equity Contribution. Evidence that the Sponsor shall have contributed cash equity to the Borrower indirectly through the Members in an amount in respect of such Acquisition of not less than the amount specified therefor in Section 2.01 of the Equity Contribution Agreement.

(f) Available Funds for Future Acquisitions. Evidence that, immediately after giving effect to such Acquisition and the borrowing of Loans hereunder and capital contributions to the Borrower under the Equity Contribution Agreement, in each case in respect of such Acquisition, the unutilized Commitments hereunder when added to the amounts available to the Borrower under the Equity Contribution Agreement are sufficient to finance (i) the purchase price of all remaining Acquisitions to be made by the Borrower and its Subsidiaries, (ii) the projected working capital needs with respect to the operation and maintenance of the Facilities which are the subject of such remaining Acquisitions and (iii) the funding of the Debt Service Reserve Account required to be made in connection with each Borrowing of a Loan in connection with such remaining Acquisitions.

(g) Tranche C and Tranche D Loans. In the case of a Borrowing of a Tranche C Loan or Tranche D Loan only, the Borrower shall have (or contemporaneously with the Borrowing of such Loan, will Borrow) Borrowed Tranche A Loans and/or Tranche B Loans.

(h) Regulatory Matters. The Administrative Agents shall have received an Officer's Certificate of the Borrower, in form and substance acceptable to the Administrative Agents, confirming (i) that the relevant Subsidiary is an "exempt wholesale generator" under Section 32(a) of PUHCA, (ii) that none of such Subsidiary's Affiliates is or will be, solely as a result of the participation by such parties individually or as a group in the ownership of such Subsidiary and such Subsidiary's use or operation of the relevant Facility, subject to regulation as a "public-utility company," an "electric utility

company," a "holding company" or a "subsidiary company" or "affiliate" of any of the foregoing, under PUHCA (collectively, a "PUHCA Entity"), (iii) none of the Administrative Agents or the Lenders is or will be, solely as a result of such Subsidiary's or the relevant OPERATOR'S use or operation of the relevant Facility, subject to

regulation as a PUHCA Entity and (iv) none of the Administrative Agents or the Lenders will, solely by reason of the exercise of the remedies under the Security Documents, be subject to regulation as a PUHCA Entity; provided, that (i) such Subsidiary remains the sole owner and operator of such Facility, within the meaning of Section 2(a)(3) of PUHCA, or (ii) the Administrative Agents, the Collateral Agent or Lenders assume ownership or operation of such Facility through a special purpose subsidiary that obtains a determination of "exempt wholesale generator" status. In the case of the Con Ed Acquisition and the Dunkirk/Huntley Acquisition respectively, the Borrower will deliver such a certificate in respect of each Subsidiary party to the relevant Acquisition as an acquiror.

(i) Opinion of Counsel. A favorable written opinion (addressed to the Administrative Agents and the Lenders and dated the date of such Loan) of counsel for the Obligors, in form and substance reasonably acceptable to the Administrative Agents, and covering such other matters relating to such Acquisition as the Required Lenders shall reasonably request (and each Obligor hereby instructs such counsel to deliver such opinion to the Lenders and the Administrative Agents).

(j) Representations and Warranties. The representations and warranties of the Borrower set forth in this Agreement, and of each Obligor in each of the Loan Documents to which such Obligor is a party, shall be true and correct on and as of the date of such Borrowing.

(k) No Defaults. At the time of and immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing.

(l) Debt Service Reserve Account. Evidence that the Borrower shall have deposited or caused to be deposited in the Debt Service Reserve Account an amount (including Permitted Investments and amounts available under Debt Service Support Instruments delivered to the Collateral Agent) equal to or greater than the Debt Service Reserve Amount applicable to the relevant Acquisition.

(m) Project Documents. Certified copies of each Project Document (other than the Acquisition Documents and those Transition Agreements delivered on the Effective Date) relating to the operation and maintenance of the Facility that is the subject of such Acquisition, each in form and substance satisfactory to each Lender.

(n) Pro Formas. A copy of an estimated pro forma balance sheet of the Borrower, certified by a Financial Officer of the Borrower as of the date of the relevant Acquisition, giving effect to such Acquisition, the extension of credit hereunder in respect of such Acquisition and the other transactions contemplated hereby in respect of such Acquisition and showing a financial condition of the Borrower in substance reasonably satisfactory to the Required Lenders.

(o) Solvency Certificates. The Administrative Agents shall have received a certificate from a Financial Officer of each of the Borrower, the Subsidiary party to the relevant Acquisition and each other Subsidiary party to an Acquisition that was (or is to

be) consummated on or before the date of the relevant Acquisition certifying that (x) as of the date of such Loan and after giving effect to such Loan to be made on such date and to the other transactions contemplated hereby to be consummated on such date (including any Intercompany Loans to be made by the Borrower to any such Subsidiary with the proceeds of such Loan), (i) the aggregate value of all properties of the Borrower or such Subsidiary, as the case may be, at their present fair saleable value (i.e., the amount that may be realized within a reasonable time, considered to be six months to one year, either through collection or sale at the regular market value, conceiving the latter as the amount that could be obtained for the property in question within such period by a capable and diligent businessman from an interested buyer who is willing to purchase under ordinary selling conditions), exceeds the amount of all the debts and liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of the Borrower or such Subsidiary, as the case may be, (ii) the Borrower or such Subsidiary, as the case may be, will not have an unreasonably small capital with which to conduct its business operations as heretofore conducted and (iii) the Borrower or such Subsidiary, as the case may be, will have sufficient cash flow to enable it to pay its debts as they mature and (y) the financial projections and underlying assumptions contained in such analyses were at the time made, and on the date of such Loan, are, fair and reasonable and accurately computed.

(p) Intercompany Notes. The Subsidiary of the Borrower party to the relevant Acquisition as acquirer shall have executed and delivered an Intercompany Note to the Borrower evidencing the Intercompany Loan made by the Borrower with the proceeds of a Loan hereunder. In addition, the Borrower shall have delivered to the Collateral Agent such Intercompany Note accompanied by undated note powers executed in blank.

(q) Guarantee Effectiveness Certificate. A Financial Officer of the Borrower shall have delivered to each Agent and each Lender a Guarantee Effectiveness Certificate in respect of the obligations under Article III of the Subsidiary of the Borrower party to the relevant Acquisition as acquirer.

(r) Somerset Acquisition. In the case of the borrowing of Tranche C Loans only, Somerset Power shall be a subsidiary of the borrower, the borrower shall directly own at least 99% of the ownership interests in Somerset Power and all requirements under Section 6.10 with respect to the acquisition of Somerset Power by the Borrower shall have been (or shall be simultaneously) satisfied.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in clauses (j) and (k) above.

SECTION 5.03. Conditions Precedent for each Revolving Loan. The obligation of each Lender to make a Revolving Loan on or after the Effective Date is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. The representations and warranties of the Borrower set forth in this Agreement, and of each Obligor in each of the Loan

Documents to which such Obligor is a party, shall be true and correct on and as of the date of such Borrowing.

(b) No Defaults. At the time of and immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing.

(c) Available Revolver Amount. Immediately after giving effect to such Borrowing, the aggregate outstanding principal amount of the Revolving Loans of all Lenders will be equal to or less than the Available Revolver Amount (determined as at the date of such Borrowing).

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in clauses (a), (b) and (c) above.

ARTICLE VI. AFFIRMATIVE COVENANTS.

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees and expenses payable hereunder shall have been paid in full, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agents and each Lender:

(a) within 90 days after the end of each fiscal year of the Borrower, the audited consolidated balance sheet and related statements of operations, members' equity and cash flows of the Borrower and its Subsidiaries as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by PriceWaterhouse Coopers or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, the consolidated balance sheet and related statements of operations, members' equity and cash flows of the Borrower and its Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for (or, in the case of the balance sheet, as of the end of) the corresponding period or periods of the previous fiscal year, all certified by a Financial Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) of this Section, a certificate of a Financial Officer of the Borrower (i) certifying as to

whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Sections 7.01, 7.05 and 7.09 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 4.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause (a) of this Section, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of Defaults under Section 7.01, 7.05 or 7.09 or under clause (g) or (k) of Article VIII (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any of its Subsidiaries with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by the Borrower to its members generally, as the case may be; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any of its Subsidiaries, or compliance with the terms of this Agreement and the other Loan Documents, as the Administrative Agents or any Lender (through the Administrative Agents) may reasonably request.

SECTION 6.02. Notices of Material Events. The Borrower will furnish to the Administrative Agents and each Lender, promptly upon becoming aware thereof, written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any of its Affiliates or any Facility that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount that could reasonably be expected to have a Material Adverse Effect;

(d) the assertion of any environmental matter by any Person against, or with respect to the activities of, the Borrower or any of its Subsidiaries and any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations, other than any environmental matter or alleged violation that, if adversely

determined, would not (either individually or in the aggregate) have a Material Adverse Effect; and

(e) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 6.03. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 7.03.

SECTION 6.04. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay its obligations, including Tax liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.05. Maintenance of Properties; Insurance.

(a) The Borrower will, and will cause each of its Subsidiaries to, (i) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (ii) maintain, with financially sound and reputable insurance companies, insurance with respect to each Facility in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. The Borrower will maintain and will cause its Subsidiaries to maintain in any event insurance with respect to each Facility the insurance coverage set forth for such Facility on the attached Schedule VIII.

(b) Subject to Section 7.09, the Borrower will provide funds to each of its Subsidiaries at such times and in such amounts so as to enable each of its Subsidiaries to pay all Operating Expenses incurred by each such Subsidiary on or before the date such Operating Expenses become due and payable. If, on the last Business Day of each calendar month, the funds available to the Borrower exceed the amount equal to the aggregate amount of Operating Expenses of the Borrower and its Subsidiaries then due and payable plus Operating Expenses of the Borrower and its Subsidiaries reasonably anticipated to become due and payable during the following calendar month, then, on or before the third Business Day of such following calendar month, the Borrower shall deposit into the Debt Service Reserve Account an amount equal to the lesser of (i) the Debt Service Reserve Shortfall, if any, determined as at the last Business Day of a calendar month and (ii) the amount of such excess. The Borrower will take all reasonable steps necessary to ensure that the aggregate amount of funds held by each Subsidiary, as at any date,

does not exceed an amount equal to the Operating Expenses of such Subsidiary then due and payable plus Operating Expenses of such Subsidiary reasonably anticipated to become due and payable within the next thirty days.

SECTION 6.06. Books and Records; Inspection Rights. The

Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agents, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested, subject to Section 10.12(b) hereof.

SECTION 6.07. Compliance with Laws and Contractual Obligations. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority (including Environmental Laws and ERISA matters), and all contractual obligations applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.08. Use of Proceeds. The Borrower will use the proceeds of Loans incurred by it and Equity Contributions made to it under the Equity Contribution Agreement solely to (i) fund the Debt Service Reserve Account, (ii) in the case of Revolving Loans only, provide working capital for the Borrower and its Subsidiaries and (iii) make Intercompany Loans to the Subsidiary Guarantors. The Borrower will use the proceeds of Loans (other than Revolving Loans) of each Class to make Intercompany Loans in the following manner (a) the proceeds of Tranche A Loans will be used solely to make Intercompany Loans to Dunkirk Power and Huntley Power to be used solely either (i) if the Dunkirk/Huntley Acquisition is completed prior to the date of initial disbursement of Tranche A Loans and the purchase price thereunder is funded by the Dunkirk/Huntley Equity Contribution, to make a distribution to the Borrower to fund the Dunkirk/Huntley Distribution or (ii) in all other events, to finance a portion of the acquisition price in respect of the Dunkirk/Huntley Acquisition, (b) the proceeds of Tranche B Loans will be used solely to make Intercompany Loans to Astoria Power and Arthur Kill Power to be used solely to finance a portion of the acquisition price in respect of the Con Ed Acquisition, (c) the proceeds of Tranche C Loans will be used solely to make Intercompany Loans to Somerset Power to be used solely to make the Somerset Distribution and (d) the proceeds of Tranche D Loans will be used solely to make Intercompany Loans to Oswego Harbor Power to be used solely to finance a portion of the acquisition price in respect of the Oswego Acquisition. Each Subsidiary Guarantor will use the proceeds of the Intercompany Loans (and of all other loans and advances received by it from the Borrower) solely to finance the acquisition price of the Acquisition to which it is a party.

SECTION 6.09. Rating of Index Debt. The Borrower shall take such actions as may be reasonably necessary to request and pursue the Index Debt to be rated by each of Moody's and S&P within 150 days after the date hereof; provided that the Borrower's obligation under this Section 6.09 is only to request and pursue such a rating of the Index Debt and the

inability of the Borrower to obtain such a rating by such 150th day shall not, by itself, constitute non-compliance with this Section 6.09.

SECTION 6.10. Certain Obligations Respecting Subsidiaries.

(a) Subsidiary Guarantors. The Borrower will take such action, and will cause each of its Subsidiaries to take such action, from time to time as shall be necessary to ensure that all Subsidiaries of the Borrower are "Subsidiary Guarantors" hereunder. Without limiting the generality of the foregoing, in the event that the Borrower or any of its Subsidiaries shall form or acquire any new Subsidiary that shall constitute a Subsidiary hereunder, the

Borrower and its Subsidiaries will cause such new Subsidiary to

(i) become a "Subsidiary Guarantor" hereunder, and an "Obligor" under the Security Agreement pursuant to a Guarantee Assumption Agreement;

(ii) cause such Subsidiary to take such action (including delivering such membership interests or other ownership interests, executing and delivering such Uniform Commercial Code financing statements) as shall be necessary to create and perfect valid and enforceable first priority Liens on substantially all of the personal property of such new Subsidiary on which a Lien is required to be created pursuant to the Security Agreement as collateral security for the obligations of such new Subsidiary hereunder; and

(iii) deliver such proof of corporate action, incumbency of officers, opinions of counsel and other documents as is consistent with those delivered by each Obligor pursuant to Section 5.01 on the Effective Date or as the Administrative Agents shall have requested.

(b) Ownership of Subsidiaries. The Borrower will, and will cause each of its Subsidiaries to, take such action from time to time as shall be necessary to ensure that the ownership interest of the Borrower in each of its Subsidiaries shall not fall below 99%. In the event that any additional membership interests shall be issued by any Subsidiary, the respective Obligor agrees forthwith to deliver to the Collateral Agent pursuant to the Security Agreement the certificates evidencing such membership interests, accompanied by undated stock powers executed in blank and to take such other action as the Collateral Agent shall request to perfect the security interest created therein pursuant to the Security Agreement.

SECTION 6.11. Casualty Events.

(a) The Borrower will, and will cause its Subsidiaries to, apply all Loss Proceeds to either (i) so long as an Event of Default shall not have occurred and be continuing, if the aggregate amount of Loss Proceeds for a single Casualty Event or related series of Casualty Events is equal to or less than $100,000,000 to Restore the Affected Property in compliance with this Section 6.11 or (ii) if an Event of Default shall have occurred and is continuing or the aggregate amount of Loss Proceeds for a single Casualty Event or related series of Casualty Events is greater than $100,000,000, to prepay the Loans and/or reduce the Commitments in compliance with Section 2.08(b)(i) within 30 days of receipt of such Loss Proceeds unless the Required Lenders otherwise agree in writing.

(b) If the aggregate amount of Loss Proceeds for a single Casualty Event or related series of Casualty Events is greater than or equal to $25,000,000 but less than or equal to $100,000,000, the Borrower shall, not later than 45 days after receipt of all or any portion of such proceeds, deliver to the Administrative Agents and each Lender a restoration plan setting forth the sources and uses of funds (including such Loss Proceeds and any other amounts of committed funds available to the Borrower) which demonstrates the adequacy of available funds to Restore the Affected Property and to pay all other expenses under the Loan Documents during the period of time that, in the opinion of the Independent Engineer, is required to restore the Affected Property. If within 30 days after receipt of any such restoration plan (which 30-day period may be extended by up to 30 days upon the request of the Required Lenders prior to the expiration of the initial 30-day period) the Required Lenders (in consultation with the Independent Engineer) have not approved such restoration plan, then the Borrower will apply such proceeds to prepay the Loans and/or reduce the Commitments pursuant to Section 2.08(b)(i) within five days after the expiration of such period. Without limiting the obligation of the

Borrower under clause (a) of this Section 6.11 to Restore, or cause its Subsidiaries to Restore, the Affected Property, the requirements of this clause (b) shall not apply where the amount of Loss Proceeds for a single Casualty Event or related Series of Casualty Events is less than $25,000,000.

SECTION 6.12. EWG Status. The Borrower will take, or cause to be taken, all action required to maintain its and its Subsidiaries (other than Power Marketing), status as an "exempt wholesale generator" under Section 32(a) of PUHCA. The Borrower will take, or cause to be taken, all action required to cause each Operator and NRG Operations to maintain its status as an "exempt wholesale generator" under Section 32(a) of PUHCA.

SECTION 6.13. Debt Service Reserve Account.

(a) Creating the Account. The Collateral Agent hereby establishes and creates on its own books a special, irrevocable collateral account (the "Debt Service Reserve Account") which shall be maintained at all times until the termination of this Agreement. All amounts from time to time held in the Debt Service Reserve Account shall be held (i) in the name of the Collateral Agent for the benefit of the Lenders and (ii) under the exclusive dominion and control of the Collateral Agent. Except as expressly provided in this Agreement, neither the Borrower nor any other Obligor shall have any right to withdraw funds from the Debt Service Reserve Account. All amounts on deposit in the Debt Service Reserve Account and all Permitted Investments held therein shall constitute a part of the Collateral and shall not constitute payment of any Senior Debt until applied as provided in this Agreement. The Borrower hereby irrevocably authorizes the Collateral Agent to withdraw funds from the Debt Service Reserve Account in accordance with this Section 6.13.

(b) Funding of the Account. The Borrower shall deposit cash, Permitted Investments, one or more Debt Service Reserve Support Instruments or any combination thereof into the Debt Service Reserve Account in the amount and by the time required in connection with the initial Borrowing of Loans of each Class (other than Revolving Loans) as contemplated in Section 5.02(l) and otherwise in the amounts and at the times specified in Section 6.05(b). In the event that at any time the Borrower caused to be delivered to the Collateral Agent, one or more Debt Service Reserve Guarantees, and thereafter Collateral Agent is entitled or required to

make withdrawals from the Debt Service Reserve Account pursuant to clause (i) or (ii) of this Section 6.13, then the Borrower shall be required to deposit with the Collateral Agent for credit to the Debt Service Reserve Account, an amount equal to the lesser of (x) the amount which the Collateral Agent is so entitled or required to withdraw less any amount of any Debt Service Reserve Letters of Credit then credited to the Debt Service Reserve Account and (y) the amount of Guaranteed Obligations (as defined in the Debt Service Reserve Guarantees) then available to be demanded under all such Debt Service Reserve Guarantees then held by the Collateral Agent.

(c) Withdrawals from the Account.

(i) The Borrower may direct the withdrawal of funds from the Debt Service Reserve Account to the extent that no other funds are available to it to pay principal or interest on the Loans or fees in respect of the Commitments that are due on the date of such withdrawal (each, a "Withdrawal Date"). For each withdrawal from the Debt Service Reserve Account pursuant to this Section 6.13(c), the Borrower shall deliver to the Administrative Agents and the Collateral Agent, no less than two Business Days prior to the relevant Withdrawal Date, a certificate (each, a "Withdrawal Certificate") of a Financial Officer stating that the funds available to it to pay the aggregate amount of

such principal, interest and fees due and payable on the Withdrawal Date are insufficient to pay such amounts and setting out the relevant Withdrawal Date and the amount to be withdrawn. On each Withdrawal Date, Collateral Agent shall transfer from the Debt Service Reserve Account, to the extent funds are available therein, to the Lenders (through the Paying Agent) the amount specified in the relevant Withdrawal Certificate.

(ii) If on any date on which principal or interest on the Loans or fees in respect of the Commitments are due and payable the Paying Agent shall have received from or on behalf of the Borrower funds that are insufficient to pay the aggregate amount of such principal, interest and fees in full, then, upon notice thereof by the Paying Agent to the Collateral Agent specifying the amount of such insufficiency, the Collateral Agent shall transfer from the Debt Service Reserve Account, to the extent funds are available therein, to the Lenders (through the Paying Agent) an amount equal to such insufficiency.

(iii) If on any date on or prior to the Maturity Date on which Collateral Agent is required to make withdrawals from the Debt Service Reserve Account pursuant to the foregoing clauses (i) or (ii) the funds on deposit in the Debt Service Reserve Account are insufficient to make such withdrawals, the Collateral Agent shall draw on or demand payment under any Debt Service Reserve Support Instrument then in its possession in an amount equal, when added to all amounts paid under each other Debt Service Reserve Support Instrument on such date, to such insufficiency.

(iv) Unless the Administrative Agents shall have notified the Collateral Agent that an Event of Default shall have occurred and is continuing or would result therefrom, if on the last Business Day of any calendar month, the credit balance of the Debt Service Reserve Account exceeds the Debt Service Reserve Requirement, then upon the written request of the Borrower delivered to the Administrative Agent and the Collateral Agent no less than two Business Days prior to the such last Business Day, the Collateral Agent

shall transfer from the Debt Service Reserve Account to the Borrower an amount equal to such excess in accordance with the instructions specified therefor in such request.

(d) Investment of Balance in Account. The cash balance standing to the credit of the Debt Service Reserve Account shall be invested from time to time in such Permitted Investments as the Borrower (or, after the occurrence and during the continuance of a Default, the Collateral Agent) shall determine, which Permitted Investments shall be held in the name and be under the control of the Collateral Agent; provided that at any time after the occurrence and during the continuance of an Event of Default, the Collateral Agent may (and, if instructed by the Required Lenders, shall) in its (or their) discretion at any time and from time to time elect to liquidate any such Permitted Investments (in an amount necessary to cure such Event of Default) and apply or cause to be applied the proceeds thereof to the payment of the Secured Obligations in respect of principal and interest on the Loans and fees in respect of the Commitments in the manner specified in Section 5.09 of the Security Agreement.

(e) Debt Service Support Instruments.

(i) At any time after the Effective Date, the Borrower may deliver to the Collateral Agent a Debt Service Support Instrument in an

aggregate amount available to be drawn or demanded thereunder equal to all or a portion of the Debt Service Reserve Requirement. At any time upon or after delivery of a Debt Service Reserve Support Instrument, the Borrower may deliver to the Collateral Agent a certificate (a "Reduction Certificate") setting out the Borrower's calculation of the excess of (x) the aggregate amount of cash and Permitted Investments on deposit in the Debt Service Reserve Account plus the aggregate amount then available to be drawn under all Debt Service Support Instruments theretofore delivered to the Collateral Agent over (y) the Debt Service Reserve Requirement. The Collateral Agent shall, in accordance with the instructions specified therefor in such request, transfer from the Debt Service Reserve Account to the Borrower cash or Permitted Investments or reduce the amount available to be drawn on or demanded under such Debt Service Support Instrument(s) in an amount equal to such excess.

(ii) In the event that at any time prior to the Maturity Date the issuing bank in respect of any Debt Service Reserve Letter of Credit fails to qualify as an Acceptable Bank the Borrower shall cause all Debt Service Reserve Letters of Credit issued by such issuing bank to be replaced by another Debt Service Reserve Support Instrument or cash deposit in an amount at least equal to the available face amount of the Debt Service Reserve Letter(s) of Credit being replaced. If such Debt Service Reserve Letter of Credit is not so replaced within fifteen (15) days of notice by the Collateral Agent to the Borrower of the failure of such issuing bank to qualify as an Acceptable Bank, then in each case, the Collateral Agent may (and if so directed by the Required Lenders shall) draw on the full available face amount of such Debt Service Reserve Letter of Credit in accordance with the terms thereof and deposit the proceeds of such draw into the Debt Service Reserve Account.

(iii) In the event that at any time prior to the Maturity Date the guarantor under any Debt Service Reserve Guarantee fails to qualify as an Acceptable Guarantor, the

Borrower shall cause the Debt Service Reserve Guarantee of such Person to be replaced by another Debt Service Reserve Support Instrument or cash deposit in an amount at least equal to the amount guaranteed under the Debt Service Reserve Guarantee being replaced. If such Debt Service Reserve Guarantee is not so replaced within fifteen (15) days of notice by the Collateral Agent to the Borrower of the failure of such Person to qualify as an Acceptable Guarantor, then in each case, the Collateral Agent may (and if so directed by the Required Lenders shall) draw on the full amount guaranteed under such Debt Service Reserve Guarantee in accordance with the terms thereof and deposit the proceeds of such draw into the Debt Service Reserve Account.

(f) The amount on deposit in the Debt Service Reserve Account at any time shall be deemed to be equal to the aggregate amount of cash on deposit therein at such time, plus the aggregate fair market value of all Permitted Investments on deposit therein at such time, plus the amount available to be drawn or demanded under all Debt Service Reserve Instruments held by the Collateral Agent at such time.

ARTICLE VII. NEGATIVE COVENANTS.

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, the Borrower covenants and agrees with the Lenders that:

SECTION 7.01. Indebtedness. The Borrower will not, nor will it permit

any of its Subsidiaries to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness created hereunder;

(b) Indebtedness of any Subsidiary to the Borrower (including Indebtedness of a Subsidiary in respect of Intercompany Loans);

(c) Guarantees by any Subsidiary of Indebtedness of the Borrower; AND

(d) Until and including the date of the of the initial borrowing of the Tranche C Loans, unsecured indebtedness of the Borrower in respect of the Somerset Notes in an aggregate principal amount at any time outstanding not exceeding $54,202,500 so long as such indebtedness is expressly made subordinated and subject in right of payment to the prior payment in full of the principal of and interest on the loans and all other amounts from time to time owing to the Lenders hereunder other than payment on such indebtedness funded with the proceeds of the Somerset distribution or an equity contribution (as defined in the Equity Contribution Agreement).

SECTION 7.02. Liens. The Borrower will not, nor will it permit any of its Subsidiaries to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except Permitted Encumbrances.

SECTION 7.03. Fundamental Changes.

(a) Mergers, Consolidations, Disposal of Assets, Etc. The Borrower will not, nor will it permit any of its Subsidiaries to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or any substantial part of its assets, or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (i) any Subsidiary may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Subsidiary may merge into any Subsidiary in a transaction in which the surviving entity is a Subsidiary, (iii) any Subsidiary may sell, transfer, lease or otherwise dispose of its assets to the Borrower or to another Subsidiary and (iv) any Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders.

(b) Lines of Business. The Borrower will not, nor will it permit any of its Subsidiaries to, engage to any material extent in any business other than (i) in the case of the Borrower, the ownership of the Subsidiaries, (ii) in the case of the Subsidiaries of the Borrower other than Power Marketing, the consummation of the Acquisitions and the ownership, operation and use of its respective Facility as contemplated by the Project Documents to which it is a party and (iii) in the case of NRG Marketing, such activities to be engaged in by it as contemplated by the Power Sales Agreement.

SECTION 7.04. Investments. The Borrower will not, nor will it permit any of its Subsidiaries to, make or permit to remain outstanding any Investments except:

(a) Investments outstanding on the date hereof and identified in Part B of Schedule VI;

(b) operating deposit accounts with banks;

(c) Permitted Investments;

(d) Investments by the Borrower and its Subsidiaries in the Borrower and its Subsidiaries (including Investments by the Borrower in Intercompany Loans);

(e) Hedging Agreements entered into in the ordinary course of the Borrower's financial planning and not for speculative purposes;

(f) Investments consisting of security deposits with utilities and other like Persons made in the ordinary course of business; and

(g) additional Investments up to but not exceeding $10,000,000 in the aggregate.

For purposes of clause (g) of this Section, the aggregate amount of an Investment at any time shall be deemed to be equal to (A) the aggregate amount of cash, together with the aggregate fair market value of property, loaned, advanced, contributed, transferred or otherwise invested that

gives rise to such Investment minus (B) the aggregate amount of dividends, distributions or other payments received in cash in respect of such Investment; the amount of an Investment shall not in any event be reduced by reason of any write-off of such Investment nor increased by any increase in the amount of earnings retained in the Person in which such Investment is made that have not been dividend, distributed or otherwise paid out.

SECTION 7.05. Restricted Payments. The Borrower will not make, or agree to pay or make, directly or indirectly, any Restricted Payment, except that the Borrower may make (a) Restricted Payments to its members on or after April 12 of each fiscal year (the "current year") in an amount equal to the Tax Payment Amount for the immediately preceding fiscal year (the "prior year"), so long as at least fifteen days prior to making any such Restricted Payment, the Borrower shall have delivered to each Lender (x) notification of the amount and proposed payment date of such Restricted Payment and (y) a statement from the Borrower's independent certified public accountants setting forth a detailed calculation of the Tax Payment Amount for the prior year and showing the amount of such Restricted Payment and all prior Restricted Payments and (b) the Dunkirk/Huntley Distribution if the Borrower shall have received the Dunkirk/Huntley Equity Contribution. Notwithstanding the foregoing the Borrower shall not make any Restricted Payment pursuant to clause (a) of the preceding sentence if any Default in respect of clause (b) of Article VIII or if any Event of Default shall have occurred and be continuing. Nothing herein shall be deemed to prohibit the payment of dividends by any Subsidiary of the Borrower to the Borrower.

SECTION 7.06. Transactions with Affiliates. The Borrower will not, nor will it permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and its Subsidiaries not involving any other Affiliate, (c) any Restricted Payment permitted by Section 7.05, (d) transactions that are contemplated by the Project Documents and (e) payment by the Borrower of Indebtedness of the Borrower evidenced by the Somerset Notes outstanding on the date of initial disbursement of the Tranche C

Loans.

SECTION 7.07. Restrictive Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary; provided that:

(i) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement; and

(ii) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 7.08. [Reserved.]

SECTION 7.09. Capital Expenditures. The Borrower will not permit the aggregate amount of Capital Expenditures by the Borrower and its Subsidiaries to exceed the following respective amounts for the period commencing on the Effective Date and ending on the Maturity Date:

SUBSIDIARY	AMOUNT
Dunkirk Power	$ 5,800,000
Huntley Power	$ 7,300,000
Astoria Power	$ 5,100,000
Arthur Kill Power	$ 5,200,000
Somerset Power	$ 8,900,000
Oswego Harbor Power	$ 12,900,000

SECTION 7.10. Modifications of Certain Documents. The Borrower will not consent, nor allow any Subsidiary to consent, to any material modification, supplement or waiver of any of the provisions of any Acquisition Document without the prior consent of the Administrative Agents (with the approval of the Required Lenders). Without the prior consent of the Required Lenders, the Borrower will not agree or consent to nor allow any Subsidiary to agree or consent to any termination, modification, supplement or waiver of any Project Document (other than an Acquisition Document) unless such termination, modification, supplement or waiver could not, individually or collectively with all other such terminations, modifications, supplements and waivers, reasonably be expected to have a Material Adverse Effect. Without the prior written consent of the Required Lenders, the Borrower will not, nor will it permit any of its Subsidiaries to, enter into any contract or agreement relating to the acquisition, ownership, leasing, occupation, operation, maintenance or use of the Facilities other than (a) the Project Documents, (b) Hedging Agreements, (c) any Additional Project Document, (d) any Permitted Fuel Agreement, (e) any Permitted Power Marketing Agreement and (f) any Permitted Power Purchase Agreement. Promptly after the execution and delivery thereof, the Borrower will furnish to the Administrative Agents, the Collateral Agent and the Lenders (a) certified copies of all such contracts and agreements and (b) a Consent and Agreement from each Person (other than an Obligor or any Lender) party to any such Hedging Agreement, any such Additional Project Documents or any such Permitted Fuel Agreement or Permitted Power Marketing Agreement with a term in excess of one year.

SECTION 7.11. Fuel Agreements. The Borrower will not, nor will it permit any of its Subsidiaries to, enter into any Fuel Agreement other than any Fuel Agreement entered into by the Borrower or any of its Subsidiaries in the ordinary course of its business and not for speculation.

SECTION 7.12. Power Marketing Agreements. The Borrower will not, nor will it permit any of its Subsidiaries to, enter into any Power Marketing Agreements other than any Power Marketing Agreement entered into by the Borrower or any of its Subsidiaries in the ordinary course of its business and not for speculation.

SECTION 7.13. Power Purchase Agreements. The Borrower will not, nor will it permit any of its Subsidiaries to, enter into any Power Purchase Agreement other than any Power Purchase Agreement entered into by the Borrower or any of its Subsidiaries in the ordinary course of its business for the purpose of balancing the obligations of the Borrower and its Subsidiaries to sell electrical energy generating capacity and electrical energy under all Power Marketing Agreements to which the Borrower and its Subsidiaries are party with the aggregate electrical energy generating capacity and electrical energy to be generated by the Facilities taken as a whole while operated and maintained in accordance with prudent utility practice.

ARTICLE VIII. EVENTS OF DEFAULT.

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three or more Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any of its Subsidiaries in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 6.02, 6.03 (with respect to the Borrower's existence), 6.08, 6.10 (other than clause (a)(ii) thereof) or 6.12 or in Article VII or any Obligor shall default in the performance of any of its obligations contained in Section 4.02 or 5.02 of the Security Agreement; or any Member party thereto shall default in the performance of any of its obligations contained in the Pledge Agreement;

(e) any Obligor shall fail to observe or perform any covenant, condition or agreement contained in Section 6.01 and such failure shall continue unremedied for a period of 60 or more days after notice thereof from the Administrative Agents (given at the request of any Lender) to the Borrower.

(f) any Obligor shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (d) or (e) of this Article) or any other Loan Document and such failure shall continue unremedied for a period of 30 or more days after notice thereof from the Administrative Agents (given at the request of any Lender) to the Borrower;

(g) the Borrower or any of its Subsidiaries shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness when due (and any grace period relating thereto has expired) or any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower, any of its Subsidiaries, any Member, any Operator, NRG Marketing or NRG Operations or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower, any of its Subsidiaries, any Member, any Operator, NRG Marketing or NRG Operations or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower, any of its Subsidiaries, any Member, any Operator, NRG Northeast Marketing or NRG Operations shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for itself or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Borrower, any of its Subsidiaries, any Member, any Operator, NRG Northeast Marketing or NRG Operations shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $5,000,000 shall be rendered against the Borrower or any of its Subsidiaries or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days

during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any of its Subsidiaries to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) there shall have been asserted in writing against the Borrower or any of its Subsidiaries, or any predecessor in interest of the Borrower or any of its Subsidiaries by a Governmental Authority, any claims or liabilities, whether accrued, absolute or contingent, based on or arising from the generation, storage, transport, handling or disposal of Hazardous Materials by the Borrower or any of its Subsidiaries or predecessors that, in the judgment of the Required Lenders, are reasonably expected to be determined adversely to the Borrower or any of its Subsidiaries, and the amount thereof (either individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect (insofar as such amount is payable by the Borrower or any of its Subsidiaries but after deducting any portion thereof that is reasonably expected to be paid by other creditworthy Persons jointly and severally liable therefor);

(n) a Change in Control shall occur;

(o) the Borrower shall be terminated, dissolved or liquidated (as a matter of law or otherwise) or proceedings shall be commenced by any Person (including the Borrower) seeking the termination, dissolution or liquidation of the Borrower;

(p) the Liens created by the Security Documents shall at any time not constitute a valid and perfected Lien on the collateral intended to be covered thereby (to the extent perfection by filing, registration, recordation or possession is required herein or therein) in favor of the Collateral Agent, free and clear of all other Liens (other than Liens permitted under Section 7.02 or under the respective Security Documents), or, except for expiration in accordance with its terms, any of the Security Documents shall for whatever reason be terminated or cease to be in full force and effect, or the enforceability thereof shall be contested by any Obligor or Member;

(q) either (i) this Agreement or any other Loan Document is declared in a final non-appealable judgment to be unenforceable against any Obligor or Member party thereto, or any Obligor or Member shall have expressly repudiated its obligations hereunder or thereunder; or (ii) any Project Document is declared in a final non-appealable judgment to be unenforceable against any party thereto, or any such party shall have expressly repudiated its obligations thereunder and ceased to perform such obligations, or defaulted in the performance or observance of any of its material obligations thereunder and such default has continued unremedied for a period of five

days or more or any such party is the subject of any proceeding under the Bankruptcy Code; or

then, and in every such event (other than an event with respect to any Obligor described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agents may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the

Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Obligors accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Obligor; and in case of any event with respect to any Obligor described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Obligors accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Obligor.

ARTICLE IX. THE AGENTS.

Each of the Lenders hereby irrevocably appoints Chase and Citibank as its agent hereunder and under the other Loan Documents and authorizes Chase and Citibank to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agents by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Each of the Lenders hereby irrevocably appoints Citibank as its paying agent hereunder and under the other Loan Documents and authorizes Citibank to take such actions on its behalf and to exercise such powers as are delegated to the Paying Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Each of the Lenders hereby irrevocably appoints Chase as its collateral agent hereunder and under the other Loan Documents and authorizes Chase to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The following provisions of this Article IX shall apply to the Collateral Agent and the Paying Agent mutatis mutandis.

The Persons serving as the Administrative Agents hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agents, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agents hereunder.

The Administrative Agents shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agents shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative

Agents shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agents are required to exercise in writing by the Required Lenders, and (c) except as expressly set forth herein and in the other Loan Documents, the Administrative Agents shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agents or any of its Affiliates in any capacity. The Administrative Agents shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders or in the absence of its own gross negligence or willful misconduct. The Administrative Agents

shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agents by the Borrower or a Lender, and the Administrative Agents shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article V or elsewhere herein or therein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agents.

The Administrative Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agents also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agents may consult with legal counsel (who may be counsel for an Obligor, Member or the Sponsor), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agents may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agents. The Administrative Agents and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agents and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agents.

Each Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent's resignation shall nonetheless become effective and (1) the retiring

Administrative Agent shall be discharged from its duties and obligations hereunder and (2) the Required Lenders shall perform the duties of the Administrative Agent (and all payments and communications provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly) until such time as the Required Lenders appoint a successor agent as provided for above in this paragraph. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder (if not already discharged therefrom as provided above in this paragraph). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Except as otherwise provided in Section 10.02(b) with respect to this Agreement, the Administrative Agent and the Collateral Agent may, with the prior consent of the Required Lenders (but not otherwise), consent to any modification, supplement or waiver under any of the Loan Documents to which it is a party; provided that, without the prior consent of each Lender, (a) the Collateral Agent shall not (except as provided herein or in the Security Documents) release any collateral or otherwise terminate any Lien under any Security Document providing for collateral security, agree to additional obligations being secured by such collateral security (unless the Lien for such additional obligations shall be junior to the Lien in favor of the other obligations secured by such Security Document, in which event the Collateral Agent may consent to such junior Lien provided that it obtains the consent of the Required Lenders thereto), alter the relative priorities of the obligations entitled to the benefits of the Liens created under the Security Documents, except that no such consent shall be required, and the Collateral Agent is hereby authorized, to release any Lien covering property that is the subject of either a disposition of property permitted hereunder or a disposition to which the Required Lenders have consented.

ARTICLE X. MISCELLANEOUS.

SECTION 10.01. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower or any Subsidiary Guarantor, to it at c/o NRG Energy, Inc., 1221 Nicollet Mall, Suite 700, Minneapolis, MN 55403, Attention of Michael O'Sullivan (Telecopy No. 612-373-5430; Telephone No. 612-373-5408);

(b) if to the Administrative Agents, to The Chase Manhattan Bank, 1 Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Daniel Fischer, Loan and Agency Services Group (Telecopy No. (212) 552-5777; Telephone No. (212) 552-7906), with a copy to The Chase Manhattan Bank, 270 Park Avenue, New York, New York 10017, Attention of Bob Mathews (Telecopy No. (212) 270-3089; Telephone No. (212) 270-6004); and Citibank, N.A., 399 Park Avenue, Fifth Floor, Zone 24, New York, New York, 10043, Attention: Lorraine Frankel (Telecopy No. 212-793-4574; Telephone No. 212-559-2080, with a copy to Citibank, N.A., 399 Park Avenue, Fifth Floor, Zone 24, New York, New York 10043, Attention: Jasjeet S. Sood (Telecopy No.(212) 793-0092; Telephone No. (212) 559-3482).

(c) if to the Collateral Agent, to The Chase Manhattan Bank, 450 W. 33rd Street, 15th Floor, New York, New York 10001-2697, Attention: Valerie Dunbar (Telecopy No. (212) 946-8177; Telephone No. (212) 946-3007);

(d) if to the Paying Agent, to Citibank, N.A., Global Loan Operations, 2 Penns Way, Suite 200, New Castle, Delaware 19720 , Attention: Carlos Lopez (Telecopy No. (302) 894-6120; Telephone No. (302) 894-6007); or

(e) if to a Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto (or, in the case of any such change by a Lender, by notice to the Borrower and the Administrative Agents). All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.02. Waivers; Amendments.

(a) No Deemed Waivers; Remedies Cumulative. No failure or delay by the Administrative Agents, the Paying Agent, the Collateral Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agents, the Paying Agent, the Collateral Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Obligor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default,

regardless of whether the Administrative Agents, the Paying Agent, the Collateral Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Amendments. Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agents with the consent of the Required Lenders; provided that no such agreement shall (i) increase any Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate or amount of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) alter the manner in which payments or prepayments of principal, interest or other amounts hereunder shall be applied as among the Lenders or Types or Classes of Loans, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of the term "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender, or (vi) release any Subsidiary Guarantor from any of its guarantee obligations under Article III without the written consent of each Lender; and provided, further, that (x) no such agreement shall amend, modify or otherwise affect the rights or duties of the (1) Administrative Agents hereunder

without the prior written consent of each Administrative Agent, (2) Collateral Agent hereunder without the prior written consent of the Collateral Agent or (3) Paying Agent hereunder without the prior written consent of the Paying Agent and (y) that any modification or supplement of Article III shall require the consent of each Subsidiary Guarantor.

SECTION 10.03. Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agents, the Collateral Agent and the Paying Agent and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agents, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all out-of-pocket expenses incurred by the Administrative Agents or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agents, the Collateral Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof and (iii) and all costs, expenses, taxes, assessments and other charges incurred in connection with any filing, registration, recording or perfection of any security interest contemplated by any Security Document or any other document referred to therein.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agents, the Collateral Agent, the Paying Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) Reimbursement by Lenders. To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agents, the Collateral Agent or the Paying Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agents, the Collateral Agent or the Paying Agent, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agents, the Collateral Agent or the Paying Agent in its capacity as such.

(d) Waiver of Consequential Damages, Etc. To the extent permitted by applicable law, no party hereto shall assert, and each party hereto hereby waives, any claim against any other party or any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) Payments. All amounts due under this Section shall be payable not later than 20 days after written demand therefor.

SECTION 10.04. Successors and Assigns.

(a) Assignments Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Obligor may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Obligor without such consent shall be null and void). Nothing in

this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agents, the Collateral Agent, the Paying Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender (other than in the case of an assignment to such an Affiliate that would impose costs on the Borrower pursuant to Section 2.12 or 2.14 in excess of those costs incurred prior to such assignment), each of the Borrower and each Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment(s), the amount of the Commitment(s) of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agents) shall not be less than $10,000,000 unless each of the Borrower and each Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, (iv) the parties to each assignment shall execute and deliver to the Administrative Agents an Assignment and Acceptance, together with a processing and recordation fee of $3,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agents an Administrative Questionnaire; provided, further, that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default under clause (h) or (i) of Article VIII has occurred and is continuing. Upon acceptance and recording pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12,

2.13, 2.14 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) Maintenance of Register by the Paying Agent. The Paying Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in New York City a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agents, the Collateral Agent, the Paying Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of

this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Administrative Agents, the Collateral Agent and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Effectiveness of Assignments. Upon their receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agents and the Paying Agent shall accept such Assignment and Acceptance and the Paying Agent record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Participations. Any Lender may, without the consent of the Borrower or the Administrative Agents, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitments and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement and the other Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agents, the Collateral Agent, the Paying Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.12, 2.13 and 2.14 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(f) Limitations on Rights of Participants. A Participant shall not be entitled to receive any greater payment under Section 2.12 or 2.14 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to

such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.14 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.14(e) as though it were a Lender.

(g) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or assignment to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such

pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(h) No Assignments to the Obligors or Affiliates. Anything in this Section to the contrary notwithstanding, no Lender may assign or participate any interest in any Loan held by it hereunder to the Sponsor or any of its Affiliates or the Borrower or any of its Affiliates or Subsidiaries without the prior consent of each Lender.

SECTION 10.05. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any Administrative Agent, the Collateral Agent, the Paying Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.12 (except to the extent provided in clause (d) thereof), 2.13, 2.14, 3.03 and 10.03 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agents, the Collateral Agent and the Paying Agent constitute the entire contract between and among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 5.01, this Agreement shall become effective when it shall have been executed by the Administrative Agents and when the Administrative Agents shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page to this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.07. Severability. Any provision of this Agreement

held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest

extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Obligor against any of and all the obligations of any Obligor now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.09. Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Submission to Jurisdiction. Each Obligor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agents or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Obligor or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. Each Obligor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER

BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD

NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Treatment of Certain Information; Confidentiality.

(a) Treatment of Certain Information. The Borrower acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrower or one or more of its Subsidiaries (in connection with this Agreement or otherwise) by any Lender or by one or more subsidiaries or affiliates of such Lender and the Borrower hereby authorizes each Lender to share any information delivered to such Lender by the Borrower and its Subsidiaries pursuant to this Agreement, or in connection with the decision of such Lender to enter into this Agreement, to any such subsidiary or affiliate, it being understood that any such subsidiary or affiliate receiving such information shall be bound by the provisions of paragraph (b) of this Section as if it were a Lender hereunder. Such authorization shall survive the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

(b) Confidentiality. Each of the Administrative Agents, the Collateral Agent, the Paying Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors on a need-to-know basis (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by regulatory authority having jurisdiction over such Person, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this paragraph, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (vii) with the prior written consent of the Borrower in its sole discretion or (viii) to the extent such Information (A) becomes publicly available other than as a result of a breach of this paragraph or (B) becomes available to the Administrative Agents, the Collateral Agent, the Paying Agent or any Lender on a nonconfidential basis from a source other than an Obligor. For the purposes of this paragraph, "Information" means all information received from any Obligor relating to any Obligor or its business, other than any such information that is available to the Administrative Agents, the Collateral Agent, the Paying Agent or any Lender on a nonconfidential basis prior to disclosure by an Obligor. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has taken reasonable precautions to keep such

Information confidential in accordance with its customary procedures for handling confidential information of the same nature and in accordance with safe and sound banking practices. Unless prohibited by law or court order, each Lender, each Administrative Agent, the Collateral Agent and the Paying Agent shall, prior to disclosure thereof, notify the Borrower of any request for disclosure of any Information pursuant to subclause (ii) or (iii) of the first sentence of this clause (b).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

NRG NORTHEAST GENERATING LLC

By: Craig Mataczynski

Name: Craig Mataczynski
Title: President

SUBSIDIARY GUARANTORS

ARTHUR KILL POWER LLC

By: Craig Mataczynski

Name: Craig Mataczynski
Title: President

ASTORIA GAS TURBINE POWER LLC

By: Craig Mataczynski

Name: Craig Mataczynski
Title: President

DUNKIRK POWER LLC

By: Craig Mataczynski

Name: Craig Mataczynski
Title: President

HUNTLEY POWER LLC

By: Craig Mataczynski

Name: Craig Mataczynski
Title: President

NRG NORTHEAST POWER
MARKETING LLC

By: Craig Mataczynski

Name: Craig Mataczynski
Title: President

OSWEGO HARBOR POWER LLC

By: Craig Mataczynski

Name: Craig Mataczynski
Title: President

SOMERSET POWER LLC

By: Craig Mataczynski

Name: Craig Mataczynski
Title: President

S-4

LOAN AGREEMENT

LENDERS

THE CHASE MANHATTAN BANK,
individually, as an Administrative Agent and
as Collateral Agent

By: Robert W. Mathews

Name: Robert W. Mathews
Title: Vice President

S-5

LOAN AGREEMENT

CITIBANK, N.A.,
individually, as an Administrative Agent and
as Paying Agent

By: Jasjeet S. Sood

Name: Jasjeet S. Sood
Title: Managing Director
Attorney-in-fact
Global Project Finance
399 Park 5/24
212-559-3482

S-6

LOAN AGREEMENT

ABN AMRO BANK

By: David B. Bryant

Name: David B. Bryant
Title: Group Vice President

By: Mark R. Lasek

Name: Mark R. Lasek
Title: Group Vice President

LOAN AGREEMENT

AUSTRALIAN & NEW ZEALAND
BANKING GROUP LIMITED

By: Paul Clifford

Name: Paul Clifford
Title: Director

LOAN AGREEMENT

BANK HAPOALIM B.M.

By: Laura Anne Raffa

Name: Laura Anne Raffa
Title: First Vice President &
Corporate Manager

By: Conrad Wagner

Name: Conrad Wagner
Title: Vice President

LOAN AGREEMENT

BANK OF MONTREAL

By: Kresten M. Bjornsson

Name: Kresten M Bjornsson
Title: Director

THE BANK OF NOVA SCOTIA

By: F.C.H. Ashby

Name: F.C.H. Ashby
Title: Senior Manager Loan Operations

THE BANK OF TOKYO-MITSUBISHI, LTD.
NEW YORK BRANCH

By: Makoto Kobayashi

Name: Makoto Kobayashi
Title: Vice President

BAYERISCHE HYPO-UND VEREINSBANK AG
- New York Branch

By: Andrew G. Mathews

Name: Andrew G. Mathews
Title: Managing Director

By: Gisela Kroess

Name: Gisela Kroess
Title: Director

CIBC INC.

By: Denis P. O'Meara

Name: Denis P. O'Meara
Title: Executive Director

CIBC World Markets Corp. As Agent

COBANK, ACB

By: Anita Feuerbach

Name: Anita Feuerbach
Title: Vice President

COMMERZBANK AG

By: Dempsy L. Gable

Name: Dempsey L. Gable
Title: Senior Vice President

By: Andrew Kjoller

Name: Andrew Kjoller
Title: Assistant Vice President

S-16

LOAN AGREEMENT

CREDIT LOCAL DE FRANCE

By: Philippe Ducos

Name: Philippe Ducos
Title: Deputy General Manager

By: Robert N. Sloan, Jr.

Name: Robert N. Sloan, Jr.
Title: Vice President

S-17

LOAN AGREEMENT

DRESDNER KLEINWORT BENSON

By: Thomas Lake

Name: Thomas Lake
Title: Vice President

By: Kirk Edelman

Name: Kirk Edelman
Title: Vice President

S-18

LOAN AGREEMENT

THE INDUSTRIAL BANK OF JAPAN, LIMITED

By: William Chin

Name: William Chin
Title: Senior Vice President

ING (U.S.) CAPITAL

By: Stephen E. Fischer

Name: Stephen E. Fischer
Title: Managing Director

MEES PIERSON CAPITAL CORP.

By: Hendrik Vreege

Name: Hendrik Vreege
Title: Managing Director

By: Eugene Oliva

Name: Eugene Oliva
Title: Assistant Vice President

ROYAL BANK OF SCOTLAND PLC

By: Siobhan Smyth

Name: Siobhan Smyth
Title: Vice President, Project Finance

THE SUMITOMO BANK, LIMITED

By: Susumu Ogawa

Name: Susumu Ogawa
Title: Joint General Manager

LOAN AGREEMENT

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, New York Branch

By: Johnathan Berman

Name: Jonathan Berman
Title: Managing Director

By: Gary Bloomberg

Name: Gary Bloomberg
Title: Associate

EXHIBIT 10.18

WHOLESALE STANDARD OFFER SERVICE AGREEMENT

Wholesale Standard Offer
Service Agreement

between

Blackstone Valley Electric Company

Eastern Edison Company

Newport Electric Corporation

and

NRG Energy Power Marketing Inc.

TABLE OF CONTENTS

ARTICLE 1. Definitions 2

ARTICLE 2. Term 4

ARTICLE 3 Supplier Responsibilities 4

ARTICLE 4. Estimation of Hourly Loads and Reporting to the ISO 5

ARTICLE 5. Price 6

ARTICLE 6. Billing and Payments 7

ARTICLE 7. Security Provisions 8

ARTICLE 8. Events of Default, Liability, Relationship of the Companies ... 10

ARTICLE 9. Termination 12

ARTICLE 10. Force Majeure 12

ARTICLE 11. Assignment 13

ARTICLE 12. Successors and Assigns 13

ARTICLE 13. Resolution of Disputes 13

ARTICLE 14. Interpretation 15

ARTICLE 15. Severability of Provisions 15

ARTICLE 16. Accounts and Records 15

ARTICLE 17. Limitations on Liability and Indemnification 15

ARTICLE 18. Regulation 16

ARTICLE 19. Notices 16

ARTICLE 20. Miscellaneous 17

APPENDIX A SCHEDULE OF SUPPLIER'S SHARE of STANDARD OFFER SERVICE
AND STANDARD OFFER WHOLESALE PRICE

APPENDIX B SO REBATE

WHOLESALE STANDARD OFFER SERVICE AGREEMENT

This Wholesale Standard Offer Service Agreement ("Agreement"), is made and entered into this 13th day of October, 1998, between Eastern Edison Company, ("Eastern") a Massachusetts Corporation, Blackstone Valley Electric Company ("Blackstone"), a Rhode Island Corporation; and Newport Electric Corporation ("Newport"), a Rhode Island Corporation (referred to individually as the 'Company" or collectively as the "Companies"), on the one hand, and NRG Energy Power Marketing Inc. ("Supplier"), on the other hand.

WHEREAS, the Supplier will purchase certain electric resources from Montaup Electric Company, under an asset purchase agreement, (the "Asset Purchase Agreement") dated as of October 13, 1998; and as condition of such purchase and sale Supplier is required to assume a share of the Companies' Standard Offer Service under this Agreement; and

WHEREAS, the Companies are required to provide firm all-requirements service to any retail customer that is eligible for and is taking Standard Offer Service in accordance with the Settlement Agreements; and

WHEREAS, this Agreement provides for the transfer, from the Companies to Supplier, of the responsibility for providing firm all-requirements electric service including capacity, energy, reserves, losses and other related services necessary to serve a specified share of the Companies' aggregate load of retail customers taking Standard Offer Service; and

WHEREAS, by entering into this Agreement, Supplier agrees to provide and the Companies agree to receive and pay for electricity provided in accordance with the terms and conditions of this Agreement and the applicable Appendices, subject to any actions by any governmental bodies having regulatory jurisdiction over services rendered hereunder.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements contained herein. Supplier and Companies agree to the terms and conditions as set forth below:

ARTICLE 1. Definitions

Whenever used in this Agreement, the following terms shall have the following meanings. In addition, except as otherwise expressly provided, where terms used in this Agreement are defined in the Restated NEPOOL Agreement and not otherwise defined herein, such terms shall have the meanings given them in the Restated NEPOOL Agreement.

"Affiliate" shall mean any other entity (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For purposes of the foregoing the definition of "control" means the direct or indirect ownership of more than seventy percent of the outstanding capital stock or other equity interest having ordinary voting power.

"Agreement" shall mean this Agreement, including its Appendices as amended from time to time.

"Commencement Date of Service" shall mean the later of the Closing Date as defined in the Asset Purchase Agreement or the date on which required regulatory approvals have been obtained.

"Contract Year" shall mean any calendar year, or in the case of 1998 part of a calendar year, after the Commencement Date of Service in which Supplier is scheduled to provide electricity to the Companies for Standard Offer Service.

"Companies' System" shall mean the electrical distribution systems of Blackstone, Newport, Eastern, and/or the electrical transmission system of Montaup Electric Company, as applicable.

"Delivered Energy" shall mean the kilowatthours delivered to the meters of those retail customers taking Standard Offer Service.

"Delivery Point" shall be any location on the NEPOOL PTF system or Companies' System.

"D.T.E." shall mean the Massachusetts Department of Telecommunications and Energy or its successor state regulatory agency.

"Good Utility Practice" - Any of the applicable practices, methods and acts (i) required by NEPOOL, the Northeast Power Coordinating Council, the North American Electric Reliability Council, the ISO or the successor of any of them; (ii) required by the policies and standards of the D.T.E. relating to emergency operations; or (iii) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant rime period: which in each case in the exercise of reasonable judgment in light of the facts known or that should have been known at the time a decision was made, could have

been expected to accomplish the desired result in a manner consistent with law, regulation, safety, environmental protection, economy, and expedition. Good utility practice is intended to be acceptable practices, methods or acts generally accepted in the region, and is not intended to be limited to the optimum practices, methods or acts to the exclusion of all others.

"ISO" shall mean ISO New England, Inc., the independent system operator established in accordance with the Restated NEPOOL Agreement, or its successor.

"NEPOOL" shall mean the New England Power Pool or its successor.

"Party" or "Parties" shall mean the Supplier and the Companies and their respective successors and assigns.

"Price" shall mean the annual amount per kilowatthour to be paid for Delivered Energy set forth in Article 5 with no variation for time-of-use, seasonality, or any other factor except as specified in Article 5. The Companies or their Standard Offer customers shall not be obligated under this Agreement for any payments for Delivered Energy in addition to the payments made pursuant to Article 5.

"PTF" shall mean the facilities categorized as Pool Transmission Facilities as defined in the Restated NEPOOL Agreement.

"P.U.C." shall mean the Rhode Island Public Utilities Commission or its successor state regulatory agency.

"Restated NEPOOL Agreement" shall mean the New England Power Pool Agreement dated December 31, 1996, as amended from time to time, as it is in force at the time the action in question is taken.

"Settlement Agreements" shall mean any agreement or agreements that have been approved by the D.T.E. in Docket No. 96-24, P.U.C. in Docket No. 2514, and the Federal Energy Regulatory Commission in Docket Nos. ER97-2800-000 and ER97-3127-000, together with all conditions, terms and modifications imposed by those agencies.

"Standard Offer Service" shall mean firm all-requirements electric service (minute by minute, hour by hour, day by day) including, but not limited to: energy, installed capability, operable capability, reserves, and associated losses necessary to fulfill all NEPOOL and ISO obligations as they may change from time to time associated with providing firm all requirements power to the Companies' retail customers taking Standard Offer Service in accordance with the Settlement Agreements.

"Standard Offer Wholesale Price" shall mean the stipulated stream of prices, in cents per kilowatthour, that will be paid to suppliers of Standard Offer Service for Delivered

Energy, as shown in Appendix A.

"Terms and Conditions for Suppliers" shall mean the Blackstone Valley Electric Company and Newport Electric Corporation Terms and Conditions for Electric Power Suppliers dated May 29, 1997 as approved by the P.U.C., or the Eastern Edison Company Terms and Conditions for Competitive Suppliers as approved by the D.T.E., as applicable. These Terms and Conditions may be revised, amended, supplemented, or supplanted in whole or in part from time to time by the P.U.C. or D.T.E. or as otherwise provided by law.

ARTICLE 2. Term

The term of this Agreement shall begin on the Commencement Date of Service and end at 12:00 midnight on December 31, 2009, unless terminated sooner in accordance with Article 8 or 9.

ARTICLE 3. Supplier Responsibilities

Supplier shall, prior to the Commencement Date of Service, (i) be a member, in good standing, of NEPOOL or its successor entity and maintain an

own-load dispatch or settlement account established in accordance with the rules and criteria established by the ISO throughout the term of this agreement, or (ii) have an agreement in place, for the full term of this Agreement, with a NEPOOL member whereby the NEPOOL member agrees to include the load to be served by Supplier under this Agreement in its own-load dispatch or settlement account. In addition, Supplier must satisfy registration and certification requirements, as the case may be, as a Non-Regulated Power Producer in Massachusetts and Rhode Island.

Supplier is responsible for providing firm all-requirements service necessary to serve its share, as shown in Appendix A attached hereto, of the Companies aggregate load attributed to those customers taking Standard Offer Service, including changes in Standard Offer Service customer demand for any reason, including, but not limited to, seasonal factors, daily load fluctuations, increased or decreased usage, demand side management activities, extremes in weather, and other similar events.

As a provider of Standard Offer Service, Supplier is solely responsible for satisfying all requirements and paying all costs incurred or to be incurred to provide those generation-related services including, without limitation, all costs or other requirements to furnish installed capability, operable capability, energy, operating reserves, line losses, automatic generation control, and other generation-related ancillary services associated with the provision of its share of Standard Offer Service. Supplier is also solely responsible for meeting any other requirements and paying any other cost now or hereafter imposed by the ISO from time to time which are attributable to the provision of Standard Offer Service, as they may arise. If the ISO or any successor entity or NEPOOL allocates any expenses or uplift costs to the Standard Offer Service provided by the Supplier (on a load or peak load

basis or otherwise), the expenses or costs so allocated will be borne by the Supplier alone without recourse to the Companies.

Supplier shall be responsible for all transmission and distribution losses associated with the delivery of electricity supplied under this Agreement from the sources of its supply to the meters of those customers taking Standard Offer Service; provided, however, the Companies shall operate their respective distribution systems in accordance with Good Utility Practice.

Supplier is responsible for any transmission wheeling costs to the Delivery Point and any distribution wheeling costs associated with supply sources not included in Companies' approved distribution rates. If the NEPOOL control area experiences congestion, Supplier will be responsible for any congestion costs incurred in delivering power to the Delivery Point(s). In the event that NEPOOL adopts a transmission congestion management approach assigning priority rights or other benefits to transmission customers serving native load in the congested area, then, if so requested by Supplier, the Companies shall assign to the Supplier at no cost the proportional share of such priority rights or other benefits associated with Seller's proportional share of Standard Offer Service under this Agreement at such time. Supplier shall be responsible for all transmission and distribution costs associated with the use of transmission systems outside of NEPOOL and any local point-to-point transmission charges and distribution charges incurred to deliver the power to the NEPOOL PTF or the Companies' systems.

In the event that either the D.T.E. or the P.U.C. issue orders requiring the Companies to implement uniform disclosure requirements that pertain to the reporting of information regarding power plant emissions, fuel types, or labor information for the sources of electricity used to supply Standard Offer Service, the Supplier will provide, subject to any

confidentiality obligations to which it is bound, such information in a timely manner in an appropriate form to enable the Companies to comply with such requirements.

ARTICLE 4. Estimation of Hourly Loads and Reporting to the ISO

To meet their NEPOOL obligations, the Companies shall report to the ISO Supplier's share of hourly Standard Offer Service load, including distribution and non-PTF losses. As required by NEPOOL, the Companies will make all reasonable efforts to report to the ISO Supplier's hourly share of Standard Offer Service load by 12:00 noon of the second following business day. In making such reports, the Companies will estimate Supplier's share of Standard Offer Service load based on the methods and procedures approved in Terms and Conditions for Suppliers on file with the P.U.C. and D.T.E., as amended from time to time.

As described in the Terms and Conditions for Suppliers, to determine Supplier's share of Delivered Energy, at the end of each month, the Companies shall aggregate Supplier's hourly Standard Offer Service loads as reported to the ISO for each hour of the month. The

Supplier's aggregate share of Standard Offer Service. excluding losses, will be deemed to be the quantity of Delivered Energy that Supplier provided for that month and is the unadjusted kWh amount to be used for Billing and Payment as described in Article 6.

The Companies will periodically reconcile the Delivered Energy to actual meter readings of those customers taking Standard Offer Service, as described in the Terms and Conditions for Suppliers. The Companies will apply any resulting billing adjustment (debit or credit) to Supplier's account no later than the last day of the third month following the billing month.

ARTICLE 5. Price

For each kilowatt-hour of Delivered Energy that Supplier provides in each month, as determined in accordance with Article 4 and the Terms and Conditions for Suppliers, the Companies shall pay Supplier the applicable Price for the month in cents per kilowatt-hour calculated as follows:

Price = Standard Offer Wholesale Price
+ Fuel Adjustment Factor

Where: Standard Offer Wholesale Price in cents per kilowatt hour is as defined in Article I and shown in Appendix A, and

Fuel Adjustment Factor is a cents per kilowatt-hour adder based on the incremental revenues collected, if any, attributed to the operation of the Retail Standard Offer Fuel Index ("Fuel Index") mechanism in the Companies'Standard Offer Service tariffs. The revenues attributed to the Fuel Index will be fully allocated to Suppliers in proportion to the Standard Offer Service energy provided by each Supplier for the applicable billing month through the Fuel Adjustment Factor. The Fuel Index, and the resulting Fuel Adjustment Factor to be paid to Supplier, will be made subject to regulatory approval and only to the extent that the Companies are allowed to collect such revenues from their retail customers taking Standard Offer Service.

With the exception of any sales or gross receipt taxes which are

required by law to be paid by Standard Offer Service customers, the Price for Delivered Energy as set forth herein includes all local, state, and federal taxes, fees and levies applicable as of the date hereof. For any new taxes, fees and levies, assessed with respect to the services provided by Supplier after the Commencement Date of Service, the Companies will fully support and pursue in good faith the recovery of any such new tax, fee and levy imposed on Supplier from the Companies' Standard Offer Service customers. To the extent such new taxes, fees and levies are allowed to be recoverable by the Companies from their Standard Offer Service

customers, the Companies shall reimburse Supplier for such generation related taxes, fees and levies paid by Supplier.

ARTICLE 6. Billing and Payments

Until reconciled with actual metered data pursuant to the Terms and Conditions of Suppliers, computations by the Companies of the charges for the purposes of billings hereunder shall be based on estimates of Supplier's Delivered Energy in accordance with Article 4 and the Price as determined in accordance with Article 5. The Companies shall calculate the amount payable to Supplier for a given month on or before the twentieth (20th) day of the following month. The calculation shall be provided to Supplier and shall show the total amount due and payable for the previous month. Each bill shall be subject to adjustment for any errors in arithmetic computation, estimating, reconciliation pursuant to the Terms and Conditions of Suppliers or otherwise only to the extent allowed by the terms of this Article 6.

On or before the last day of each month, Companies shall pay Supplier any amounts due and payable for the Delivered Energy provided by Supplier in the previous month ("Due Date"). Any amount remaining unpaid after the Due Date shall bear interest at the Prime Rate then in effect at the main office of BankBoston, or such other lending institution as agreed to by Companies and Supplier, from the Due Date to the date of payment by Companies.

If Supplier disputes the amount of any bill or payment, Supplier shall itemize the basis for its dispute in a written notice to Companies within fifteen days after the Due Date. Billing and payment disputes shall be handled in accordance with the provisions of Article 13 of this Agreement. Upon final resolution of the dispute, payment of any amount due to a Party under the terms of the resolution shall be made within thirty (30) days of the date thereof, together with interest from and after the original Due Date at the rate specified in this Article.

The Companies may make retroactive adjustments to any billing for a period of up to one year from the date of the original billing in order to reflect differences in charges resulting from receipt of more accurate data. Supplier may dispute such adjustment in writing within thirty (30) days of receipt of the proposed adjustment.

Commencing in 2001, Supplier will pay to each of the Companies a rebate (the "S0 Rebate") for the prior Contract Year equal to the product of (i) the Base SO Rebate for such Company set forth in Appendix B to this Agreement, multiplied by (ii) a fraction, the numerator of which will be equal to such Company's actual Delivered Energy for the Contact Year for which the SO Rebate is being calculated, and the denominator of which will be equal to the Base Delivered Energy for such Company set forth in Appendix B. The SO Rebate payable to each Company for a Contract Year will be calculated on April 1 of the following Contract Year and setoff in equal amounts against the amounts payable by such

Company for Delivered Energy over the next three billing periods; provided that if the SO Rebate is not fully recovered by the applicable Company during such billing periods, any remaining SO Rebate shall be paid by Supplier within 30 days of the applicable Company's written demand therefor.

ARTICLE 7. Security Provisions

As a condition of this Agreement and upon execution hereof, the Supplier shall deliver to the Companies a financial surety to secure Supplier's performance under this Agreement under one of the following forms, as Supplier may from time to time determine:

(1) Except as otherwise provided in this Article, Supplier shall at all times during the term of this Agreement (i) maintain an investment grade rating on its senior debt securities, as determined by Standard & Poor's Corporation, Moody's Investors Service, Inc. or another nationally recognized rating service reasonably acceptable to the Companies and (ii) maintain total assets of at least $500,000.000 times the percentage of the Companies' Standard Offer Service which is initially satisfied by the Wholesale Standard Offer Service under this Agreement (the foregoing items (i) and (ii) being herein referred to as the "Creditworthiness Criteria"). If on the Commencement Date of Service or at any time during the term of this Agreement the Supplier shall fail to meet the Creditworthiness Criteria, then the Supplier shall promptly deliver to the Companies an unconditional and irrevocable guaranty of its obligations under this Agreement in form and substance acceptable to the Companies and issued by an entity meeting the Creditworthiness Criteria (a "Guaranty"). The amount of any such Guaranty shall be the difference between the value of Supplier's total assets and its requirements pursuant to part (ii) of the Creditworthiness Criteria; provided, however, that if Supplier meets or exceeds its obligations pursuant to part (ii) of the Creditworthiness Criteria no Guaranty will be required of it. Supplier or the issuer of the Guaranty, as applicable, shall certify to the Companies no less frequently than the end of every calendar quarter that it meets the Creditworthiness Criteria (which certification shall include such calculations and evidence as the Companies shall reasonably request from time to time), and shall deliver financial statements to the Companies certified by a firm of certified public accountants of national standing at least annually within sixty (60) days following the end of the Supplier's or the garantor's fiscal year.

(2) In lieu of meeting the Creditworthiness Criteria or delivering the Guaranty as required in Article 7(l), Supplier shall have the right to deliver to the Companies an irrevocable standby letter of credit issued by a commercial bank reasonably acceptable to the Companies. The amount of such letter of credit shall be calculated annually based on the following formula:

$$SD(n) = SF \times STDL(n-1) \times \{ (PSTD(n) \times TD(n))+(PSTD(n+1) \times TD(n+l))+ (PSTD(n/2) \times TD(n+2)) +.........+ (PSTD(2009) \times TD(2009)) \}$$

Where:

SD(n) is the Security Deposit in Contract Year (n)

SF is the Security Fee equal to $10.00/MWh

STDL(n-1) is the aggregate load of those customers taking Standard Offer Service in the previous Contract Year (n-1), expressed in MWh. In Contract Year 1997, STDL shall be 4,500,000 MWh.

PSTD(n) is the percentage share of Standard Offer Service load that the Supplier has committed to provide in Contract Year (n) as shown in Appendix A.

TD(n) is the Transition Discount in Contract Year (n), calculated as follows:

TD(n) = 1.00
TD(n+1) = (7-1)/7 = 0.857
TD(n+2) = (7-2)/7 = 0.714
TD(n+3) = (7-3)/7 = 0.571
TD(n+4) = (7-4)/7 = 0.429
TD(n+5) = (7-5)/7 = 0.286
TD(n+6) = (7-6)/7 = 0.143
TD(n+7) = 0
TD(n+8) = 0
TD(n+9) = 0
TD(n+10) = 0
TD(n+11) = 0

The letter of credit shall be available to be drawn upon by the Companies in the event that an event of default occurs with respect to the Supplier hereunder and shall otherwise be in form and substance reasonably acceptable to the Companies (the "Initial Letter of Credit"). The draw down on the Initial Letter of Credit shall be limited to the amount the Companies are entitled to pursuant to Article 8(3) hereof. The bank issuing such Initial Letter of Credit on behalf of a Supplier must maintain a long term debt rating of "A" or better from Standard and Poor's Rating Service or Moody's Investment Service.

The Initial Letter of Credit, if not issued for the full term of the Supplier's Standard Offer Service obligation, shall be renewed on an annual basis or replaced and superseded by a like kind of surety at least thirty (30) days prior to the expiration of such prior surety on a continuing basis to the termination of this Agreement or until Supplier's share of Standard Offer Service load is zero. The amount of such financial surety may be amended on an annual basis to reflect the security amount calculated pursuant to this Article 7 for the remaining term of this Agreement, provided that, if such Initial Letter of Credit is drawn down upon by the Companies, Supplier shall have no duty to renew or replace it with a letter of credit having a face amount greater than that remaining on the drawn down Initial Letter

of Credit.

ARTICLE 8. Events of Default, Liability, Relationship of the Companies

(1) Unless excused by a Force Majeure as described in Article 10, each of the following events shall be deemed to be an Event of Default hereunder:

(a) Failure of the Company to pay when due any undisputed payment due to Supplier and such failure shall continue for five (5) days following the receipt of written notice from the Supplier specifying the overdue amount.

(b) Failure of Supplier, in a material respect, to comply with, observe, or perform any covenant, warranty or obligation under this Agreement, and such failure is not cured or rectified within forty-five (45) days after receipt of written notice thereof from the Companies.

(c) Failure of the Companies, in a material respect, to comply with, observe, or perform any covenant, warranty or obligation under this Agreement, other than as described in (a) above, and such failure is not cured or rectified within forty-five (45) days after receipt of written notice thereof from the Supplier.

(d) Failure of Supplier to maintain any of the security requirements outlined in Article 7, and such failure is not cured or rectified within ten (10) days after notice thereof from the Companies.

(e) And with respect to the Supplier, any Company and/or the Companies, a custodian, receiver, liquidator or trustee for such Party is appointed or takes possession and such appointment or possession remains uncontested or in effect for more than sixty days: or the Party makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts as they mature; or the Party is adjudicated as bankrupt or insolvent; or an order for relief is entered under the Federal Bankruptcy Code against the Party; or any material property of the Party is sequestered by court order and the order remains in effect for more than sixty days; or a petition is filed against the Party under any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law of any jurisdictions, whether now or subsequently in effect, and is not stayed or dismissed within sixty days after filing; or the Party files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect; or the Party consents to the filing of any petition against it under any such law; or the Party consents to the appointment or taking possession by a custodian, receiver, trustee or liquidator of the Party or any material portion of its

property.

(2) Upon the occurrence of an Event of Default by the Companies, the Companies shall be liable to the Supplier for any direct damages resulting from the Event of Default, including, but not limited to, reasonable additional administrative and legal expenses incurred as a result of Companies failure to perform. Supplier shall take all commercially reasonable measures to mitigate such direct damages. In addition, the Supplier may unconditionally terminate this Agreement by giving written notice to the Companies, such termination to be effective as of the date specified in such notice. Notwithstanding any other provision of this Agreement to the contrary, the rights and obligations of the

Companies, herein are several and not joint. Each of the Company's share of such rights and obligations shall be determined by the portion of its monthly Standard Offer Service requirements represented as a percentage of the Companies' total Standard Offer Service requirements during the period of time in which the right, obligation or liability in questions arose, accrued and/or matured, and in the event of difficulty or a dispute in determining the appropriate period of time, during the entire duration of the Agreement.

(3) Upon the occurrence of an Event of Default by the Supplier, the Supplier shall be liable to the Companies for all costs reasonably incurred by the Companies resulting from Supplier's failure to deliver its share of the Standard Offer Service. Such amount shall include the positive difference, if any, obtained by subtracting the per unit Price established in Article 5, from the per unit Replacement Price. The positive difference shall be applied to each kilowatthour that Supplier falls to deliver.

"Replacement Price" shall mean the price at which the Companies acting in a commercially reasonable manner purchase substitute Standard Offer Service nor delivered by Supplier, plus any additional transmission and NEPOOL charges, incurred by the Companies. The Parties hereby stipulate that purchases at the applicable NEPOOL spot market prices will be deemed commercially reasonable.

The Parties expressly agree that the amounts Set forth in this Article 8(3) do not constitute liquidated damages. In addition to the amounts established in this Article 8(3) above, the Supplier shall be liable to the Companies for any additional direct damages resulting from an Event of Default associated with reasonable additional administrative and legal expenses incurred as a result of Supplier's failure to perform, and the Companies may unconditionally terminate this Agreement by giving at least sixty (60) days advance written notice to the Supplier, such termination to be effective as of the date specified in such notice. The Parties expressly agree that the Companies may exercise their rights under the financial surety provided under Article 7 to collect any and all amounts owed and due from the Supplier resulting under this Article 8.

Nothing in this Article 8 shall be construed to limit the right of any party to seek any remedies for a breach specified in this Agreement by the other Party or Parties of its or their obligations hereunder, whether or not such breach results in a termination of this Agreement

under this Article 8 and whether or not such breach is cured per Articles 8(l)(a) or 8(l)(b), or during any period during which the non-breaching, Party elects not to exercise its right to terminate this Agreement. In particular, each Party shall have the right to seek a specific performance of any of the obligations of any other Party hereunder.

ARTICLE 9. Termination

In addition to the termination rights for an Event of Default provided in Article 8, the Companies may terminate this Agreement if Supplier's share of Standard Offer Service load is less than one (1) megawatt for two consecutive months.

ARTICLE 10. Force Majeure

As used in this Agreement, "Force Majeure" means any cause beyond the reasonable control of, and without the fault or negligence of, the Party

claiming Force Majeure. A Force Majeure shall include, without limitation, sabotage, strikes, riots or civil disturbance, acts of God, acts of a public enemy, drought, earthquake, flood, explosion, fire, lightning, landslide, or any similar cataclysmic occurrence, or appropriation or diversion of electricity by sale or order of any governmental authority having jurisdiction thereof, but only if and to the extent that the event adversely affects the availability of the transmission or distribution facilities of NEPOOL and/or its participants, the Companies or an affiliate of the Companies, and such affected facilities are necessary to deliver Standard Offer Service electricity to the Standard Offer Service customers.

An event chat affects the availability or cost of operating any transmission or distribution facilities outside the NEPOOL control area, affects the availability or cost of operating a generating facility, or any event that merely causes an economic hardship to either Party shall not be deemed a Force Majeure.

If either Party is rendered wholly or partly unable to perform its obligations under this Agreement because of Force Majeure as defined above, that Party shall be excused from whatever performance is affected by the Force Majeure, to the extent so affected, provided that:

(a) The nonperforming Party promptly, but in no case longer than five (5) working days after the occurrence of the Force Majeure, gives the other Party written notice describing the particulars of the occurrence;

(b) The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Force Majeure;

(c) The nonperforming Party uses reasonable efforts to remedy its inability to perform and expeditiously takes reasonable action to correct or cure the event or condition; and

(d) The nonperforming Party exercises all reasonable efforts to mitigate or limit damages to the other Party. With respect to the Supplier, this shall mean that Supplier must purchase, at its own expense, electricity from the NEPOOL market to meet its obligations under this Agreement, to the extent such electricity is available and deliverable.

ARTICLE 11. Assignment

Unless mutually agreed to by the Parties, no assignment, pledge, or transfer of this Agreement shall be made by either Party without the prior written consent of the other Party, which shall nor be unreasonably withheld, except no prior written consent shall be required for (i) the assignment, pledge or other transfer to another company or Affiliate in the same holding company system as the assignor, pledgor or transferor, provided, the assignee, pledgee or transferee expressly assumes and demonstrates, to the reasonable satisfaction of the non-assigning Party, that it can meet the obligations of the assignor, pledgor or transferor under this Agreement, or (ii) the transfer, incident to a merger or consolidation with, or transfer of all (or substantially all) of the assets of the transferor, to another person or business entity, provided, such transferee expressly assumes, and demonstrates to the reasonable satisfaction of the non-assigning party that it can meet, all the obligations of the assignor, pledgor or transferor under this Agreement.

ARTICLE 12. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and assignees.

ARTICLE 13. Resolution of Disputes

Subject to Article 8(3), all disputes between the Companies and Supplier resulting from or arising out of performance under this Agreement shall be referred to a senior representative of the Companies with authority to settle, designated by the Companies, and a senior representative of Supplier with authority to settle, designated by Supplier, for resolution on an informal, face-to-face basis as promptly as practicable. The Parties agree that such informal discussion shall be conducted in good faith. The discussions between such representatives shall be considered "settlement talks" under Rule 403 of the Federal Rules of Evidence or analogous Massachusetts rules or practices and such discussions shall have no evidentiary value provided, however, that either Party may introduce evidence of matters discussed in such settlement talks, if the facts and documents reflecting such matters are discovered or otherwise come into a Party's possession independent of such settlement talks. In the event the designated senior representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Companies and the Supplier may jointly agree upon, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedure set forth herein if the Companies and Supplier jointly agree to submit it to arbitration. For any dispute or claim arising out of or relating to any charges incurred

under this Agreement having a value less than or equivalent to $100,000, such arbitration shall be mandatory. Nothing in this Article 13 shall prevent the Companies from issuing, pursuant to Sections 1(a) and (3) of Article 8, notice of failure to comply with, observe or perform this Agreement.

The arbitration shall be conducted before a single neutral arbitrator or arbitrator panel appointed by the Parties. If the Parties agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, that arbitrator shall serve, otherwise the Companies and Supplier shall each choose one arbitrator, who shall serve on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to act as chairman of the arbitration panel. If the two arbitrators are unable to select a third arbitrator, each arbitrator shall select three candidates. A list of the six candidates, along with their resumes, shall be provided in alphabetical order, with no indication of the arbitrator who selected such candidate or the Party who selected the arbitrator who selected such candidate, to the American Arbitration Association ("AAA"), who will select one candidate. If that candidate is unable or unwilling to serve, AAA shall select another candidate. This process will be repeated until a third arbitrator is selected or the list of candidates is exhausted. If the list of candidates is exhausted, the arbitrators shall submit a new list of candidates and the process set forth above shall be repeated a second time. In all cases, the arbitrator(s) shall be knowledgeable in electric utility matters, including electricity transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration or any affiliate of such Party.

Except as otherwise provided herein, the arbitrator(s), shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. There shall be no formal discovery conducted in connection with the arbitration, except as specifically authorized by a vote of the panel. The Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing,

along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her, or their appointment and shall notify the Parties in writing of such decision and the reasons therefor, and shall make an award apportioning the payment of the costs and expenses of arbitration, including panel costs, among the Parties, provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to amend or modify this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards required under the Federal Arbitration Act (9 U.S.C.A. Sect. 1 et. al.) and/or The Uniform Arbitration Act, as adopted in Massachusetts (M.G.L. c. 251. Sect. 1 et seq.).

ARTICLE 14. Interpretation

The interpretation and performance of this Agreement shall be in accordance with and shall be controlled by the laws of the Commonwealth of Massachusetts, without regard to Massachusetts conflict of law principles.

ARTICLE 15. Severability of Provisions

Subject to the provisions of Article 13, a holding by any court having jurisdiction that any provision of this Agreement is invalid or unenforceable shall not result in invalidation or unenforceability of the entire Agreement but all remaining terms shall remain in full force and effect.

ARTICLE 16. Accounts and Records

The Companies and Supplier shall keep complete and accurate records of their operations hereunder and shall maintain such data for a period of at least two (2) years after final billing. The Companies and Supplier shall have the right, during normal business hours, to examine and inspect all such records insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of all relevant data, estimates or statement of charges associated with service hereunder.

ARTICLE 17. Limitations on Liability and Indemnification

Each Party agrees to indemnify, defend, and hold the other Party (including the other Party's affiliated companies, trustees, directors, board members, officers, employees, and agents) harmless from and against any and all damages, costs, claims, liabilities, actions or proceedings arising from or claimed to have arisen from the wrongful acts or omissions of the indemnifying Party's employees or agents, unless caused by an act of negligence or willful misconduct by the indemnified Party (including the Party's affiliated companies, trustees, directors, board members, officers. employees or agents).

The Parties hereby waive and release the other Party as well as the other Party's affiliated companies, trustees, directors, officers, employees, and agents from any liability, claim, or action arising from damage to its property due to the performance of this Agreement.

To the fullest extent permissible by law, neither the Companies nor

Seller, nor their respective officers, directors, agents, employees, parent or Affiliates, successors or assigns, or their respective officers, directors, agents or employees, successors or assigns, shall be liable to the other party or its parent, subsidiaries. Affiliates, officers, directors, agents, employees, successors or assigns, for claims, suits, actions or causes of action for incidental, indirect, special, punitive, multiple or consequential damages (including attorneys' fees or litigation costs) connected with or resulting from performance or non-performance of the

Agreement, or any actions undertaken in connection with or related to this Agreement, including without limitation any such damages which are based upon causes of action for breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, Massachusetts General Laws Chapter 93A, statute, operation of law, or any other theory of recovery. The provisions of this Section 17 shall apply regardless of fault and shall survive termination, cancellation, suspension, completion or expiration of this Agreement.

ARTICLE 18. Regulation

(1) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable state and federal laws, and to all duly promulgated orders and other duly authorized actions of governmental authority having jurisdiction, provided, however, that this Agreement shall not be subject to change through unilateral application under Sections 205 and 206 of the Federal Power Act,

(2) This Agreement is intended to comply with all NEPOOL Criteria, Rules, and Standards ("Rules"). If, during the term of this Agreement, the Restated NEPOOL Agreement is terminated or amended in a manner that would eliminate or alter a Rule affecting a right or obligation of a Party hereunder, or if such a Rule is eliminated or altered by NEPOOL or the ISO, in a manner which materially affects the costs and obligations to provide Standard Offer Service, the Companies and Supplier shall meet to determine appropriate compensation to the affected Party. In the event that the Parties are not able to agree on the materiality of the cost or obligations or the amount to be reimbursed, Parties shall attempt to resolve the matter in accordance with Article 13.

(3) In the event that the Standard Offer Service or the Terms and Conditions for Suppliers are terminated, amended or replaced by any governmental or regulatory agency having jurisdiction over the provision of Standard Offer Service in a manner which materially increases Supplier's costs or obligations to provide Standard Offer Service or the Companies are prevented from recovering from customers taking Standard Offer Service the cost of electricity provided by Supplier, the Companies and Supplier shall meet to determine appropriate compensation to the negatively impacted Party. In the event that the Parties are not able to agree on the materiality of the increased cost or obligations or the amount to be reimbursed, Parties shall attempt to resolve the matter in accordance with Article 13.

ARTICLE 19. Notices

Any notice, demand, or request permitted or required under this Agreement shall be delivered in person or mailed by certified mail, postage prepaid, return receipt requested, or otherwise confirmed receipt, to a Party at the applicable address set forth below:

To Companies:

Kevin A. Kirby
Vice President - Power Supply
EUA Service Corporation
P.O. Box 543
750 West Center Street
West Bridgewater, MA 02379

To Supplier:

NRG Power Marketing Inc.
1221 Nicollet Mall
Minneapolis, MN 55403-2445
Attention: Craig Mataczynski, President
Facsimile: 612-373-5430

With a copy to:

James Bender, Vice President
Facsimile: 612-373-5392

Such addresses may be changed from time to time by written notice by either Party to the other Party.

ARTICLE 20, Miscellaneous:

(1) Each Party shall prepare, execute and deliver to the other Party any documents reasonably required to implement any provision hereof.

(2) Each Party represents to the other that this Agreement and such Party's performance thereof are within the corporate powers of such Party and have been duly authorized by proper corporate action on the part of such Party.

(3) Any number of counterparts to this Agreement may be executed and each shall have the same force and effect as the original.

(4) This Agreement shall constitute the entire understanding between the Parties and shall supersede all prior correspondence and understandings pertaining to the subject matter of this Agreement.

(5) Failure of either Party to enforce any provision of this Agreement or to require performance by the other Party of any of the provisions hereof, shall not be construed as a waiver of such provisions or affect the validity of this Agreement, any

part hereof, or the right of either Party to thereafter enforce each

and every provision.

(6) Article and Section headings used throughout this Agreement are for the convenience of the Parties only and are not to be construed as part of this Agreement.

(7) Nothing in this Agreement shall be construed as creating any relationship between the Parties other than that of independent contractor for the sale and purchase of electricity at wholesale.

(8) Notwithstanding any other provision of this Agreement to the contrary, the rights and obligations of the Companies herein are several and not joint. Each of the Companies share of such rights and obligations shall be determined by the portion of its monthly Standard Offer Service energy requirements represented as a percentage of the Companies' total Standard Offer Service requirement.

(Remainder of this page intentionally left blank]

IN WITNESS WHEREOF. Supplier and the Companies have caused this Agreement to be signed by their respective duly authorized representatives as of the date first above written.

Supplier: NRG POWER MARKETING, INC.

By: /s/ CRAIG MATACZYNSKI

Name: Craig Mataczynski

Title: President

On Behalf of the Companies:

Blackstone: BLACKSTONE VALLEY ELECTRIC COMPANY

By: /s/ KEVIN A. KIRBY

Name: Kevin A. Kirby
Title: Vice President

Eastern: EASTERN EDISON COMPANY

By: /s/ KEVIN A. KIRBY

Name: Kevin A. Kirby
Title: Vice President

Newport: NEWPORT ELECTRIC CORPORATION

By: /s/ KEVIN A. KIRBY

Name: Kevin A. Kirby
Title: Vice President

EXHIBIT 10.19

ASSET SALES AGREEMENT

BY AND BETWEEN

NIAGARA MOHAWK POWER CORPORATION

AND

NRG ENERGY, INC.

Dated as of December 23, 1998

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

1.1. Definition ....-1-

ARTICLE II

PURCHASE AND SALE

2.1. The Sale .... -9-
2.2. Exclude Assets .... -9-
2.3. Assumed Obligations ....-10-
2.4. Excluded Liabilities ....-13-

ARTICLE III

PURCHASE PRICE

3.1. Purchase Price ....-15-
3.2. Purchase Price Adjustment ....-15-
3.3. Allocation of Purchase Price ....-15-
3.4. Proration ....-16-

ARTICLE IV

THE CLOSING

4.1. Time and Place of Closing ....-17-
4.2. Payment of Purchase Price ....-17-
4.3. Deliveries by the Seller ....-18-
4.4 Deliveries by the Buyer ....-19-

ARTICLE V

REPRESENTATIONS AND WARRANTS OF THE SELLER

5.1. Organization; Qualification ....-19-
5.2. Authority Relative to this Agreement ....-20-
5.3. Consents and Approvals; No Violation ....-20-
5.4. Reports..-21-
5.5. Company Reports; Financial Statements................................-22-
5.6. Undisclosed Liabilities..-23-

5.7. Absence of Certain Changes or Events.................................-23-
5.8. Title and Related Matters..-23-
5.9. Leases...-24-
5.10. Insurance...-24-
5.11. Environmental Matters...-24-
5.12. Labor Matters...-25-
5.13. Real Estate...-26-
5.14. Condemnation..-26-
5.15. Certain Contracts and Arrangements..................................-26-
5.16. Legal Proceedings, etc..-27-
5.17. Permits...-28-
5.18. Tax Matters...-28-
5.19. Compliance with Laws..-28-
5.20. Satisfaction of Required Standards..................................-28-

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF THE BUYER

6.1. Organization...-29-
6.2. Authority Relative to this Agreement.................................-29-
6.3. Consents and Approvals; No Violation.................................-30-
6.4. Availability of Funds..-31-

ARTICLE VII

COVENANTS OF THE PARTIES

7.1. Conduct of Business Relating to the Purchased Assets...............-31-
7.2. Access to Information..-33-
7.3. Expenses...-36-
7.4. Further Assurances...-36-
7.5. Public Statements..-37-
7.6. Consents and Approvals...-37-
7.7. Fees and Commissions...-38-
7.8. Tax Matters..-38-
7.9. Supplements to Schedules...-42-
7.10. Employees...-42-
7.11. Risk of Loss..-46-
7.12. Tax Clearance Certificates......................................-47-
7.13. NYSERDA Compliance..-47-
7.14. Units 63 and 64...-47-

ARTICLE VIII

CONDITIONS

8.1. Conditions to Each Party's Obligations to Effect the Transaction...-48-
8.2. Conditions to Obligations of the Buyer............................-49-
8.3. Conditions to Obligations of the Seller...........................-51-

ARTICLE IX

INDEMNIFICATION

9.1. Indemnification...-53-
9.2. Defense of Claims...-54-
9.3. Tax Contest...-57-

ARTICLE X

TERMINATION AND ABANDONMENT

10.1. Termination..-58-
10.2. Procedure and Effect of Termination..............................-59-

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1. Amendment and Modification.......................................-60-
11.2. Waiver of Compliance; Consents...................................-60-
11.3. No Survival..-60-
11.4. Notices..-60-
11.5. Assignment...-61-
11.6. Governing Law..-62-
11.7. Counterparts...-62-
11.8. Interpretation...-62-
11.9. Schedules and Exhibits...-63-
11.10. Entire Agreement..-63-
11.11. Bulk Sales or Transfer Laws.....................................-63-

ASSET SALES AGREEMENT

ASSET SALES AGREEMENT, dated as of December 23, 1998, (this "Agreement") by and between Niagara Mohawk Power Corporation, a New York corporation (the "Seller") and NRG Energy, Inc., a Delaware corporation (the "Buyer")

WHEREAS, the Buyer desires to purchase, and the Seller desires to sell, the Purchased Assets (as defined herein) upon the terms and conditions hereinafter set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1. Definitions. (a) As used in this Agreement, the following terms have the meanings specified in this Section 1.1(a). For capitalized terms used in this subsection (a) but not defined herein, see subsection (b).

(1) "Affiliate" has the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

(2) "Ancillary Agreements" means the Site Agreement, the Swaption, the Interconnection Agreement and the Huntley Agreement.

(3) "Bill of Sale" means the Bill of Sale to be delivered at the Closing with respect to the Purchased Assets which constitute personal property and which are to be transferred at such Closing, substantially in the form of Exhibit A hereto.

(4) "Business Day" shall mean any day other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in New York City are authorized by law or other governmental action to close.

(5). "Buyer Representatives" means the Buyer's accountants, employees, counsel, environmental consultants, financial advisors and other authorized representatives.

(6) "Capital Expenditures" means (i) those capital expenditures which are identified on Schedule 7.1 and (ii) those anticipated environmental remediation costs identified on Schedule 7.1.

(7) "CERCLA" means the Federal Comprehensive Environmental Response, Compensation and Liability Act and any amendment thereto.

(8) "COBRA" means the Consolidated Omnibus Reconciliation Act of 1985, as amended'

(9) "Code" means the Internal Revenue Code of 1986, as amended.

(10) "Collective Bargaining Agreement" means the Collective Bargaining Agreement, dated as of April 15, 1996, between the Seller and Local 97 of the International Brotherhood of Electrical Workers ("IBEW").

(11) "Confidentiality Agreement" means the Confidentiality Agreement, dated September 1998, between the Seller and the Buyer.

(12) "Easements" means, with respect to the Real Estate, the reservations of easements to be included in the deeds of conveyance with respect to such assets and easements for the benefit of third parties.

(13) "Encumbrances" means any mortgages, pledges, liens, security interests, conditional and installment sale agreements, activity and use limitations, Easements. (other than those set forth in the Ancillary Agreements), deed restrictions, encumbrances or charges of any kind.

(14) "Environmental Laws" means all Federal, state, local and foreign laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders which relate to pollution or protection of the environment, natural resources (including, without limitation, ambient air, surface water, groundwater, land, surface and subsurface strata) or human health and safety, including, without limitation, laws which

relate to Releases or threatened Releases of Hazardous Substances or otherwise relate to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Substances.

(15) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(16) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(17) "Federal Power Act" means the Federal Power Act of 1935.

(18) "FERC" means the Federal Energy Regulatory Commission.

(19) "FIRPTA Affidavit" means the Foreign Investment in Real Property Tax Act Certification and Affidavit substantially in the form of Exhibit B hereto.

(20) "Governmental Entity" means any governmental or regulatory authority, agency, commission, body or other governmental entity or subdivision, other than the Internal Revenue Service or the New York Department of Taxation and Finance.

(21) "Hazardous Substances" means any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," contaminants" or "pollutants" or words of similar meaning or substance found in any Environmental

Law, exposure to which is prohibited, limited or regulated by such Environmental Law.

(22) "Holding Company Act" :means the Public Utility Holding Company Act of 1935, as amended.

(23) "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(24) "Huntley Agreement" means the power purchase Agreement, dated as of the date hereof, between the Buyer and the Seller.

(25) "Income Tax" means any federal, state, local or foreign Tax (a) based upon, measured by or calculated with respect to net income, profits or receipts (including, without limitation, capital gains Taxes and minimum Taxes) or (b) based upon, measured by or calculated with respect to multiple bases (including, without limitation, corporate franchise taxes) if one or more of the bases on which such Tax may be based, measured by or calculated with respect to, is described in clause (a), in each case together with any interest, penalties, or additions to such Tax.

(26) "Indenture" means the Mortgage Trust Indenture, dated as of October 1, 1937 between Central New York Power Corporation and The Marine Midland Trust Company of New York, as amended, modified and supplemented from time to time.

(27) "Instrument of Assumption" means the Instrument of Assumption substantially in the form of Exhibit C hereto relating to the assumption by the Buyer of the liabilities and obligations of the Seller.

(28) "Interconnection Agreement" means the Interconnection Agreement, to be dated as of the Closing Date, in the form attached hereto as Exhibit D, between the Seller and the Buyer.

(29) "Laws" means any federal, state, local or foreign law, statute, ordinance, rule, regulation, judgment, order, injunction, decree, arbitration award, agency requirement, license or permit of any Governmental Entity.

(30) "Maintenance Expenditures" means those maintenance expenditures which are identified on Schedule

(31) "Maintenance and Capital Expenditures Amount" means the aggregate amount of all funds actually expended on, or for which liabilities were accrued in accordance with generally accepted accounting principles applied on a consistent basis with respect to, Maintenance Expenditures and Capital Expenditures by the Seller, if any, during the period beginning on the date hereof and ending on the Closing Date.

(32) "Material Adverse Effect" means any change or changes in, or effect on, the Purchased Assets that is,

or in the aggregate are, materially adverse to the business, assets, operations or conditions (financial or otherwise) of the Purchased Assets, taken as a whole, other than (i) any change or effect affecting the international, national, regional or local electric industry as a whole, and not Seller exclusively, and specifically resulting from changes in the international, national, regional or local wholesale or retail markets for electric power, (ii) any change or effect resulting from changes in the international, national, regional or local markets for any fuel used at the Purchased Assets, (iii) any change or effect resulting from changes in the North American, national, regional or local electric transmission systems, (iv) any change or effect' resulting from changes in Laws or in industry standards, (v) any materially adverse change in or effect on the Purchased Assets which is cured (including by the payment of money) by the Seller before the Termination Date and (vi) any materially adverse change resulting from this Agreement and the transactions contemplated hereby.

(33) "Permitted Encumbrances" means (i) the Easements, (ii) those exceptions to title to the Purchased Assets listed in Schedule 5.8 or 5.14, (iii) with respect to any date before the Closing Date, Encumbrances created by the Indenture, (iv) statutory liens for current Taxes or assessments not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings, provided that the aggregate amount so contested -does not exceed $500,000, (v) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of the Seller or the validity of which are being contested in good faith by appropriate proceedings, provided that the aggregate amount so contested does not. exceed $500,000, (vi) zoning, entitlement, conservation restriction and other land use and environmental regulations by governmental authorities, and (vii) such other liens, imperfections in or failure of title, charges, easements, leases, licenses, restrictions, Encumbrances, encroachments and defects which do not materially detract from the value of or interfere with the present use of the Purchased Assets and neither secure indebtedness, nor individually or in the aggregate, create a Material Adverse Effect (the liens set forth in (iv) and (v) being collectively referred to as "Indemnifiable Liens").

(34) "Person" means an individual, a partnership, a limited liability company, a joint venture, a corporation, a trust, an unincorporated organization and a governmental entity or a department or agency thereof.

(35) "PSC" means the New York Public Service Commission.

(36) "Purchased Assets" means, subject to the Easements and Section 2.2, all of the right, title and interest in, to and under the real and personal property, tangible or intangible, of the Seller and constituting Dunkirk Steam Station and Huntley Steam Station or used principally for generation purposes in connection with such sites including, but not limited to, the following assets owned by the Seller:

(i) the real estate (including all buildings, structures and other improvements thereon) described on Schedule 5.14 as associated with Dunkirk Steam Station or Huntley Steam Station (the "Real Property");

(ii) all inventories of fuels, supplies, materials and spares located on or in transit to the Real Property on the Closing Date, and all warranties against manufacturers or vendors relating thereto, to the extent that such warranties are freely transferable;

(iii) the machinery, equipment, vehicles, tools, furniture, furnishings

and other personal property located on the Real Property on the Closing Date, including, without limitation, the items of personal property included in Schedule 1.1.(a)(21)(iii) as being associated with Dunkirk Steam Station or Huntley Steam Station and all warranties against manufacturers or vendors relating thereto, to the extent that such warranties are freely transferable;

(iv) the Transferable Permits listed on Schedule 1.1(a)(47) as being associated with Dunkirk Steam Station or Huntley Steam Station;

(v) all books, operating records, operating, safety and maintenance manuals, engineering design plans, blueprints, reproducibles, cad files and as-built plans, specifications, procedures and similar

items in the Seller's possession relating specifically to the aforementioned assets other than books of account;

(vi) certain allowances associated with Dunkirk Steam Station and Huntley Steam Station as set forth on Schedule 1.1(a)(21)(vi); and

(vii) those vehicles which are leased and not owned by the Seller as to which the Buyer elects to pay the Vehicle Amount pursuant to Section 3.2.

(37) "Release" means a release, spill, leak, discharge, disposal of, pumping, pouring, emitting, emptying, injecting, leaching, dumping or otherwise allowing to escape into or through the environment.

(38) "SEC" means the Securities and Exchange Commission.

(39) "Securities Act" means the Securities Act of 1933, as amended.

(40) "Site Agreement" means the Site Agreement, to be dated as of the Closing Date, between the Seller and the Buyer, in substantially the form of Exhibit E hereto (it being understood that such items as service points, metering points, auxiliary load charges when the station is generating, and services to be provided Seller, will be the subject of further negotiation and agreement).

(41) "Subsidiary" when used in reference to any other Person means any entity of which outstanding securities having ordinary voting power to elect a majority of the Board of Directors or other Persons performing similar functions of such entity are owned directly or indirectly by such other Person.

(42) "Swaption" means the International Swap Dealers Association, Inc. Master Agreement, together with the Schedule (Multicurrency-Cross Border) and the Confirmation, in the form of Exhibit F hereto between NRG Power Marketing Inc. and the Seller, to be dated as of the Closing Date.

(43) "Taxes" means all taxes, charges, fees, levies, penalties or other assessments imposed by any United

States federal, state or local or foreign taxing authority, including, but not limited to, income, excise, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, including any interest, penalties or additions attributable thereto.

(44) "Tax Return" means any return, report, information return or other document (including any related or supporting information) required to be filed with any authority with respect to Taxes.

(45) "Transferable Permits" means those Permits (as hereinafter defined) which are transferable by the Seller to the Buyer and are set forth in Schedule 1.1(a)(47).

(46) "Transferring Employee Records" means all personnel files related to the Seller's personnel who will become employees of the Buyer to the extent such files pertain to (i) skill and development training and resumes, (ii) seniority histories, (iii) salary and benefit information, (iv) Occupational Safety and Health Administration medical reports, and (v) active medical restriction forms.

(47) "WARN Act" means the Federal Worker Adjustment Retraining and Notification Act of 1988.

(b) Each of the following terms has the meaning specified in the Section set forth opposite such term:

Term	Section
Assumed Obligations	2.3(b)
Audit Date	5.5
Buyer Employee	7.10(a)
Buyer Required Regulatory Approvals	6.3(b)
Closing	4.1
Closing Date	4.1
Contracts	5.16(a)
Direct Claim	9.2(c)
Environmental Losses	9.1(a)
Environmental Permits	5.11(a)
ERISA Affiliate	5.13(a)
Excluded Assets	2.2
Excluded Liabilities	2.4
Final Order	8.1(c)
Indemnifiable Loss	9.1(a)
Indemnifying Party	9.1(d)

Term	Section
Indemnitee	9.1(c)
Independent Appraiser	3.3

Inventory Adjustment Amount	3.2(a)
Non-Union Employee	7.10(c)
Permits	5.18
Purchased Assets	Recitals
Purchase Price	3.1
Replacement Welfare Plans	7.10(d)
Seller Required Regulatory Approvals	5.3(b)
Tax Audit	9.3(a)
Termination Date	10.1(b)
Third Party Claim	9.2(a)
Transfer Taxes	7.8(a)

ARTICLE II

PURCHASE AND SALE

2.1. The Sale. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, at the Closing the Seller will sell, assign, convey, transfer and deliver to the Buyer, and the Buyer will purchase and acquire from the Seller, free and clear of all Encumbrances (except for Permitted Encumbrances) the Purchased Assets.

2.2. Excluded Assets. Notwithstanding any provision herein to the contrary, the Purchased Assets shall not include the following assets of the Seller (herein referred to as the "Excluded Assets"):

(a) all cash, cash equivalents, bank deposits, accounts receivable, and any income, sales, payroll or other tax receivables;

(b) certificates of deposit, shares of stock, securities, bonds, debentures, evidences of indebtedness, interests in joint ventures, partnerships, limited liability companies and other entities;

(c) the name "Niagara Mohawk" and any related or similar trade names, trademarks, service marks or logos;

(d) the transmission, distribution, substation and communication facilities and related support equipment

described or referred to in Schedule 2.2(d) or described or referred to as an "Excluded Asset" or an asset of "Seller" in the "Separation Document" (as defined in the Site Agreement) or any document or exhibit referred to or incorporated by reference in the Separation Document or which are otherwise indicated in any such document as remaining with the Seller or any of its Affiliates after the Closing,'

(e) any refund or credit (i) of Taxes paid or required to be reimbursed by the Seller prior to the Closing Date in respect of the Purchased Assets, whether such refund is received as a payment or as a credit against Taxes payable or (ii) arising under any power purchase agreement that is subject to cost of service regulation and relating to a period before the Closing Date;

(f) all personnel records, other than Transferring Employee Records, or other records;

(g) the emission allowances, emission reduction credits and greenhouse

gas emissions listed on
Schedule 2.2(g) and

(h) the real property tax litigation listed on Schedule 2.2(h).

(i) the equipment installed at Dunkirk station relating to the biomass system for utilization of biomass as an alternative/supplemental fuel, if Buyer does not elect to purchase the biomass system and equipment.

2.3. Assumed Obligations. (a) On the Closing Date, the Buyer shall deliver to the Seller the Instruments of Assumption pursuant to which the Buyer shall assume and agree to discharge all of the liabilities and obligations of the Seller, direct or indirect, known or unknown, absolute or contingent, which relate to the Purchased Assets, other than Excluded Liabilities, in accordance with the respective terms and subject to the respective conditions thereof, including, without limitation, the following liabilities and obligations:

(i) all liabilities and obligations of the Seller under (a) the Transferable Permits associated with the Purchased Assets in accordance with the terms thereof, (b) contractual obligations of the Seller relating to

the Purchased Assets which survive following the Closing, which are transferable, which were entered into in the ordinary course of business and which are not, individually or in the aggregate, material to the Purchased Assets, and (c) liabilities for fuel and stores in transit; except in each case, to the extent such liabilities and obligations, but for a breach hereunder by the Seller, would have been paid, performed or otherwise discharged on or prior to the Closing Date or to the extent the same arise out of any such breach;

(ii) all liabilities and obligations associated with the Purchased Assets in respect of Taxes for which the Buyer is liable pursuant to Sections 3.4 or 7.8;

(iii) all liabilities and obligations associated with the Purchased Assets for which the Buyer has agreed to indemnify the Seller pursuant to Section 9.1;

(iv) all liabilities and obligations with respect to the Employees employed at the Purchased Assets after the Closing Date for which the Buyer is responsible pursuant to Section 7.10 and the terms of the Collective Bargaining Agreement;

(v) any liability, obligation or responsibility under or related to former, current or future Environmental Laws or the common law, whether such liability or obligation or responsibility is known or unknown, contingent or accrued, arising as a result of or in connection with (a) except as set forth in Section 2.4(iii), any violation or alleged violation of Environmental Law, whether prior to or on or after the Closing Date, with respect to the ownership or operation of the Purchased Assets; (b) loss of life, injury to persons or property or damage to natural resources (whether or not such loss, injury or damage arose or was made manifest before the Closing Date or arises or becomes manifest after the Closing Date), caused (or allegedly caused) by the presence or Release of Hazardous Substances at, on, in, under, adjacent to or migrating from the Purchased Assets either prior to or on or after the Closing Date, including, but not limited to,

Hazardous Substances contained in building materials at the Purchased Assets or in the soil, surface, water, sediments, groundwater, landfill cells,

or in other environmental media at or adjacent to the Purchased Assets; (c) loss of life, injury to persons or property or damage to natural resources caused (or allegedly caused) by the off-site disposal, storage, transportation, discharge, Release, recycling, or the arrangement for such activities, of Hazardous Substances, on or after the Closing Date, in connection with the ownership or operation of the Purchased Assets; (d) the investigation and/or remediation (whether or not such investigation or remediation commenced before the Closing Date or commences after the Closing Date) of Hazardous Substances that are present or have been Released either prior to or on or after the Closing Date at, on, in, under, adjacent to or migrating from the Purchased Assets, including, but not limited to, Hazardous Substances contained in building materials at the Purchased Assets or in the soil, surface water, sediments, groundwater, landfill cells, or in other environmental media at or adjacent to the Purchased Assets and (e) the investigation and/or remediation of Hazardous Substances that are disposed, stored, transported, discharged, Released, recycled, or the arrangement of such activities, on or after the Closing Date, in connection with the ownership or operation of the Purchased Assets, at any off-site location; provided, as to all of the above, that nothing set forth in this subsection 2.3(a) shall require the Buyer to assume any liabilities that are expressly excluded in Section 2.4;

(vi) all liabilities and obligations, other than fines, penalties or assessments, of the Seller with respect to the Purchased Assets under the agreements or consent orders set forth on Schedule 5.11;

(vii) all liabilities incurred by the Seller with respect to Maintenance Expenditures and Capital Expenditures associated with the Purchased Assets but only to the extent such liabilities were included in the Maintenance and Capital Expenditures Amount;

(viii) any Taxes on the ownership, sale, operation or use of the Purchased. Assets on or after the Closing Date; except for any Income Taxes attributable to income (including, proceeds representing the Purchase Price or proceeds of other asset sales) received by the Seller;

(ix) all obligations of the Seller with respect to the operation and ownership of the Purchased Assets pursuant to the agreements described in Section 7.13; and

(x) the obligations of the Seller set forth on Schedule 5.16.

(b) All of the foregoing liabilities and obligations to be assumed by the Buyer under Section 2.3(a) (excluding any Excluded Liabilities) are referred to herein as the "Assumed obligations." It is understood and agreed that nothing in this Section 2.3 shall constitute a waiver or release of any claims arising out of the contractual relationships between the Seller and the Buyer.

2.4. Excluded Liabilities. The Buyer shall not assume or be obligated to pay, perform or otherwise discharge the following liabilities or obligations:

(i) any liabilities or obligations of the Seller in respect of any Excluded Assets or other assets of the Seller which are not Purchased Assets;

(ii) any liabilities or obligations in respect of Taxes attributable to Purchased. Assets for taxable periods ending on or before the Closing Date, except for Taxes for which the Buyer is liable pursuant to Section 3.4 or Section 7.8;

(iii) any fines, penalties or assessments imposed by a Governmental Entity with respect to a violation or alleged violation of Environmental Law which occurred prior to the Closing Date and any liabilities, obligations, or responsibilities relating to the disposal, storage, transportation, discharge, Release, recycling, or the arrangement for such activities, by the Seller, of Hazardous Substances that were generated at the Purchased Assets, at any off-site location, where the disposal, storage, transportation, discharge, Release, recycling or the arrangement for such activities at said off-site location occurred prior to the Closing Date, provided that for purposes of this Section 2.4, "off-site location" does not include any location to which Hazardous Substances disposed of or Released at the Purchased Assets have migrated;

(iv) except as provided in Section 16.3 of the Site Agreement, any liabilities, obligations or responsibilities relating to (a) the property, equipment or machinery within the switchyards for which the Seller will retain either a fee interest or an Easement, (b) the transmission lines delineated in the Easements or (c) any Seller's operations on, or usage of, the Easements, including, without limitation, liabilities, obligations or responsibilities arising as a result of or in connection with (1) any violation or alleged violation of Environmental Law and (2) loss of life, injury to persons or property or damage to natural resources, except to the extent caused by Buyer;

(v) any liabilities or obligations relating to any personal injury, discrimination, wrongful discharge, unfair labor practice or similar claim or cause of action resulting from actions occurring prior to the Closing Date;

(vi) any payment obligations of the Seller for goods delivered or services rendered prior to the Closing;

(vii) any liabilities or obligations imposed upon, assumed or retained by the Seller pursuant to the Site Agreement or any other Ancillary Agreement; and

(viii) any liabilities, obligations or responsibilities relating to any Benefit Plan or any "employee pension benefit plan" (as defined in Section 3(2) of ERISA) maintained by the Seller or any trade or business (whether or not incorporated) which is under common control as a single employer, with the Seller under Section 414(b), (c), (m) or (o) of the Code ("ERISA Affiliate"), including any multiemployer plan, maintained by or contributed to by the Seller or any ERISA Affiliate, or as to which the Seller or any ERISA Affiliate is obligated to contribute to, at any time, including any such liability (A) to the Pension Benefit Guaranty Corporation under Title IV of ERISA; (B) relating to a multiemployer plan; (C) with respect to non-compliance with the notice and benefit continuation requirements of COBRA; (D) with respect to any noncompliance with ERISA or any other applicable laws; or (E) with respect to any suit, proceeding or claim which

is brought against the Buyer, any Benefit Plan, ERISA Affiliate Plan, any fiduciary or former fiduciary of any such Benefit Plan or ERISA Affiliate Plan.

All such liabilities and obligations not being assumed pursuant to Section 2.4 are herein called the "Excluded Liabilities."

ARTICLE III

PURCHASE PRICE

3.1. Purchase Price. The purchase price for the. Purchased Assets shall be $355,000,000, which may be adjusted pursuant to Section 3.2 hereof.

3.2. Purchase Price Adjustment. The Purchase Price shall be adjusted by the following. If at Closing, the fuel inventory at the Huntley Steam Station shall be more or less than 140,000 tons or the fuel inventory at the Dunkirk Steam Station shall be more or less than 125,000 tons, as promptly as possible following the Closing, the value of any shortfall shall be paid to the Buyer at a rate of $35.65 per ton at Huntley and $33.60 per ton at Dunkirk and the value of any excess shall be paid by the Buyer to the Seller at the same rates. If the Buyer shall elect to purchase any leased vehicles listed on Schedule 3.2, it shall pay the cost of such leases at Closing to the Buyer at the Closing. The Seller shall pay to the Buyer any applicable Employee Transition Credit (as determined pursuant to Exhibit 3.2) within one week following the Closing. Within 3 days after receipt from the Seller of written notice of the amount thereof, the Buyer shall pay to the Seller the Maintenance and Capital Expenditures Amount applicable to the Purchased Assets.

3.3. Allocation of Purchase Price. The Buyer and the Seller shall use their good faith best efforts to agree upon an allocation among the Purchased Assets and the Ancillary Agreements of the Purchase Price consistent with Section 1060 of the Code and the Treasury Regulations thereunder within 180 days of the date of this Agreement but in no event less than 30 days prior to the closing. Any post closing adjustments pursuant to Section 3.2 shall be jointly made and agreed to within sixty (60) days following the Closing in a manner consistent with the allocation

determined pursuant to this Section 3.3. Each of the Buyer and the Seller agree to file Internal. Revenue Service Form 8594, and all federal, state, local and foreign Tax Returns, in accordance with such agreed allocation. Each of the Buyer and the Seller shall report the transactions contemplated by the Agreement for Tax purposes in a manner consistent with the allocation determined pursuant to this Section 3.3 Each of the Buyer and the Seller agrees to provide the other promptly with any other information reasonably required to complete Form 8594. Each of the Buyer and the Seller shall notify the other in the event of an examination, audit or other proceeding regarding the agreed upon allocation of the Purchase Price.

3.4. Proration. (a) The Buyer and the Seller agree that all of the items normally prorated, including those listed below, relating to the business and operation of the Purchased Assets will be prorated as of the Closing Date, with the Seller liable to the extent such items relate to any time period through the Closing Date, and the Buyer liable to the extent such items relate to periods subsequent to the Closing Date:

(i) except as provided in Section 7.8(a), Taxes, assessments and other similar charges, if any, on or with respect to the business and operation of the Purchased Assets and with respect to a Taxable Period that begins before but does not end on the Closing Date shall be (1) prorated to the extent such Tax is measured by time to the Seller biased on the number of days in such Taxable Period, up to and including the Closing Date, and to the Buyer biased on the number of days in such Taxable Period after the Closing Date, and (2) to the extent such Tax is measured by income, receipts or pertains to the business and operation of the Purchased Assets, allocated between Buyer and Seller based on a closing of the books on the Closing Date with respect to the business and operation of the Purchased Assets;

(ii) rent, Taxes and all other items payable by or to the Seller under any of the power purchase agreements that are subject to cost of service regulation;

(iii) sewer rents and charges for water, telephone, electricity and other utilities; and

(iv) rent under any leases of real or personal property included in the Purchased Assets.

(b) In connection with the prorations referred to in (a) above, in the event that actual figures are not available at the Closing Date, the proration shall be based upon the actual Taxes or fees for the preceding year (or appropriate period) for which actual Taxes or fees are available and such Taxes or fees shall be reprorated upon request of either the Seller, on the one hand, or the Buyer, on the other hand, made within sixty (60) days of the date that the actual amounts become available. Recoveries from tax certiorari proceedings shall be reduced by all costs and expenses, including attorneys' fees, prior to proration. The Buyer shall cooperate with the Seller in the prosecution of tax certiorari proceedings which have not been completed by the Closing Date. The Seller and the Buyer agree to furnish each other with such documents and other records as may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section 3.4.

ARTICLE IV

THE CLOSING

4.1. Time and Place of Closing. Upon the terms and subject to the satisfaction of the conditions contained in Article VIII of this Agreement, the closing of the sale of the Purchased Assets contemplated by this Agreement (the "Closing") will take place at the offices of Sullivan & Cromwell in New York, at 10:00 A.M. (local time) on such date as the parties may agree which date is as soon as practicable, but no later than fifteen (15) Business Days, following the date on which all of the conditions contained in Article VIII have been satisfied or waived; or at such other place or time as the parties may agree. The date and time at which the Closing actually occurs is hereinafter referred to as the "Closing Date."

4.2. Payment of Purchase Price. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, in consideration of the aforesaid sale, assignment, conveyance, transfer and delivery of the Purchased Assets, the Buyer will pay or cause to be paid to the Seller at the Closing the Purchase Price in United

States dollars by wire transfer of immediately available funds or by such other means as are agreed upon by the Seller and the Buyer.

4.3. Deliveries by the Seller. At the Closing, the Seller will deliver the following to the Buyer:

(a) A Bill of Sale, duly executed by the Seller for the personal property included in the Purchased Assets, in the form attached hereto as Exhibit A;

(b) All consents, waivers or approvals obtained by the Seller with respect to the Purchased Assets, the transfer of any Transferable Permit related to the Purchased Assets, or the consummation of the transactions connected to the sale of the Purchased Assets, contemplated by this Agreement, to the extent specifically required hereunder;

(c) An opinion of counsel and certificate (as contemplated by Section 8.2) with respect to the Purchased Assets;

(d) One or more bargain and sale deeds with lien covenants conveying the Real Estate related to the Purchased Assets, subject to the applicable Easements and exceptions, duly executed and acknowledged by the Seller and in recordable form along with TP-584 Forms and Equalization and Transfer Reports, in the form attached hereto as Exhibit 4.3(d);

(e) A FIRPTA Affidavit executed by the Seller;

(f) All such other instruments of assignment or conveyance as shall, in the reasonable opinion of the Buyer and its counsel, be necessary to transfer to the Buyer the Purchased Assets, in accordance with this Agreement and where necessary or desirable, in recordable form; and

(g) Such other agreements, documents, instruments and writings, including the Interconnection Agreement, the Site Agreement and Swaption, as are required to be delivered by the Seller at or prior to the Closing Date pursuant to this Agreement or otherwise required in connection herewith.

4.4. Deliveries by the Buyer. At the Closing, the Buyer will deliver the following to the Seller:

(a) The Estimated Purchase Price and any amounts payable under Section 3.4 by wire transfer of immediately available funds or such other means as are agreed upon by the Seller and the Buyer;

(b) Opinions of counsel and certificates (as contemplated by Section 8.3) with respect to the Purchased Assets;

(c) The Instruments of Assumption with respect to the Assumed Obligations, duly executed by the Buyer;

(d) All such other instruments of assumption as shall, in the reasonable opinion of the Seller and its counsel, be necessary for the Buyer to assume the Assumed Obligations related to the Purchased Assets in accordance with this Agreement;

(e) All tax certificates applicable to the transfers contemplated by this Agreement, including, without limitation, direct pay permits and tax exemption certificates; and

(f) Such other agreements, documents, instruments and writings, including the Interconnection Agreement, the Site Agreement and the Swaption, as are required to be delivered by the Buyer at or prior to the Closing Date pursuant to this Agreement or otherwise required in connection herewith.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Buyer as follows (all such representations and warranties, other than in Sections 5.1, 5.2, 5.3, 5.4 and 5.5, being made to the best knowledge of the Seller after reasonable inquiry or investigation).

5.1. Organization; Qualification. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and has all

requisite corporate power and authority to own, lease, and operate its properties and to carry on its business as is now being conducted. The Seller has heretofore delivered to the Buyer complete and correct copies of its Certificate of Incorporation and Bylaws as currently in effect.

5.2. Authority Relative to this Agreement. The Seller has full corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by the Board of Directors of the

Seller and no other corporate proceedings on the part of the Seller are necessary to authorize this Agreement or the Ancillary Agreements or to consummate the transactions contemplated hereby and thereby. This Agreement and the Ancillary Agreements have been duly and validly executed and delivered by the Seller, and, assuming that this Agreement and the Ancillary Agreements constitute valid and binding agreements of the Buyer, subject to the receipt of the Seller Required Regulatory Approvals (as defined in Section 5.3) and the Buyer Required Regulatory Approvals, constitute valid and binding agreements of the Seller, enforceable against the Seller in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles (the "Bankruptcy and Equity Exception").

5.3. Consents and Approvals; No Violation. (a) Other than obtaining the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals, neither the execution and delivery of this Agreement and the Ancillary Agreements by the Seller nor the sale by the Seller of the Purchased Assets pursuant to this Agreement or performance under the Ancillary Agreements will (i) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws of the Seller, (ii) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority, except (x) where the failure to obtain such consent, approval, authorization or permit, or to make such filing or notification, would not, individually or in the aggregate, create a Material Adverse Effect or (y) for

those requirements which become applicable to the Seller as a result of the specific regulatory status of the Buyer (or any of its Affiliates) or as a result of any other facts that specifically relate to the business or activities in which the Buyer (or any of its Affiliates) is or proposes to be engaged; (iii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which the Seller is a party or by which the Seller, or any of the Purchased Assets may be bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not, individually or in the aggregate, create a Material Adverse Effect; or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Seller, or any of its assets, which violation, individually or in the aggregate, would create a Material Adverse Effect.

(b) Except for (i) any required approvals under the Federal Power Act, (ii) any required approvals from the PSC, (iii) the approval, if required, of the SEC pursuant to the Holding Company Act and (iv) the filings by the Seller and the Buyer required by the HSR Act and the expiration or earlier termination of all waiting periods under the HSR Act (the filings and approvals referred to in clauses (i) through (iv) are collectively referred to as the "Seller Required Regulatory Approvals"), no declaration, filing or registration with, or notice to, or authorization, consent or approval of any governmental or regulatory body or authority is necessary for the consummation by the Seller of the transactions contemplated hereby or by the Ancillary Agreements, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made, will not, individually or in the aggregate, create a Material Adverse Effect.

5.4. Reports. Since January 1, 1994, the Seller has filed or caused to be filed with the SEC, the PSC and the FERC, as the case may be, all material forms, statements, reports and documents (including all exhibits, amendments and

supplements thereto) required to be filed by them with respect to the business and operations of the Seller as it relates to the purchased assets under each of

the Securities Act, the Exchange Act, New York public utility laws, the Federal Power Act, the Holding Company Act and the respective rules and regulations thereunder, all of which complied in all material respects with all applicable requirements of the appropriate act and the rules and regulations thereunder in effect on the date each such report was filed, and there are no material misstatements or omissions in respect of such reports.

5.5. Company Reports; Financial Statements. The Seller has made available to the Buyer each registration statement, report, proxy statement or information statement prepared by it since December 31, 1997 (the "Audit Date"), including (i) the Company's Annual Report on Form 10-K for the year ended December 31, 1997, (ii) the Company's Quarterly Reports on Form 10-Q for the periods ended March 31, 1998, June 30, 1998 and September 30, 1998 and (iii) the Company's Reports on Form 8-K dated February 18, 1998, June 30, 1998, July 2, 1998, September 28, 1998, October 23, 1998 and December 3, 1998, each in the form (including exhibits, annexes and any amendments thereto) filed with the SEC (collectively, including any such reports filed subsequent to the date hereof and any amended reports, the "Company Reports"). As of their respective dates (or, if amended, as of the date of such amendment), insofar as the Company Reports relate to the Purchased Assets, the Company Reports did not, and any Company Reports filed with the SEC subsequent to the date hereof will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading. With respect to the financial information relating to the Purchased Assets, each of the consolidated balance sheets included in or incorporated by reference into the Company Reports (including any related notes and schedules) fairly presents, or will fairly present, the consolidated financial position of the Company and its subsidiaries as of its date and each of the consolidated statements of income and of changes in financial position included in or incorporated by reference into the Company Reports (including any related notes and schedules) fairly presents, or will fairly present, the results of operations, retained earnings and changes in financial position, as the case may be, of the Company and its subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to notes and normal year-end audit adjustments that will not be

material in amount or effect), in each case in accordance with generally accepted accounting principles consistently applied during the periods involved, except as may be noted therein.

5.6. Undisclosed Liabilities. Except as set forth in the Company Reports, the Seller has no liability or obligation relating to the business or operations of the Purchased Assets, secured or unsecured (whether absolute, accrued, contingent or otherwise, and whether due or to become due), of a nature required by generally accepted accounting principles as they have been consistently applied by the Seller to be reflected in a corporate balance sheet or disclosed in the notes thereto, which are not accrued or reserved against in the Company Reports or disclosed in the notes thereto in accordance with generally accepted accounting principles, except those which were incurred after the date of the latest Company Report, all of which have been incurred in the ordinary course of business.

5.7. Absence of Certain Chances or Events. Except as otherwise contemplated by this Agreement, since September 30, 1998 there has not been: (a)

any Material Adverse Effect; (b) any damage, destruction or casualty loss, whether covered by insurance or not, which, individually or in the aggregate, created a Material Adverse Effect; (c) any entry into any agreement, commitment or transaction (including, without limitation, any borrowing, capital expenditure or capital financing) by the Seller, which is material to the business or operations of the Purchased Assets; or (d) any change by the Seller, with, respect to the Purchased Assets, in accounting methods, principles or practices except as required or permitted by generally accepted accounting principles.

5.8. Title And Related Matters. Seller holds an insurable fee simple title to the Fossil Assets Real Property (it being understood that any title insurance would reflect Permitted Encumbrances). Insurable fee simple title is that which is insurable under an ALTA Owner's Policy (10-7-92) with New York Endorsement Modifications ("New York Title Insurance"). Except for Permitted Encumbrances, the Seller has good and valid title to the other Purchased Assets which it purports to own that are reflected in the Company Reports (other than those which have been disposed of since the date thereof in the ordinary course of business), free and clear of all Encumbrances.

5.9. Leases. There are no real property leases under which the Seller is a lessee or lessor and which (x) are to be transferred and assigned to the Buyer on the Closing Date and (y) (i) provide for annual payments of more than $500,000 in the aggregate or $100,000 individually or (ii) are material to the business, operations or financial condition of the Purchased Assets.

5.10. Insurance. Except as set forth in Schedule 5.10, all material policies of fire, liability, worker's compensation and other forms of insurance owned or held by the Seller and insuring the Purchased Assets are in full force and effect, subject to the terms of each policy, all premiums with respect thereto covering all periods up to and including the date as of which this representation is being made have been paid (other than retroactive premiums which may be payable with respect to comprehensive general liability and worker's compensation insurance policies), and no notice of cancellation or termination has been received with respect to any such policy which was riot replaced on substantially similar terms prior to the date of such cancellation. Except as described in Schedule 5.10, as of the date of this Agreement, the Seller has not been refused insurance with respect to the Purchased Assets nor has such coverage been limited by any insurance! carrier to which the Seller has applied for any such insurance or with which it has carried insurance during the last five years.

5.11. Environmental Matters. Except as disclosed in Schedule 5.11:

(a) The Seller holds, and is in compliance with, all material permits, license and governmental authorizations ("Environmental Permits") required for the Seller to conduct the business and operations of the Purchased Assets under applicable Environmental Laws, and the Seller is otherwise in substantial compliance with applicable Environmental Laws with respect to the business and operations of the Purchased Assets except for such failures to hold or comply with required Environmental Permits, or such failures to be in compliance with applicable Environmental Laws, which, individually or in the aggregate, are not reasonably likely to create a Material Adverse Effect;

(b) The Seller has not received any written request for information under CERCLA or any similar State

law with respect to any on-site location, except for such liability under such laws as would not be reasonably likely to, individually or in the aggregate, create a Material Adverse Effect nor has it been notified in writing that it is a potentially responsible party under CERCLA or any similar State law; and

(c) The Seller has not entered into or agreed to any consent decree or order, and is not subject to any outstanding judgment, decree, or judicial order relating to compliance with any Environmental Law or to investigation or cleanup of Hazardous Substances under any Environmental Law.

(d) To the Seller's best knowledge, except as described in Schedule 5.11, no Releases of Hazardous Substances have occurred at, from, in, on, or under any Real Property, and no Hazardous Substances are present in, on, about or migrating from any such Real Property that could give rise to an Environmental Loss related to the Purchased Assets for which remediation reasonably could be required, except in any such case to the extent that any such Releases would not, individually or in the aggregate? create a Material Adverse Effect.

The representations and warranties made in this Section 5.11 are the Seller's exclusive representations and warranties relating to environmental matters.

5.12. Labor Matters. The Seller delivered to the Buyer a copy of the Collective Bargaining Agreement which is the only collective bargaining agreement which relates to the business or operations of the Purchased Assets. With respect to the business or operations of the Purchased Assets, except to the extent set forth in Schedule 5.12 and except for such matters as will not, individually or in the aggregate, create a Material Adverse Effect (a) the Seller is in compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours; (b) the Seller has not received written notice of any unfair labor practice complaint against the Seller pending before the National Labor Relations Board; (c) there is no labor strike, slowdown or stoppage actually pending or threatened against or affecting the Seller; (d) the Seller has not received notice that any representation petition respecting the employees of the Seller has been filed with the National Labor Relations Board; (e) no arbitration proceeding arising

out of or under the Collective Bargaining Agreement is pending against the Seller and (f) the Seller has not experienced any primary work stoppage in the past five years. The Seller does not have any knowledge of any union (other than IBEW) claiming to represent the employees associated with the Purchased Assets and the Seller does not have any knowledge of any current union organizing activities among its employees by any other such union, nor does any question concerning representation exist concerning such employees.

5.13. Real Estate. Schedule 5.14 contains a schedule of title documents identifying the Real Property. True and correct copies of any current surveys, abstracts or title opinions in the Seller's possession and any policies of title insurance in effect and in the possession of the Seller with respect to the Real Property have been made available to the Buyer. The Real Property is encumbered by the lien of a mortgage held by Bankers Trust Company, as successor trustee under the Indenture which will be released or discharged at the Closing. Schedule 5.14 also reflects that the Seller will be EXCEPTING AND RESERVING to Seller fee simple title and/or a permanent Easement over parcels of land on which the transmission, distribution, substation and communication facilities and related support, equipment described or referred to in Section 2.2(d) are located, together with access to those facilities, and those fee simple titles and Easements identified as being reserved to seller in the deed or in Exhibit

"A" to be annexed to the deed, together with access to those parcels.

5.14. Condemnation. Neither the whole nor any part of the Real Estate or any other real property or rights leased, used or occupied by the Seller in connection with the ownership or operation of the Purchased Assets is subject to any pending suit for condemnation or other taking by any public authority or any other Person, and no such condemnation or other taking has been threatened.

5.15. Certain Contracts and Arrangements. (a) Except for (i) contracts, agreements, personal property leases, commitments, understandings or instruments which will expire prior to the Closing Date, (ii) agreements entered into in the ordinary course of business that are not material to the Purchased Assets, (iii) the Collective Bargaining Agreement and (iv) as set forth in Section 5.16 (contracts in (ii), (iii) and (iv) being the "Contracts"),

the Seller is not a party to any written contract, agreement, personal property lease, commitment, understanding or instrument which is material to the business or operations of the Purchased Assets. Copies of the Contracts have been available to the Buyer.

(b) Each of the Contracts (i) constitutes a valid and binding obligation of the Seller, and to the best knowledge of the Seller constitutes a valid and binding obligation of the other parties thereto, (ii) is in full force and effect, and (iii) may be transferred to the Buyer pursuant to this Agreement and will continue in full force and effect thereafter, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder.

(c) There is not, under any of the Contracts, any default or event which, with notice or lapse of time or both, would constitute a default on the part of any of the parties thereto, except, such events of default and other events as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, create a Material Adverse Effect.

(d) If the Site Agreement and Interconnection Agreement were in full force and effect between Seller's generation business and the Seller's transmission business on the date of this Agreement, (i) the, Seller's generation business would be in material compliance with the terms thereof, and (ii) except as provided in the Interconnection Agreement, there is no event or condition that would enable or require the Seller's transmission business to (x) notify the Seller's generation business of the necessity of an addition to or modification of the Interconnection Facilities, as defined in Section 1.10 of the Interconnection Agreement, (y) operate and/or purchase from the Seller's generation business any of the equipment or facilities specified in Section 20.0 of the Site Agreement, or (z) discontinue Interconnection Service as provided for in the Interconnection Agreement.

5.16. Legal Proceeding, etc. There are no claims, actions, proceedings or investigations pending or threatened against or relating to the Seller before any court, governmental or regulatory authority or body acting in an adjudicative capacity, which, if adversely determined, individually or in the aggregate, would create a Material

Adverse Effect. The Seller is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court, governmental or regulatory authority which, individually or in the aggregate, would create a Material Adverse Effect.

5.17. Permit. (a) The Seller has or will have by the Closing Date all permits, subdivision approvals, variances, licenses, franchises and other governmental authorizations, consents and approvals, other than with respect to Environmental Laws, (collectively, "Permits") necessary to operate the business of the Purchased Assets as presently conducted, except where the failure to have such Permits would not, individually or in the aggregate, create a Material Adverse Effect. The Seller has not received any written notification that it is in violation of any of such Permits, or any law, statute, order, rule, regulation, ordinance or judgment of any governmental or regulatory body or authority applicable to it, except for notifications of violations which would not, individually or in the aggregate, create a Material Adverse Effect. The Seller is in compliance with all Permits, laws, statutes, orders, rules, regulations, ordinances, or judgments of any governmental or regulatory body or authority applicable to it, except for violations which, individually or in the aggregate, do not create a Material Adverse Effect.

(b) Schedule 5.18(b) sets forth all material Permits and Environmental Permits other than Transferable Permits (which are set forth on Schedule 1.1(a)(47)).

5.18. Tax Matters. With respect to the Purchased Assets and trades or businesses associated with the Purchased Assets (i) all Tax Returns required to be filed, other than those Tax Returns the failure of which to file would not create a Material Adverse Effect, have been filed, and (ii) all material Taxes shown to be due on such Tax Returns have been paid in full.

5.19. Compliance with Laws. The Seller is in compliance with all applicable laws affecting the Purchased Assets except where the failure to be in compliance would not, individually or in the aggregate, create a Material Adverse Effect.

5.20. Satisfaction of Required Standards. (a) The Purchased Assets, as currently installed and operated,

satisfy the requirements set forth in the Interconnection Agreement, the Site Agreement and the Huntley Agreement, except as otherwise set forth in such agreements.

(b) The Excluded Assets do not include any properties, physical assets, contracts or leases that are individually or in the aggregate, necessary for the operation of the Purchased Assets.

EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS ARTICLE V, THE PURCHASED ASSETS ARE BEING SOLD AND TRANSFERRED "AS IS, WHERE IS, " AND THE SELLER IS NOT MAKING ANY OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING SUCH PURCHASED ASSETS, INCLUDING, IN PARTICULAR, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller as follows (all such representations and warranties, except those regarding the Buyer, being made to

the best knowledge of the Buyer after reasonable inquiry or investigation).

6.1. Organization. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as is now being conducted. The Buyer has heretofore delivered to the Seller complete and correct copies of its Certificate of Incorporation and By-laws (or other similar governing documents), as currently in effect.

6.2. Authority Relative to this Agreement. The Buyer has full corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby have been duly

and validly authorized by the Board of Directors of the Buyer and its parent corporation and no other corporate proceedings on the part of the Buyer are necessary to authorize this Agreement and the Ancillary Agreements or to consummate the transaction contemplated hereby or thereby. This Agreement and the Ancillary Agreements have been duly and validly executed and delivered by, the Buyer, and assuming that this Agreement and the Ancillary Agreements constitute valid and binding agreements of the Seller, this Agreement and the Ancillary Agreements, subject to the receipt of the Buyer Required Regulatory Approvals and the Seller Required Regulatory Approvals, constitute valid and binding agreements of the Buyer, enforceable against the Buyer in accordance with their terms, subject to the Bankruptcy and Equity Exception.

6.3. Consents and Approvals; No Violation. (a) Other than obtaining the Buyer Required Regulatory Approvals and the Seller Required Regulatory Approvals, neither the execution and delivery of this Agreement and the Ancillary Agreements by the Buyer nor the purchase by the Buyer of the Purchased Assets pursuant to this Agreement or performance under the Ancillary Agreements will (i) conflict with or result in any breach of any provision of the Certificate of Incorporation or By-Laws (or other similar governing documents) of the Buyer, (ii) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority, (iii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation to which the Buyer or any of its subsidiaries is a party or by which any of their respective assets may be bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained.

(b) Except for (i) qualification of the Buyer as an exempt wholesale generator under the Energy Policy Act of 1992, without restriction, including no restriction on sales to Affiliates, (ii) authorization to sell power under Section 205 of the FPA, including (A) authorizations required to implement sales under the Ancillary Agreements, and (B) market-based rate approval for capacity, energy and ancillary services, (iii) approval under Section 203 of the FPA to transfer contracts and other jurisdictional assets,

(iv) any necessary PSC approvals, (v) the filings by the Buyer and the Seller required by the HSR Act and (vi) approval of the Interconnection Agreement and the Transition Power Agreement by FERC (the filings and approvals referred to in clauses (i) through (vi) are collectively referred to as the "Buyer Required Regulatory Approvals"), no declaration, filing or registration with, or notice to, or authorization, consent or approval of any governmental or regulatory body or authority is necessary for the consummation by the Buyer of the transactions contemplated hereby or by the Ancillary Agreements.

6.4. Availability of Funds. The Buyer will have sufficient funds available to it or has received binding written commitments from responsible financial institutions to provide sufficient funds on the Closing Date to pay the Purchase Price.

ARTICLE VII

COVENANTS OF THE PARTIES

7.1. Conduct of Business Relating to the Purchased Assets. (a) Except as described in Schedule 7.1, during the period from the date of this Agreement to the Closing Date, the Seller will operate the Purchased Assets and related businesses in the usual, regular and ordinary course consistent with good industry practice and shall use all commercially reasonable efforts to preserve intact the Purchased Assets and the businesses related thereto, and endeavor to preserve the goodwill and relationships with customers, suppliers and others having business dealings with them. Without limiting the generality of the foregoing, and, except as contemplated in this Agreement or as described in Schedule 7.1, prior to the Closing Date, without the prior written consent of the Buyer, the Seller will not with respect to the Purchased Assets;

(i) (x) except for (1) Permitted Encumbrances and (2) indebtedness constituting Excluded Liabilities that does not create an Encumbrance on the Purchased Assets, create, incur, assume or suffer to exist any indebtedness for borrowed money (including obligations in respect of capital leases); or (y) assume, guarantee, endorse or otherwise become directly liable or respon-

sible (whether directly or indirectly, contingently or otherwise) for the obligations of any Person;

(ii) make any material change in the levels of fuel inventory and stores inventory customarily maintained by the Seller with respect to the Purchased Assets, other than consistent with good industry practice;

(iii) sell, lease (as lessor), transfer or otherwise dispose of, any of the Purchased Assets, other than assets used, consumed or replaced in the ordinary course of business consistent with good industry practice, including the practice of harvesting timber;

(iv) terminate, extend or otherwise amend any real property lease to the extent any such extension or amendment would require the lease to be disclosed pursuant to Section 5.9;

(v) execute, enter into, terminate or otherwise amend (x) any of the Permits or Environmental Permits, other than routine renewals or non-material modifications or amendments or (y) any other agreement, order, decree or judgment relating to the current or any new permit;

(vi) enter into any power sales commitments having a term that extends beyond June 30, 1999 or such other date that the parties mutually agree to be the date on which the Closing is expected to occur;

(vii) with respect to the Purchased Assets and related businesses, (x) amend or cancel any liability or casualty insurance policies related thereto, (y) compromise, settle, withdraw, release or abate any claims made or accruing thereunder or (z) fail to maintain by self insurance or with financially responsible insurance companies insurance in such amounts and against such risks and losses as was in place as of the date of this Agreement for such assets and businesses;

(viii) enter into any commitment or contract for goods or services not addressed in clauses (i) through (vii) above that will be delivered or provided after June 30, 1999 or such other date that the parties

mutually agree to be the date on which the Closing is expected to occur, in an amount greater than $100,000 or $1,000,000 in the aggregate; or

(ix) enter into any written or oral contract, agreement, commitment or arrangement with respect to any of the transactions set forth in the foregoing paragraphs (i) through (viiii).

(b) Notwithstanding anything in Section 7.1 (a) to the contrary, the Seller may, in its sole discretion, make (i) Maintenance Expenditures and Capital Expenditures and (ii) at the Seller's expense, such other maintenance and. capital expenditures as the Seller deems necessary;

7.2. Access to Information. (a) Between the date of this Agreement and the Closing Date, the Seller will, during ordinary business hours and upon reasonable notice (i) give the Buyer and the Buyer Representatives reasonable access to all books, records, plants, offices and other facilities and properties constituting the Purchased Assets to which the Buyer is not denied access by law; (ii) permit the Buyer to make such reasonable inspections thereof as the' Buyer may reasonably request; (iii) furnish the Buyer with such financial and operating data and other information with respect to the Purchased Assets as the Buyer may from time to time reasonably request, provided, however, that the Seller will not be required to create special reports or perform any studies; (iv) furnish the Buyer a copy of each material report, schedule or other document filed or received by it with respect to the Purchased Assets with or from the SEC, PSC or FERC; provided, however, that (A) any such investigation shall be conducted in such manner as not to interfere with the operation of the Purchased Assets, (B) the Seller shall not be required to take any action which would constitute a waiver of the attorney-client privilege and (C) the Seller need not supply the Buyer with any information which the Seller is under a legal obligation not to supply. Notwithstanding anything in this Section 7.2 to the contrary, (i) the Seller will only furnish or provide such access to Transferring Employee Records and personnel and medical records as is required by law, legal process or subpoena and (ii) the Buyer shall not have the right to perform or conduct any environmental sampling or testing at, in, on, or underneath the Purchased Assets.

(b) All information furnished to or obtained by the Buyer and the Buyer

Representatives pursuant to this Section 7.2 or the Ancillary Agreements shall be subject to the provisions of the Confidentiality Agreement and shall be treated as "Proprietary Information" (as defined in the Confidentiality Agreement).

(c) For a period of six years after the Closing Date, each party and their representatives shall have reasonable access to all of the books and records of the Purchased Assets, including all Transferring Employee Records, in the possession of the other party to the extent that such access may reasonably be required by such party. Such access shall be afforded by the party or parties in possession of such books and records upon receipt of reasonable advance notice and during normal business hours. The party or parties exercising this right of access shall be solely responsible for any costs or expenses incurred by it or them pursuant to this Section 7.2(c). If the party or parties in possession of such books and records shall desire to dispose of any such books and records upon or prior to the expiration of such six-year period, such party or parties shall, prior to such disposition, give the other party or parties a reasonable opportunity at such other party's or parties' expense, to segregate and remove such books and records as such other party or parties may select. During such six-year period, the Seller and its representatives and the respondent parties and their representatives in the real property tax litigation listed on Schedule 2.2(h) shall have physical access during normal business hours to the Purchased Assets to the extent such access may reasonably be required in connection with that litigation.

(d) The Seller agrees not to release any Person (other than the Buyer) from any confidentiality agreement now existing with respect to the Purchased Assets, or waive or amend any provision thereof.

(e) Notwithstanding the terms of the Confidentiality Agreement and Section 7.2(b) above, the parties agree that prior to the Closing the Buyer may, if reasonably necessary, reveal or disclose Proprietary Information to any other Persons in order to obtain financing, and for purposes of risk management of or with respect to the Purchased Assets, and to such Persons with whom the buyer expects it may have business dealings regarding the Purchased Assets

from and after the Closing Date, and, to the extent that Seller consents, which consent shall not be unreasonably withheld, existing and potential customers and suppliers.

(f) Except as required by law, unless otherwise agreed to in writing by the Buyer, for a period commencing on the Closing Date and terminating three years after such date the Seller shall keep all Proprietary Information confidential and (i) shall not disclose or reveal any Proprietary Information to any Person other than "Seller's Representatives" (as defined below) who are actively and directly participating in the transactions contemplated hereby or who otherwise need to know the Proprietary Information for such purpose and shall cause those Persons to observe the terms of this Section 7.2(f) and (ii) shall not use Proprietary Information for any purpose other than consistent with the terms of this Agreement. The Seller shall continue to hold all Proprietary Information according to the same internal procedures and with the same degree of care regarding its secrecy and confidentiality as currently applicable thereto. The Seller shall notify the Buyer of any unauthorized disclosure to third parties that it discovers, and shall endeavor to prevent any further such disclosures. The Seller shall be responsible for any breach of the terms of this Section 7.2(f) by the Seller or the Seller's Representatives.

After the Closing Date, in the event that the Seller is requested pursuant to, or required by, applicable law or regulation or by legal process to disclose any Proprietary Information, or any other information concerning the Purchased Assets, or the transactions contemplated hereby, the Seller shall provide the Buyer with prompt notice of such request or requirement in order to enable the Buyer to seek an appropriate protective order or other remedy, to consult with the Seller with respect to taking steps to resist or narrow the scope of such request or legal process, or to waive compliance, in whole or in part, with the terms of this Section 7.2(f). The Seller agrees not to oppose any action by the Buyer to obtain a protective order or other appropriate remedy after the Closing Date. In the event that no such protective order or other remedy is obtained, or that the Buyer waives compliance with the terms of this Section 7.2(f), the Seller shall furnish only that portion of the Proprietary Information which the Seller is advised by counsel is legally required. In any such event the seller shall use its reasonable best efforts to ensure

that all Proprietary Information and other information that is so disclosed will be accorded confidential treatment.

7.3. Expenses. Except to the extent specifically provided herein, whether or not the transactions contemplated hereby are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such costs and expenses. Any title insurance obtained by the Buyer shall be at the Buyer's sole expense.

7.4. Further Assurances. a) Subject to the terms and conditions of this Agreement, each of the parties hereto will use its best efforts to take, or cause to be taken, all action, and to do, or cause! to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the sale of the Purchased Assets pursuant to this Agreement, including without limitation using its best efforts to ensure satisfaction of the conditions precedent to each party's obligations hereunder. Notwithstanding anything in the previous sentence to the contrary, the Seller and the Buyer shall use commercially reasonable efforts to obtain all Permits and Environmental Permits necessary for the Buyer to operate the Purchased Assets. Neither of the parties hereto will, without prior written consent of the other party, take or fail to take any action, which would reasonably be expected to prevent or materially impede, interfere with or delay the transactions contemplated by this Agreement. From time to time after the date hereof, without further consideration, the Seller will, at its own expense, execute and deliver such documents to the Buyer as the Buyer may reasonably request in order to vest more effectively in the Buyer the Seller's title to the Purchased Assets subject to Permitted Encumbrances and Schedule 5.8. From time to time after the date hereof, the Buyer will, at its own expense, execute and deliver such documents to the Seller as the Seller may reasonably request in order to consummate more effectively the sale of the Purchased Assets pursuant to this Agreement.

(b) In the event that any Purchased Asset shall not have been conveyed to the Buyer at the Closing, the Seller shall use its best efforts to convey such asset to the Buyer as promptly as is practicable after the Closing. In the event that any easement necessary or desirable for the Seller's ongoing operations shall not have been retained

by the Seller after the Closing, the Buyer shall use its best efforts to grant such Easement to the Seller as promptly as is practicable after the Closing.

7.5. Public Statements. The parties shall consult with each other prior to issuing any public announcement, statement or other disclosure with respect to this Agreement or the transactions contemplated hereby and shall not issue any such public announcement, statement or other disclosure prior to such consultation, except as may be required by law and except that the parties may make public announcements, statements or other disclosures with respect to this Agreement and the transactions contemplated hereby to the extent and under the circumstances in which the parties are expressly permitted by the Confidentiality Agreement to make disclosures of "Proprietary Information" (as defined in the Confidentiality Agreement).

7.6. Consents and Approvals. (a) The Seller and the Buyer shall each file or cause to be filed with the Federal Trade Commission and the United States Department of Justice any notifications required to be filed under the HSR Act and the rules and regulations promulgated thereunder with respect to the transactions contemplated hereby. The parties shall consult with each other as to the appropriate time of filing such notifications and shall use their best efforts to make such filings at the agreed upon time, to respond promptly to any requests for additional information made by either of such agencies, and to cause the waiting periods under the HSR Act to terminate or expire at the earliest possible date after the date of filing.

(b) The Seller and the Buyer shall cooperate with each other and (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, (iii) use all commercially reasonable efforts to obtain the transfer or reissuance to the Buyer of all necessary Transferable Permits, consents, approvals and authorizations of all governmental bodies and (iv) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other parties, in the case of each of the foregoing clauses (i), (ii), (iii) and (iv), necessary or advisable to consummate the transactions contemplated by this Agreement (including, without limitation, the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals) or required by

the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which the Seller or the Buyer is a party or by which either of them is bound. Each of the Seller and the Buyer shall have the right to review in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing made in connection with the transactions contemplated hereby.

(c) The Seller and the Buyer shall cooperate with each other and promptly prepare and file notifications with, and request tax clearances from, state and local taxing authorities in jurisdictions in which a portion of the Purchase Price may be required to be withheld or in which the Buyer would

otherwise be liable for any Tax liabilities of the Seller pursuant to such state and local Tax law.

(d) The Seller and the Buyer agree to execute and deliver the Interconnection Agreement, the Site Agreement and the Swaption at the Closing.

7.7. Fees and Commissions. The Seller and the Buyer each represent and warrant to the other that, except for Merrill Lynch & Co. and Donaldson Lufkin & Jenrette Securities Corporation, which are acting for and at the expense of the Seller, and Chase Securities Inc., which is acting for and at the expense of the Buyer, no broker, finder or other Person is entitled to any brokerage fees, commissions or finder's fees in connection with the transaction contemplated hereby by reason of any action taken by the party making such representation.

7.8. Tax Matters. (a) Other than the New York Real Estate Transfer Tax (the "New York Tax"), which is the Seller's obligation, the Buyer shall be solely liable for and shall pay all applicable sales, transfer, use, stamp, conveyance, value added, recording, excise, New York Petroleum Business Tax and other similar Taxes, if any, together with all recording or filing fees, notarial fees and other similar costs of Closing, that may be imposed upon, or payable, collectible or incurred in connection with the transfer of the Purchased Assets to the Buyer or otherwise as a result of the transfer of the Purchased Assets ("Transfer Taxes"). The Buyer shall release, indemnify and hold harmless Seller with respect to all Transfer Taxes, other than the New York Tax. The Buyer, at

its own expense, will file, to the extent required by applicable law, all necessary Tax Returns and other documentation with respect to all such Transfer Taxes, and if required by applicable law, the Seller will join in the execution of any such Tax Returns or other documentation.

(b) With respect to Taxes to be prorated in accordance with Section 3.4 of this Agreement only, the Buyer shall prepare and timely file all Tax Returns required to be filed after the Closing with respect to the Purchased Assets, if any, and shall duly and timely pay all such Taxes shown to be due on such Tax Returns. The Buyer's preparation of any such Tax Returns shall be subject to the Seller's approval, which approval shall not be unreasonably, withheld. The Buyer shall make such Tax Returns available for the Seller's review and approval not later than fifteen (15) Business Days prior to the due date for filing such Tax Return. Within ten (10) Business Days after receipt of such Tax Return, the Seller shall pay to the Buyer its proportionate share of the amount shown as due on such Tax Return determined in accordance with Section 3.4 of this Agreement.

(c) Each of the Buyer and the Seller shall provide the other with such assistance as may reasonably be requested by the other party in connection with the preparation of any Tax Return, any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to liability for Taxes, and each will retain and provide the requesting party with any records or information that may be relevant to such return, audit, or examination, proceedings or determination. Any information obtained pursuant to this Section 7.8(c) or pursuant to any other Section hereof providing for the sharing of information or review of any Tax Return or other schedule relating to Taxes shall be kept confidential by the parties hereto.

(d) The Buyer shall remit to the Seller any refund or credit of Taxes with respect to the Purchased Assets to the extent such Taxes are attributable to any taxable period, or portion thereof, ending on or before the Closing Date.

(e) The Buyer shall pay to the Seller at Closing the portion of any Taxes previously paid by the Seller with respect to the Purchased Assets to the extent such taxes are

properly allocable to a taxable period, or portion thereof, beginning after the Closing Date.

(f) The Buyer shall prepare and timely file all real property tax administrative and judicial proceedings which must be filed pursuant to any existing settlement agreements or those which are negotiated with respect to the litigation on Schedule 2.2(h). The Seller will provide all reasonable and necessary assistance in preparing such filings.

(g)(i) Prior to Closing, the Seller shall have the right to control any and all real property tax litigation relating to the Dunkirk and Huntley Steam Station Real Property. The Buyer shall have the right to receive reasonable advance notice of all meetings, proceedings and conferences relating thereto and, to the extent not prohibited by the relevant taxing authority, to observe and attend all such meetings, proceedings or conferences, to receive copies of all notices, determinations, and filings received by the Seller in connection therewith promptly after the Seller's receipt thereof, to receive copies of pleadings, filings, and other submissions to be made by the Seller no later than 5 Business Days in advance of the Seller's submission thereof, and to consent to all settlements or consent orders entered into by the Seller with respect to real property tax litigation relating to the Real Property, such consent not to be unreasonably withheld.

(ii) From and after the Closing, the Buyer shall have the right to assume control of all real property tax litigation relating to the Real Property pending as of the Closing Date. The Seller shall cooperate with, and provide reasonable assistance to, the Buyer in connection with the conduct of such litigation, including the right to use and consult with personnel of the Seller principally responsible for management of Seller's relationships with the relevant real property taxing authorities and negotiation and litigation which such authorities regarding real property tax assessments. With respect to any such litigation, the Seller shall have the right to receive reasonable advance notice of all meetings, proceedings and conferences relating thereto and, to the extent not prohibited by the relevant taxing authority, to observe all such meetings, conferences and proceedings, to receive copies of all notices, determinations, and

filings received by the Buyer in connection therewith promptly after the Buyer's receipt thereof, to receive copies of pleadings, filings, and other submissions to be made by the Buyer not later than five (5) Business Days in advance of the Buyer's submission thereof, and to consent to all settlements or consent orders entered into by the Buyer with respect to real property tax litigation relating to the Real Property, such consent not to be unreasonably withheld.

(iii) The Buyer and the Seller will work together to negotiate the PILOT Agreements or multi-year tax settlements for the Dunkirk and Huntley Steam Stations. Such settlements (i.e. PILOTs and or Multi-year settlements) as they are negotiated for this agreement, are hereinafter

referred to as "Actual Real Estate Taxes Paid." Actual Real Estate Taxes Paid will apply to the Real Property being purchased, and do not include any taxes on incremental investment (including repowering) at the site for these calculations.

(iv) The Buyer shall pay to Seller fifty percent (50%) of the first $10,000,000 net reduction difference Between Actual Real Estate Taxes Paid and those shown in Schedule 7.8(g) and twenty percent (20%) of any net reduction difference greater than $10,000,000 between Actual Tax Payments Paid and Schedule 7.8(g). The Seller shall pay the Buyer twenty percent (20%) of the net increase difference between Actual Real Estate Taxes Paid and those shown in Schedule 7.8(g). All calculations made pursuant to this Section 7.8(g)(iv) shall be on an after tax net present value basis, using a 9% discount rate, as of the Closing Date. It will be assumed that the scheduled payments in the last year of any PILOT Agreement or multi-year real property tax settlement which has a term of 5 years or more would stay in place from the end of the settlement through 2013.

The reconciliation and payment as provided for by Section 7.8(g)(iv) shall occur no later than sixty (60) days after the finalization of any PILOT and/or multi-year tax settlement. Final calculations will be provided to the Buyer by the Seller within this time frame. Any Real Estate taxes relating to the Dunkirk and Huntley Stations paid by the Buyer after the Closing but before the implementation of any PILOT and/or multi-year tax settlement will be

incorporated into the calculations set forth in this agreement.

7.9. Supplements to Schedules. Prior to the Closing Date, the Seller and the Buyer shall supplement or amend the Schedules required by Section 2.4, Article V and Article VI as the case may be, with respect to any matter relating to the Purchased Assets, hereafter arising which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in such Schedules. No supplement or amendment of any Schedule made pursuant to this Section shall be deemed to cure any breach of any representation or warranty made in this Agreement unless the parties agree thereto in writing.

7.10. Employees. (a) The Buyer and the Seller agree that the Buyer shall be a successor within the meaning of the Collective Bargaining Agreement. Each person who becomes employed by the Buyer or an Affiliate of Buyer pursuant to this Section 7.10 shall be referred to herein as a "Buyer Employee." The employment of employees who are represented by Local No. 97 of the IBEW shall continue in accordance with the Collective Bargaining Agreement.

(b) The Seller has made available to the Buyer the Collective Bargaining Agreement. With respect to Buyer Employees who are included in the collective bargaining unit by the Collective Bargaining Agreement ("IBEW Employees"), on the Closing Date, the Buyer and any Affiliate of Buyer who employs Buyer Employees will assume the Collective Bargaining Agreement as it relates to such Buyer Employees employed at the Purchased Assets.

(c) For the period commencing on the Closing Date and ending 12 months thereafter, and except as the Buyer and any Buyer Employee may otherwise agree, the Buyer shall provide all Buyer Employees who are not IBEW Employees ("Non-Union Employees") with total compensation (including, without limitation, base pay, authorized overtime, bonuses, and benefits contained in the employee benefit plans, programs and fringe benefit arrangements (excluding education reimbursement)) which is, in the aggregate, at least equivalent in value to the Non-Union Employee's total compensation, which shall be based upon (x) such

employee's existing individual base pay, (y) authorized overtime, if applicable, and (z) an average bonus and benefit component

for such employee's salary plan level, as consistently applied by the Seller, apportioned according to such employee's base pay. The Buyer shall also pay reasonable relocation costs with respect to any Non-Union Employees who shall relocate at the Buyer's request.

(d) As of the Closing Date, all Non-Union Employees shall cease to participate in the employee welfare benefit plans (as such term is defined in ERISA) maintained or sponsored by the Seller or its Affiliates (the "Prior Welfare Plans") and shall, if applicable, commence to participate in welfare benefit plans of the Buyer or its Affiliates (the "Replacement Welfare Plans"). The Buyer shall (i) waive all limitations as to pre-existing condition exclusions and waiting periods with respect to Non-Union Employees under the Replacement Welfare Plans, other than, but only to the extent of, limitations or waiting periods that were in effect with respect to such employees under the Prior Welfare Plans and that have not been satisfied as of the Closing Date, and (ii) provide each Non-Union Employee with credit for any co-payments and deductibles paid prior to the Closing Date in satisfying any deductible or out-of-pocket requirements under the Replacement Welfare Plans (on a pro-rata basis in the event of a difference in plan years).

(e) Non-Union Employees shall be given credit for all service with the Seller and its Affiliates under all employee benefit plans, programs, and fringe benefit plans, programs, and fringe benefit arrangements of the Buyer ("Buyer Benefit Plans") in which they become participants. The service credit given is for purposes of eligibility, vesting and service related level of benefits, but not benefit accrual (except as provided in the following sentence). For purposes of benefit accrual, Non-Union Employees shall be given credit for all service with the Seller and its Affiliates under all Buyer Benefit Plans, but the ultimate benefits provided under the Buyer Benefit Plans may be offset by the corresponding benefits previously provided by the Seller or benefit plans of the Seller, or by the corresponding benefits accrued under the benefit plans of the Seller or otherwise committed to be provided by the Seller in the future. Nothing in this Agreement shall preclude the use of a "Defined Contribution Plan" in substitution for the "Defined Benefit Plans" maintained by the Seller.

(f) To the extent allowable by law, the Buyer shall take any and all necessary action to cause the trustee of a defined contribution plan of the Buyer or one of its Affiliates, if requested to do so by a Non-Union Employee, to accept a direct "rollover" of all or a portion of said employee's distribution (excluding securities) from the Seller's Represented and Non-Represented Employees Savings Fund Plans or the defined benefit Pension Plan.

(g) The Buyer shall pay to each Non-Union Employee whose employment is

terminated by the Buyer or one of its Affiliates within eighteen months of the Closing Date a severance benefit package equivalent to that which would have been provided to such individual upon such termination by the Seller under the Niagara Mohawk Power Corporation Involuntary Severance Plan as in effect on the Closing Date had such individual remained continuously employed by the Seller or its Affiliates and had been eligible for, and entitled to benefits under, such plan on the date of such termination.

(h) The Buyer also shall provide, to each Non-Union Employee who on the Closing Date is at least 50 years of age and has at least 10 years of "Service" (as that term is defined in the Niagara Mohawk Pension Plan) and who is hired by the Buyer, a benefit that is equal to the following amount ("Transition Benefit"): (i) the value of the "Accrued Benefit" each such employee would have had under the Niagara Mohawk Pension Plan cash balance formula had such employee remained employed by the Seller for five years after the Closing Date, assuming such employee had retained the same job with the Seller as such employee had immediately preceding the Closing Date and had the same "Compensation," "Interest Credit" (using an annual interest rate of 6.5 percent), and rate of "Pay-Based Credit" (as those terms are defined in the Niagara Mohawk Pension Plan) as such employee had immediately preceding the Closing Date; less (ii) the percent value of the "Accrued Benefit" such employee has under the Niagara Mohawk Pension Plan cash balance formula as of the Closing Date, plus the "Interest Credit" (as that term is defined in the Niagara Mohawk Pension Plan) that would have been received on the amount of such present value had it remained in the Niagara mohawk pension plan for five years after the closing Date (assuming the Interest Credit remained at an annual interest rate of 6.5 percent throughout that five year period). The Buyer shall provide the Transition Benefit for each eligible Non-Union Employee

in one or both of the following ways: (A) as vested accrued benefits for such employee under a qualified retirement plan (or qualified retirement plans) maintained by the Buyer, with such benefits accruing no later than the end of the five year period following the Closing Date ("Five Year Period"); and/or (B) as cash paid to such employee in a lump sum or in multiple payments (e.g., through a severance pay plan, a deferred compensation plan, or such other arrangement deemed appropriate to the Buyer), with such payment(s) to commence no later than the last day of the year in which such employee's employment with the Buyer terminates (or, if later, 90 days after such employment terminates). The present value of the vested accrued benefits described in (A), plus the present value of the cash payment(s) to be made pursuant to (B), must at least equal the total amount of the Transition Benefit for the applicable Non-Union Employee (present value, for purposes of this sentence, shall be computed in the same manner as the present value of an "Accrued Benefit" in the Niagara Mohawk Pension Plan is computed). Notwithstanding anything in this subsection (h) to the contrary, (1) if an eligible Non-Union Employee voluntarily terminates employment with the Buyer before the end of the Five Year Period or dies before the end of the Five Year Period, the Buyer shall have the right to reduce such employee's Transition Benefit on a pro rata basis (e.g., if such employee voluntarily leaves employment with the Buyer after one year, the Buyer could reduce such employee's Transition Benefit to 20 percent of the original Transition Benefit amount).

(i) The Buyer and the Seller do not anticipate the issuance of any notices pursuant to the WARN Act. Notwithstanding the foregoing, the Seller agrees to timely perform and discharge all requirements under the WARN Act and under applicable state and local laws and regulations for the notification of its employees arising from the sale of the Purchased Assets to the Buyer up to and including the Closing Date for those employees who will become Buyer Employees effective as of the Closing Date. After the Closing Date, the Buyer shall be responsible for performing and discharging all requirements under the WARN Act and under applicable state and local laws and regulations for the

notification of its employees with respect to the Purchased Assets.

(j) The Buyer shall not be responsible for extending COBRA continuation coverage to any employees and

former employees of Seller who do not elect to become Buyer Employees, or to any qualified beneficiaries of such employees and former employees, who become or became entitled to COBRA continuation coverage before the Closing, including those for whom the Closing occurs during their COBRA election period.

(k) The Seller or the Seller's Affiliates shall remain responsible for paying Buyer Employees for: (a) all salary, wages, bonuses and/or incentive compensation that were earned for time worked for the Seller or the Seller's Affiliates prior to the Closing Date; and (b) all workers' compensation, disability benefits or other insurance benefits that were accrued and based upon events occurring prior to the Closing Date. The Seller or Seller's Affiliates shall pay to the Buyer as promptly as practicable following the Closing Date for all vacation and holiday time for Buyer's Employees which is accrued as of the Closing Date, and the Buyer shall provide to the Buyer Employees the opportunity either to be paid for such accrued time or to take such time.

(1) Notwithstanding any other provision in this Agreement, the Buyer shall have no obligation of any kind, and the Seller shall indemnify and hold the Buyer harmless from, any liability with respect to any employee of the Seller who does not elect to become a Buyer Employee.

7.11. Risk of Loss. (a) From the date hereof through the Closing Date, all risk of loss or damage to the property included in the Purchased Assets shall be borne by the Seller.

(b) If, before the Closing Date, all or any portion of the Purchased Assets is taken by eminent domain or is the subject of a pending or (to the knowledge of the Seller) contemplated taking which has not been consummated, the Seller shall notify the Buyer promptly in writing of such fact. If the fair market value of the Purchased Assets that are the subject of such taking is greater than $1,000,000, the Buyer and the Seller shall negotiate in good faith to settle the loss resulting from such taking (including, without limitation, by making a fair and equitable adjustment to the Purchase Price) and, upon such settlement, consummate the transaction contemplated by this Agreement pursuant to the terms of this Agreement.

(c) If, before the Closing Date, all or any material portion of the Purchased Assets is damaged or destroyed by fire or other casualty, the Seller shall notify the Buyer promptly in writing of such fact. If such damage or destruction would result in a loss of more than $1,000,000 and the Seller has not notified the Buyer of its intention to cure such damage or destruction within fifteen (15) days after its occurrence, the Buyer and the Seller shall negotiate in good faith to settle the loss resulting from such casualty

(including, without limitation, by making a fair and equitable adjustment to the Purchase Price) and, upon such settlement, consummate the transactions contemplated by this Agreement pursuant to the terms of this Agreement.

(d) If a taking or damage or destruction in (b) or (c) above shall affect $1,000,000 or less in value of the Purchased Assets, the Buyer shall be entitled to any compensation with respect to a taking and any insurance proceeds with respect to damage or destruction.

7.12. Tax Clearance Certificates. The Buyer shall use reasonable efforts to provide or obtain from any taxing authority any certificate, permit, license, or other document necessary to mitigate, reduce or eliminate any Taxes (including additions thereto or interest and penalties thereon) that otherwise would be imposed with respect to the transactions contemplated in this Agreement.

7.13. NYSERDA Compliance. Following the Closing, the Buyer agrees to comply with the Seller's obligations with respect to the ownership and operation of the Purchased Assets set forth in the participation agreements and tax regulatory agreements listed on Schedule 7.13.

7.14. Units 63 and 64. Within two years, following the date hereof, the Buyer agrees to repower or retire Units 63 and 64 at Huntley Steam Station. Upon the retirement of Unit 63 or Unit 64, the Buyer shall provide the Seller the right of first negotiation with respect to acquiring such Units' NOx credits.

ARTICLE VIII

CONDITIONS

8.1. Conditions to Each Party's Obligations to Effect the Transaction. The respective obligations of each party to effect the sale of the Purchased Assets shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) The waiting period under the HSR Act applicable to the consummation of the sale of the Purchased Assets contemplated hereby shall have expired or been terminated;

(b) No preliminary or permanent injunction or other order or decree by any federal or state court which prevents the consummation of the sale of the Purchased Assets contemplated hereby shall have been issued and remain in effect (each party agreeing to use reasonable best efforts to have any such injunction, order or decree lifted) and no statute, rule or regulation shall have been enacted by any State or Federal government or governmental agency in the United States which prohibits the consummation of the sale of the Purchased Assets;

(c) All Federal, State and local government consents and approvals required for the consummation of the sale of the Purchased Assets and the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals, shall

have been obtained or become Final Orders (a "Final Order" for all purposes of this Agreement means a final order after all opportunities for rehearing are exhausted (whether or not any appeal thereof is pending) that has not been revised, stayed, enjoined, set aside, annulled or suspended, with respect to which any required waiting period has expired; and as to which all conditions to effectiveness prescribed therein or otherwise by law, regulation or order have been satisfied) and such Final Orders shall not impose materially adverse terms or conditions on either the Seller or the Buyer, provided that either such party may only invoke the foregoing condition if the terms or conditions have such a material adverse effect on the benefits expected to be derived from the consummation of the transactions contemplated hereby that such party reasonably would not have been expected to enter into this Agreement if such terms or conditions had been known as of the date hereof; and

(d) All consents and approvals for the consummation of the sale of the Purchased Assets contemplated hereby required under the terms of any note, bond, mortgage, indenture, contract or other agreement to which the Seller or the Buyer, or any of their subsidiaries, is a party shall have been obtained, other than those which if not obtained, would not, in the aggregate, create a Material Adverse Effect.

8.2. Conditions to Obligations of the Buyer. The obligation of the Buyer to effect the purchase of the Purchased Assets contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following additional conditions:

(a) There shall not have occurred and be continuing a Material Adverse Effect;

(b) The Seller shall have performed and complied with in all material respects the covenants and agreements contained in this Agreement that are required to be performed and complied with by the Seller on or prior to the Closing Date, and the representations and warranties of the Seller set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date;

(c) There shall be no Encumbrances on the Purchased Assets by virtue of the Indenture;

(d) The Buyer shall have received certificates from authorized officers of the Seller, dated the Closing Date, to the effect that, to the best of such officers' knowledge, the conditions set forth in Sections 8.2(a), (b) and (c) have been satisfied;

(e) The Buyer shall have received an opinion of the general counsel of the Seller, dated the Closing Date and satisfactory in form and substance to the Buyer and its counsel, substantially to the effect that:

(1) The Seller is a corporation duly organized, existing and in good standing under the laws of New York and the seller has the corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby

and thereby; and the execution and delivery of this Agreement and such Ancillary Agreements and the consummation of the sale of the Purchased Assets contemplated hereby have been duly authorized by all requisite corporate action taken on the part of the Seller;

(2) This Agreement and the Ancillary Agreements have been duly executed and delivered by the Seller and (assuming that the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals are obtained) are valid and binding obligations of the Seller, enforceable against the Seller in accordance with their terms, (A) subject to the Bankruptcy and Equity Exception and (B) except that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to certain equitable defenses and to the discretion of the court before which any proceeding therefor may be brought;

(3) The execution and delivery and performance of this Agreement and the Ancillary Agreements by the Seller do not conflict with the Certificate of Incorporation or Bylaws, as currently in effect, of the Seller; and

(4) No declaration, filing or registration with, or notice to, or authorization, consent or approval of any governmental authority is necessary for the consummation by the Seller of the Closing other than (i) the Seller Required Regulatory Approvals, all of such Seller Required Regulatory Approvals hereunder having been obtained and being in full force and effect with such terms and conditions as shall have been imposed by any applicable governmental authority, and (ii) such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made, would not, in the aggregate create a Material Adverse Effect.

As to any matter contained in such opinions which involves the laws of any jurisdiction other than the Federal laws of the United States or the laws of the State of

New York, such counsel may rely upon opinions of counsel admitted in such other jurisdictions. Any opinions relied upon by such counsel as aforesaid shall be delivered together with the opinion of such counsel. Such opinions may expressly rely as to matters of fact upon certificates furnished by the Seller and appropriate officers and directors of the Seller and by public officials;

(f) The Buyer shall have received the qualifications or approvals set forth in Section 6.3(b)(i) and (ii) hereof;

(g) The Buyer shall have obtained all material Environmental Permits and material Permits; and

(h) The Buyer shall be able to obtain New York Title Insurance.

8.3. Conditions to Obligations of the Seller. The obligation of the Seller to effect the sale of the Purchased Assets contemplated by this Agreement

shall be subject to the fulfillment at or prior to the Closing Date of the following additional conditions:

(a) The Buyer shall have performed in all material respects its covenants and agreements contained in this Agreement which are required to be performed on or prior to the Closing Date;

(b) The representations and warranties of the Buyer set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date;

(c) The Seller shall have received a certificate from an authorized officer of the Buyer, dated the Closing Date, to the effect that, to the best of such officer's knowledge, the conditions set forth in Sections 8.3(a) and (b) have been satisfied;

(d) The Buyer shall have assumed, as set forth in Section 7.10, the Collective Bargaining Agreement; and

(e) The Seller shall have received an opinion from the general counsel of the Buyer, dated the Closing

Date and satisfactory in form and substance to the Seller and their counsel, substantially to the effect that:

(1) The Buyer is a corporation duly organized, existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby; and the execution and delivery of this Agreement and such Ancillary Agreements and the consummation of the sale of the Purchased Assets contemplated hereby have been duly authorized by all requisite corporate action taken on the part of the Buyer;

(2) This Agreement and the Ancillary Agreements have been duly executed and delivered by the Buyer and (assuming that the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals are obtained) are valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their terms, (A) subject to the Bankruptcy and Equity Exception and (B) except that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to certain equitable defenses and to the discretion of the court before which any proceeding therefor may be brought;

(3) The execution and delivery and performance of this Agreement and the Ancillary Agreements by the Buyer does not conflict with the Certificate of Incorporation or Bylaws, as currently in effect, of the Buyer; and

(4) No declaration, filing or registration with, or notice to, or authorization, consent or approval of any governmental authority is necessary for the consummation by the Buyer of the Closing other than the Buyer Required Regulatory Approvals, all of such Buyer Required Regulatory Approvals having been obtained and being in full force and effect with such terms and conditions as shall have been imposed by any applicable governmental authority.

As to any matter contained in such opinion which involves the laws of any jurisdiction other than the federal laws of the United States and Delaware, such counsel may rely upon opinions of counsel admitted in such other jurisdictions. Any opinions relied upon by such counsel as aforesaid shall be delivered together with the opinion of such counsel. Such opinion may expressly rely as to matters of facts upon certificates furnished by appropriate officers and directors of the Buyer and its subsidiaries and by public officials.

ARTICLE IX

INDEMNIFICATION

9.1. Indemnification. (a) The Seller will indemnify, defend and hold harmless the Buyer from and against any and all claims, demands or suits (by any Person), losses, liabilities, damages (including consequential or special damages), obligations, payments, costs and expenses (including, without limitation, the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements and compromises relating thereto and reasonable attorneys' fees and reasonable disbursements in connection therewith) (each, an "Indemnifiable Loss"), asserted against or suffered by the Buyer relating to, resulting from or arising out of (i) any breach by the Seller of any covenant or agreement of the Seller contained in this Agreement or the representations and warranties contained in Sections 5.1, 5.2 or 5.3 hereof, (ii) the Excluded Liabilities, (iii) noncompliance by the Seller with any bulk sales or transfer laws as provided in Section 11.11 or (iv) the Indemnifiable Liens.

(b) The Buyer will indemnify, defend and hold harmless the Seller from and against any and all Indemnifiable Losses asserted against or suffered by the Seller relating to, resulting from or arising out of (i) any breach by the Buyer of any covenant or agreement of the Buyer contained in this Agreement or the representations and warranties contained in Sections 6.1, 6.2 and 6.3 hereof and (ii) the Assumed Obligations.

(c) Any Person entitled to receive indemnification under this Agreement (an "Indemnitee") having a claim under these indemnification provisions shall make a good

faith effort to mitigate and to recover all losses, damages, costs and expenses from insurers of such Indemnitee under applicable insurance policies so as to reduce the amount of any Indemnifiable Loss hereunder. The amount of any Indemnifiable Loss shall be reduced (i) to the extent that Indemnitee receives any insurance proceeds with respect to an Indemnifiable Loss and (ii) to take into account any net Tax benefit recognized by the Indemnitee arising from the recognition of the Indemnifiable Loss and any payment actually received with respect to an Indemnifiable Loss.

(d) The expiration, termination or extinguishment of any covenant or agreement shall not affect the parties' obligations under this Section 9.1 if the Indemnitee provided the Person required to provide indemnification under this Agreement (the "Indemnifying Party") with proper notice of the claim or event for which indemnification is sought prior to such expiration, termination or extinguishment.

(e) The rights and remedies of the Seller and the Buyer under this Article IX are exclusive and in lieu of any and all other rights and remedies which the Seller and the Buyer may have under this Agreement or otherwise for monetary relief with respect to (i) any breach or failure to perform any covenant or agreement set forth in this Agreement or (ii) the Assumed Obligations or the Excluded Liabilities, as the case may be.

(f) The Buyer and the Seller each agree that notwithstanding any provisions in this Agreement to the contrary, all parties to this Agreement retain their remedies at law or in equity with respect to willful or intentional breaches of this Agreement.

(g) Any indemnity payment under this Agreement shall be treated as an adjustment to the Purchase Price for tax purposes.

9.2. Defense of Claims. (a) If any Indemnitee receives notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement (a "Third Party Claim") with respect to which indemnification is to be sought from an Indemnifying Party, the Indemnitee will give such Indemnifying party reasonably prompt written notice thereof, but in any event not later than ten (10) calendar

days after the Indemnitee's receipt of notice of such Third Party Claim. Such notice shall describe the nature of the Third Party Claim in reasonable detail and shall indicate the estimated amount, if practicable, of the Indemnifiable Loss that has been or may be sustained by the Indemnitee. The Indemnifying Party will have the right to participate in or, by giving written notice to the Indemnitee, to elect to assume the defense of any Third Party Claim at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, and the Indemnitee will cooperate in good faith in such defense at such Indemnitee's own expense.

(b) If within ten (10) calendar days after an Indemnitee provides written notice to the Indemnifying Party of any Third Party Claim the Indemnitee receives written notice from the Indemnifying Party that such Indemnifying Party has elected to assume the defense of such Third Party claim as provided in the last sentence of Section 9.2(a), the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof; provided, however, that if the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third Party Claim within twenty (20) calendar days after receiving notice from the Indemnitee that the Indemnitee believes the Indemnifying Party has failed to take such steps, the Indemnitee may assume its own defense, and the Indemnifying Party will be liable for all reasonable expenses thereof. Without the prior written consent of the Indemnitee, the Indemnifying Party will not enter into any settlement of any Third Party Claim which would lead to liability or create any financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder. If a firm offer is made to settle a Third Party claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder and the Indemnifying Party desires to

accept and agree to such offer, the Indemnifying Party will give written notice to the Indemnitee to that effect. If the Indemnitee fails to consent to such firm offer within ten (10) calendar days after its receipt of such notice, the Indemnitee may continue to contest or defend such Third Party Claim and, in such event, the maximum liability of the Indemnifying Party as to such Third Party claim will be the amount of such settlement offer, plus reasonable costs and expenses paid or incurred by the Indemnitee up to the date of such notice.

(c) Any claim by an Indemnitee on account of an Indemnifiable Loss which does not result from a Third Party Claim (a "Direct Claim") will be asserted by giving the Indemnifying Party reasonably prompt written notice thereof, stating the nature of such claim in reasonable detail and indicating the estimated amount, if practicable, but in any event not later than ten (10) calendar days after the Indemnitee becomes aware of such Direct Claim, and the Indemnifying Party will have a period of thirty (30) calendar days within which to respond to such Direct Claim. If the Indemnifying Party does not respond within such thirty (30) calendar day period, the Indemnifying Party will be deemed to have accepted such claim. If the Indemnifying Party rejects such claim, the Indemnitee will be free to seek enforcement of its rights to indemnification under this Agreement.

(d) If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect thereof, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other entity, the amount of such reduction, less any costs, expenses or premiums incurred in connection therewith (together with interest thereon from the date of payment thereof at the prime rate then in effect of the Bank of Boston), will promptly be repaid by the Indemnitee to the Indemnifying Party. Upon making any indemnity payment, the Indemnifying Party will, to the extent of such indemnity payment, be subrogated to all rights of the Indemnitee against any third party in respect of the Indemnifiable Loss to which the indemnity payment relates; provided, however, that (i) the Indemnifying Party will then be in compliance with its obligations under this Agreement in respect of such Indemnifiable Loss and (ii) until the Indemnitee recovers full payment of its Indemnifiable Loss, any and all claims of the Indemnifying Party against any such third party on account of said indemnity payment is hereby made expressly subordinated and subject in right of payment to the Indemnitee's rights against such third party. Without limiting the generality or effect of any other provision hereof, each such Indemnitee and Indemnifying Party will duly execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights, and otherwise cooperate in the prosecution of such claims at the direction of the Indemnifying Party. Nothing in this Section 9.2(d) shall be construed to

require any party hereto to obtain or maintain any insurance coverage.

(e) A failure to give timely notice as provided in this Section 9.2 will not affect the rights or obligations of any party hereunder except if, and only to the extent that, as a result of such failure, the party which was entitled to receive such notice was actually prejudiced as a result of such failure.

9.3. Tax Contest. (a) The Buyer shall notify the Seller in writing within thirty (30) days of receipt of written notice of any Federal or State pending or threatened audits, adjustments or assessments (a "Tax Audit"), which may affect the Seller's liability for Taxes. If the Buyer fails to give such notice to the Seller, the Buyer shall not be entitled to indemnification for any Taxes arising in connection with such Tax Audit if such failure to give notice adversely affects the Seller's right to participate in the Tax Audit.

(b) (i) If such Tax Audit relates to any taxable period ending on or before the Closing or for any Taxes for which the Seller is liable hereunder, the Seller shall at its expense control the defense and settlement of such Tax Audit; (ii) if such Tax Audit relates to any taxable period beginning after the Closing for any Taxes, including without limitation Transfer Taxes as provided in Section 7.8(a), for which the Buyer is liable in full hereunder, the Buyer shall at its expense control the defense and settlement of such Tax Audit, provided the Seller shall be entitled to participate in such Tax Audit at its expense in such defense and to employ counsel of its choice at its expense; and (iii) if such Tax Audit relates to a taxable period, or portion thereof, beginning before and ending after the Closing and any Tax item cannot be identified as being a liability of either party or cannot be separated from a Tax item for which the other party is liable, the Seller shall control the defense and settlement of the Tax Audit.

ARTICLE X

TERMINATION AND ABANDONMENT

10.1. Termination. (a) This Agreement may be terminated at any time prior to the Closing Date by mutual written consent of the Seller and the Buyer.

(b) This Agreement may be terminated by the Seller or the Buyer if the Closing contemplated hereby shall have not occurred on or before the first anniversary of the date of this Agreement (the "Termination Date"); provided that the right to terminate this Agreement under this Section 10.1(b)(i) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date; and provided further, that if on the first anniversary of the date of this Agreement the conditions to the Closing set forth in Section 8.1(c) shall not have been fulfilled but all other conditions

to the Closing shall be fulfilled or shall be capable of being fulfilled, then the Termination Date shall be the day which is twenty-one months from the date of this Agreement.

(c) This Agreement may be terminated by the Seller or the Buyer if (i) any governmental or regulatory body, the consent of which is a condition to the obligations of the Seller and the Buyer to consummate the Closing shall have determined not to grant its or their consent and all appeals of such determination shall have been taken and have been unsuccessful, (ii) one or more courts of competent, jurisdiction in the United States or any State shall have issued an order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing, and such order, judgment or decree shall have become final and nonappealable or (iii) any statute, rule or regulation shall have been enacted by any State or Federal government or governmental agency in the United States which prohibits the consummation of the Closing.

(d) This Agreement may be terminated by the Buyer, if there has been a material violation or breach by the Seller of any agreement, representation or warranty contained in this Agreement which has rendered the satisfaction of any condition to the obligations of the

Buyer to effect the Closing impossible and such violation or breach has not been waived by the Buyer.

(e) This Agreement may be terminated by the Seller, if there has been a material violation or breach by the Buyer of any agreement, representation or warranty contained in this Agreement which has rendered the satisfaction of any condition to the obligations of the Seller to effect the Closing impossible and such violation or breach has not been waived by the Seller.

(f) This Agreement may be terminated by the Seller or the Buyer in accordance with the provisions of Section 7.11(b) or (c).

10.2. Procedure and Effect of Termination. In the event of termination of this Agreement and abandonment of the transactions contemplated hereby by either or both of the parties pursuant to Section 10.1, written notice thereof shall forthwith be given by the terminating party to the other party and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned, without further action by any of the parties hereto. If this Agreement is terminated as provided herein:

(a) Said termination shall be the sole remedy of the parties hereto with respect to breaches of any agreement, representation or warranty contained in this Agreement and none of the parties hereto nor any of their respective trustees, directors, officers or Affiliates, as the case may be, shall have any liability or further obligation to the other party or any of their respective trustees, directors, officers or Affiliates, as the case may be, pursuant to this Agreement, except in each case as stated in this Section 10.2 and in Sections 7.2(b), 7.3 and 7.7.

(b) All filings, applications and other submissions made pursuant to this Agreement, to the extent practicable, shall be withdrawn from the agency or other Person to which they were made.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1. Amendment and Modification. Subject to applicable law, this Agreement may be amended, modified or supplemented only by written agreement of the Seller and the Buyer.

11.2. Waiver of Compliance; Consents. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Notwithstanding anything in this Agreement to the contrary, the condition set forth in Section 8.3(d) cannot be waived by the Seller without the consent of the IBEW.

11.3. No Survival. Subject to the provisions of Section 9.2, each and every representation, warranty and covenant contained in this Agreement (other than the covenants contained in Sections 3.2, 3.2, 3.4, 7.2, 7.3, 7.4, 7.7, 7.8, 7.10, 7.12, 7.13 and 7.14 and in Articles IX and XI (which covenants shall survive in accordance with their terms) and other than the representations and warranties contained in Sections 5.1, 5.2 and 5.3 (which representations and warranties shall survive for eighteen months from the Closing)) shall expire with, and be terminated and extinguished by the consummation of the sale of the Purchased Assets and the transfer of the Assumed Obligations pursuant to this Agreement and such representations, warranties and covenants shall not survive the Closing Date; and none of the Seller, the Buyer or any officer, director, trustee or Affiliate of any of them shall be under any liability whatsoever with respect to any such representation, warranty or covenant.

11.4. Notices. All notices an other communications hereunder shall be in writing an shall be deemed given if delivered personally or by facsimile transmission, telexed or mailed by overnight courier or registered or certified mail (return receipt requested),

postage prepaid, to the parties at the following address (or at such other address for a party as shall be specified by like notice; provided that notices of a change of address shall be effective only upon receipt thereof):

(a) If to the Seller, to:

Niagara Mohawk Power Corporation
300 Erie Boulevard West
Syracuse, NY 13202
Facsimile: (315) 428-5802
Attention: Michael J. Kelleher

with a copy to:

Sullivan & Cromwell
1701 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
Facsimile: (202) 293-6330

Attention: Janet T. Geldzahler, Esq.

(b) If to the Buyer, to:

NRG Energy, Inc.
1221 Nicollet Mall, Suite 700
Minneapolis, MN 55403-2445
Facsimile: (612) 373-5430
Attention: Craig Mataczynski

with a copy to:
Dorsey & Whitney LLP
220 South Sixth Street
Minneapolis, MN 55402-1498
Facsimile: (612) 340-8738
Attention: Frank H. Voigt

11.5. Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by an party hereto, including by operation of law without the prior written consent of the other party, nor is this Agreement intended to confer upon any other Person except the parties hereto any rights or remedies hereunder. Notwithstanding the foregoing, no provision of this Agreement shall create any third party

beneficiary rights in any employee or former employee of the Seller (including any beneficiary or dependent thereof) in respect of continued employment or resumed employment, and no provision of this Agreement shall create any rights in any such Persons in respect of any benefits that may be provided, directly or indirectly, under any employee benefit plan or arrangement except as expressly provided for thereunder. Notwithstanding the foregoing, (i) the Buyer may assign all of its rights and obligations hereunder to any of its wholly owned Subsidiaries (direct or indirect) provided but no such assignment will release the Buyer from any liabilities or obligations hereunder, and (ii) the Buyer or its permitted assignee may assign, transfer, pledge or otherwise dispose of its rights and interests hereunder to a trustee or lending institution (s) for the purposes of financing or refinancing, or by way of assignments, transfers, conveyances or dispositions in lieu thereof; provided, however, that no such assignment or disposition shall relieve or in any way discharge the Buyer or such assignee from the performance of its duties and obligations under this Agreement. The Seller agrees to execute and deliver such documents as may be reasonably necessary to accomplish any such assignment, transfer, conveyance, pledge or disposition of rights hereunder so long as the Seller's rights under this Agreement are not thereby altered, amended, diminished or otherwise impaired.

11.6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (regardless of the laws that might otherwise govern under applicable New York principles of conflicts of law) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies, except where New York law is preempted by federal law in which event federal law shall govern.

11.7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.8. Interpretation. The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement.

11.9. Schedules and Exhibits. All Exhibits and Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

11.10. Entire Agreement. This Agreement, the Confidentiality Agreement and the Ancillary Agreements including the Exhibits, Schedules, documents, certificates and instruments referred to herein or therein, embody the entire agreement and understanding of the parties hereto in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or under takings contained in any material made available to the Buyer pursuant to the terms of the Confidentiality Agreement (including the Preliminary Information Memorandum, dated April 1998, the Information Memorandum, dated May 1998, or the Request for Proposal, dated July 1998, previously made available to the Buyer by the Seller, Merrill Lynch & Co. and Donaldson, Lufkin & Jenrette Securities Corporation). This Agreement supersedes all prior agreements and understandings between the parties with respect to such transactions other than the Confidentiality Agreement.

11.11. Bulk Sales or Transfer Laws. The Buyer acknowledges that the Seller will not comply with the provision of any bulk sales or transfer laws (other than sec. 1141(c) of the New York State Tax Law) of any jurisdiction in connection with the transactions contemplated by this Agreement. The Buyer hereby waives compliance by this Seller with the provisions of the bulk sales or transfer laws of all applicable jurisdictions.

IN WITNESS WHEREOF, the Seller and the Buyer have caused this agreement to be signed by their respective duly authorized officers as of the date first above written.

NIAGARA MOHAWK POWER CORPORATION

By: /s/ Michael J. Kelleher

Name: Michael J. Kelleher
Title: Vice President Financial Planning

NRG ENERGY, INC.

By: /s/ Craig A. Mataczynski

Name: Craig A. Mataczynski
Title: President

EXHIBIT 10.20

==

FIRST AMENDMENT

to

WHOLESALE STANDARD OFFER SERVICE AGREEMENT

between

Blackstone Valley Electric Company,

Eastern Edison Company,

Newport Electric Corporation,

and

NRG Power Marketing Inc.

Dated as of January 15, 1999

==

FIRST AMENDMENT TO

WHOLESALE STANDARD OFFER SERVICE AGREEMENT

This FIRST AMENDMENT TO WHOLESALE STANDARD OFFER SERVICE AGREEMENT, dated as of January 15, 1999 (this "Amendment"), among BLACKSTONE VALLEY ELECTRIC COMPANY, EASTERN EDISON COMPANY, NEWPORT ELECTRIC CORPORATION, and NRG POWER MARKETING INC.

WITNESSETH:

WHEREAS, the parTies to this Amendment have entered into a Wholesale Standard Offer Service Agreement, dated as of October 13, 1998 (the "Wholesale Standard Offer Service Agreement"; capitalized terms used but not defined herein shall have the respective meanings set forth in the Wholesale Standard Offer Service Agreement).

WHEREAS, the parties to this Amendment wish to amend the Wholesale Standard Offer Service Agreement pursuant to the terms hereof.

NOW, THEREFORE, in consideration of the premises and of the agreements contained herein, the parties hereto agree as follows:

SECTION 1. AMENDMENTS TO WHOLESALE STANDARD OFFER SERVICE AGREEMENT. Article 7 of the Wholesale Standard Offer Service Agreement is hereby amended by deleting clause (1) in its entirety and inserting the following:

"(1) Except as otherwise provided in this Article, Supplier shall at all times during the term of this Agreement (i) maintain an investment grade rating on its senior debt securities, as determined by Standard & Poor's Corporation, Moody's Investors Service, Inc. or another nationally recognized rating service reasonably acceptable to the Companies and (ii) maintain total assets of at least $500,000,000 times the percentage of the Companies' Standard Offer Service which is initially satisfied by the Wholesale Standard Offer Service under this Agreement (the foregoing items (i) and (ii) being herein referred to as the "Creditworthiness Criteria"). If on the Commencement Date of Service or at any time during the term of this Agreement the Supplier shall fail to meet the Creditworthiness Criteria, then the Supplier shall promptly deliver to the Companies an unconditional and irrevocable guaranty of its obligations under this Agreement in form and substance acceptable to the Companies and issued by an entity meeting the Creditworthiness Criteria (a "Guaranty"). Supplier or the issuer of the Guaranty, as applicable, shall certify to the Companies no less frequently than the end of every calendar quarter that it meets the Creditworthiness Criteria (which certification shall include such calculations and evidence as the Companies shall reasonably request from time to time), and shall deliver financial statements to the Companies certified by a firm of certified public

accountants of national standing at least annually within sixty (60) days following the end of the Supplier's or the guarantor's fiscal year."

SECTION 2. CORRECTION. All references to "NRG Energy Power Marketing Inc." or "NRG Power Marketing, Inc." are deemed to be references to "NRG Power Marketing Inc.".

SECTION 3. REFERENCE TO AND EFFECT ON THE WHOLESALE STANDARD OFFER SERVICE AGREEMENT. (a) Each reference in the Wholesale Standard Offer Service Agreement to "this Agreement", "hereunder", "hereof", and "herein", and in the Asset Purchase Agreement to the "Wholesale Standard Offer Service Agreement", or words of like import referring to the Wholesale Standard Offer Service Agreement shall mean and be a reference to the Wholesale Standard Offer Service Agreement, as amended hereby.

(b) Except as specifically amended above, the Wholesale Standard Offer Service Agreement shall remain in full force and effect.

(c) This Amendment shall be limited precisely as written and, except as expressly provided herein, shall not be deemed to (i) be a consent to any waiver or modification of any other term or condition of the Wholesale Standard Offer Service Agreement or any of the instruments or documents referred to therein or (ii) prejudice any right or rights which the parties may now have or may have in the future under or in connection with the Wholesale Standard Offer Service Agreement or any of the instruments or documents referred to therein.

SECTION 4. EFFECTIVENESS. This Amendment shall become effective immediately upon the execution and delivery by each party hereto of a counterpart of this Amendment.

SECTION 5. GOVERNING LAW. THIS AMEMMIENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS.

SECTION 6. COUNTERPARTS. This Amendment may be executed in counterparts, each of which when so executed and delivered shall be deemed an original and all of which together shall constitute one and the same instrument.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be executed and delivered on its behalf by its duly authorized representative on the date first above written.

BLACKSTONE VALLEY ELECTRIC COMPANY

By: /s/ KEVIN A. KIRBY

Name: Kevin A. Kirby
Title: Vice President

EASTERN EDISON COMPANY

By: /s/ KEVIN A. KIRBY

Name: Kevin A. Kirby
Title: Vice President

NEWPORT ELECTRIC CORPORATION

By: /s/ KEVIN A. KIRBY

Name: Kevin A. Kirby
Title: Vice President

NRG POWER MARKETING INC.

By: /s/ DANIEL HUDSON

Name: Daniel Hudson
Title: Vice President

EXHIBIT 10.21

GENERATING PLANT
AND GAS TURBINE
ASSET PURCHASE AND SALE AGREEMENT

FOR

ARTHUR KILL GENERATING PLANTS

LOCATED AT STATEN ISLAND, RICHMOND COUNTY, NEW YORK

AND

ASTORIA GAS TURBINES

LOCATED AT ASTORIA, QUEENS COUNTY, NEW YORK

By and Between

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

and

NRG ENERGY, INC.

Dated as of January 27, 1999

TABLE OF CONTENTS

Page

ARTICLE I

Definitions

SECTION 1.01. Definitions 1
SECTION 1.02. Accounting Terms 14

ARTICLE II

Purchase and Sale; Assumption of Certain Liabilities

SECTION 2.01. Purchase and Sale 15
SECTION 2.02. Auctioned Assets and Retained Assets 15
SECTION 2.03. Assumed Obligations and Retained Liabilities 19
SECTION 2.04. Third Party Consents 24

ARTICLE III

Purchase Price

SECTION 3.01. Purchase Price 24
SECTION 3.02. Post-Closing Adjustment 24
SECTION 3.03. Allocation of Purchase Price 26

ARTICLE IV

The Closing

SECTION 4.01. Time and Place of Closing 27
SECTION 4.02. Payment of Purchase Price and Estimated
Adjustment Amount 28

ARTICLE V

Representations and Warranties of Seller

SECTION 5.01. Organization; Qualification 28
SECTION 5.02. Authority Relative to This Agreement 28
SECTION 5.03. Consents and Approvals; No Violation 28
SECTION 5.04. Year 2000 30
SECTION 5.05. Personal Property 30
SECTION 5.06. Real Estate 30
SECTION 5.07. Leases 30
SECTION 5.08. Certain Contracts and Arrangements 30
SECTION 5.09. Legal Proceedings 31
SECTION 5.10. Permits; Compliance with Law 31
SECTION 5.11. Environmental Matters 32
SECTION 5.12. Labor Matters 33
SECTION 5.13. ERISA; Benefit Plans 33
SECTION 5.14. Taxes 34
SECTION 5.15. Independent Engineering Assessments;
Condition of Auctioned Assets 35
SECTION 5.16. Undisclosed Liabilities 35
SECTION 5.17. Brokers 36
SECTION 5.18. Insurance 36

ARTICLE VI

Representations and Warranties of Buyer

SECTION 6.01. Organization 36
SECTION 6.02. Authority Relative to This Agreement 37
SECTION 6.03. Consents and Approvals; No Violation 37
SECTION 6.04. Brokers 39

ARTICLE VII

Covenants of the Parties

SECTION 7.01. Conduct of Business Relating to the
Auctioned Assets 39
SECTION 7.02. Access to Information 41
SECTION 7.03. Consents and Approvals; Transferable
Permits 43
SECTION 7.04. Further Assurances 44
SECTION 7.05. Public Statements 46
SECTION 7.06. Tax Matters 46
SECTION 7.07. Bulk Sales or Transfer Laws 47
SECTION 7.08. Storage 47

SECTION 7.09. Information Resources 48
SECTION 7.10. Witness Services 48
SECTION 7.11. Consent Orders 49
SECTION 7.12. Nitrogen Oxide Allowances 49
SECTION 7.13. Trade Names 49

ARTICLE VIII

Conditions

SECTION 8.01. Conditions Precedent to Each Party's Obligation To Effect the Purchase and Sale 49
SECTION 8.02. Conditions Precedent to Obligation of Buyer To Effect the Purchase and Sale 50
SECTION 8.03. Conditions Precedent to Obligation of Seller To Effect the Purchase and Sale 52

ARTICLE IX

Employee Matters

SECTION 9.01. Employee Matters 54
SECTION 9.02. Continuation of Equivalent Benefit Plans/Credited Service 55
SECTION 9.03. Pension Plan 56
SECTION 9.04. 401(k) Plan 58
SECTION 9.05. Welfare Plans 59
SECTION 9.06. Short- and Long-Term Disability 60
SECTION 9.07. Life Insurance and Accidental Death and Dismemberment Insurance................................ 60
SECTION 9.08. Severance 60
SECTION 9.09. Workers Compensation 62

ARTICLE X

Indemnification and Dispute Resolution

SECTION 10.01. Indemnification 62
SECTION 10.02. Third Party Claims Procedures 65

ARTICLE XI

Termination

SECTION 11.01. Termination. 66

ARTICLE XII

Miscellaneous Provisions

SECTION 12.01. Expenses 67
SECTION 12.02. Amendment and Modification; Extension; Waiver 67
SECTION 12.03. No Survival of Representations or

Warranties 67
SECTION 12.04. Notices 67
SECTION 12.05. Assignment; No Third Party
Beneficiaries 68
SECTION 12.06. Governing Law 69
SECTION 12.07. Counterparts 69
SECTION 12.08. Interpretation 69
SECTION 12.09. Jurisdiction and Enforcement 70
SECTION 12.10. Entire Agreement 71
SECTION 12.11. Severability 71
SECTION 12.12. Conflicts 72

SCHEDULES AND EXHIBITS

Schedule 2.02(a)(ii)	Spare Parts
Schedule 2.02(a)(iii)(A)	Buyer Personal Property Located on Buyer Real Estate
Schedule 2.02(a)(iii)(B)	Buyer Personal Property Located on Seller Real Estate
Schedule 2.02(a)(iv)	Assigned Contracts
Schedule 2.02(a)(v)	Transferable Permits
Schedule 2.02(a)(vi)	S02 Allowances
Schedule 2.02(b)(ii)(A)	Seller Personal Property Located on Buyer Real Estate
Schedule 2.02(b)(ii)(C)	Communications Equipment
Schedule 2.03(a)(iv)	Seller Consent Orders
Schedule 2.03(b)(iii)(C)	Retained Environmental Liabilities
Schedule 5.03(a)	Contracts Requiring Third Party Consents
Schedule 5.08(a)	Material Contracts
Schedule 5.09	Legal Proceedings
Schedule 5.10(a)(i)	Exceptions Under Permits
Schedule 5.10(a)(ii)	Non-Environmental Violations
Schedule 5.10(b)	Nontransferable Permits and Environmental Permits
Schedule 5.11	Environmental Matters
Schedule 5.13	Benefit Plans
Schedule 5.15(a)	Exceptions to Independent Engineering Assessment
Schedule 5.15(b)	Changes to Auctioned Assets
Schedule 5.16	Other Undisclosed Liabilities
Schedule 9.01(a)	Job Titles
Schedule 9.01(b)	Collective Bargaining Agreements
Exhibit A-1	Form of Arthur Kill Zoning Lot Development Agreement between Seller and Buyer
Exhibit A-2	Form of Astoria Zoning Lot Development Agreement between Seller and Astoria Buyer
Exhibit A-3	Form of Astoria Zoning Lot Development Agreement between Seller and Buyer
Exhibit B-1	Form of Deed of Conveyance for Richmond County
Exhibit B-2	Form of Deed of Conveyance for Queens County

Exhibit C	Form of FIRPTA Affidavit
Exhibit D	Form of Opinion of John D. McMahon, Esq., General Counsel of Seller
Exhibit E	Form of Opinion of Counsel to Buyer

Exhibit F	Summary of Terms and Conditions for License for A-11 Dock between Seller and Buyer
Exhibit G	Form of Transition Capacity Agreement between Seller and Buyer
Exhibit H	Form of Arthur Kill Declaration of Subdivision Easements
Exhibit I	Form of Astoria Declaration of Subdivision Easements
Exhibit J	Form of Guarantee Agreement
Exhibit K	Form of Opinion of Counsel to Guarantor

GENERATING PLANT AND GAS TURBINE ASSET PURCHASE AND SALE AGREEMENT (including the Schedules hereto, this "Agreement"), dated as of January 27, 1999, by and between CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., a New York corporation ("Seller"), and NRG ENERGY, INC., a Delaware corporation ("Buyer", collectively with Seller, the "Parties").

WHEREAS Seller has offered the Auctioned Assets (as defined herein) for sale at auction pursuant to the Order Authorizing the Process for Auctioning of Generation Plant issued by the PSC (as defined herein) and effective as of July 21, 1998; and

WHEREAS Buyer desires to purchase, and Seller desires to sell, the Auctioned Assets upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Definitions. (a) As used in this Agreement, the following terms have the following meanings:

"A-11 License" means the license from Seller to Buyer in respect of the A-11 dock at Astoria, the material terms of which shall be substantially as set forth in Exhibit F.

"Accountants" shall have the meaning set forth in Section 3.02(b).

"Adjustment Amount" shall have the meaning set forth in Section 3.02(a).

"Adjustment Date" shall have the meaning set forth in Section 3.02(c).

"Adjustment Statement" shall have the meaning set forth in Section 3.02(a).

"Affected Employees" shall have the meaning set forth in Section 9.01(a).

"Affected Union Employees" shall have the meaning set forth in Section 9.01(b).

"Affiliate" shall have the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

"Agreement" shall have the meaning set forth in the Preamble.

"Allocation" shall have the meaning set forth in Section 3.03.

"Ancillary Agreements" means the Continuing Site Agreements, the Declaration of Easements Agreements, the Declarations of Subdivision Easements, the Zoning Lot Development Agreements, the Transition Capacity Agreement, the deeds contemplated by Section 8.02(e)(i) and any other agreement to which Buyer and Seller are party and which is expressly identified by its terms as an Ancillary Agreement hereunder.

"Applicable Law" shall have the meaning set forth in Section 3.03.

"Arthur Kill Continuing Site Agreement" means the Arthur Kill Continuing Site Agreement dated as of even date herewith between Seller and Buyer.

"Arthur Kill Declaration of Easements Agreement" means the Arthur Kill Declaration of Easements Agreement dated as of even date herewith between Seller and Buyer.

"Arthur Kill Declaration of Subdivision Easements" means the Arthur Kill Declaration of Subdivision Easements to be made by Seller substantially in the form of Exhibit H, except for changes required by any Governmental Authority to the extent that no such change materially and adversely impairs the continued use and operation of the Auctioned Assets as currently conducted.

"Arthur Kill Zoning Lot Development Agreement" means the Arthur Kill Zoning Lot Development Agreement between Seller and Buyer in the form of Exhibit A-1.

"Assumed Consent Order Obligations" shall have the meaning set forth in Section 2.03 (a)(iv).

"Assumed Obligations" shall have the meaning set forth in Section 2.03(a).

"Astoria Acquiror" means the person referred to as "Buyer" under the Generating Plant and Gas Turbine Asset Purchase and Sale Agreement for Astoria Generating Plants, Gowanus Gas Turbines and Narrows Gas Turbines between Seller and such person.

"Astoria Declaration of Easements" means the Astoria Declaration of Easements by Seller dated as of even date herewith, as may be modified in accordance with changes requested by the Astoria Acquiror to the extent that no such change materially and adversely impairs the continued use and operation of the Auctioned Assets as currently conducted.

"Astoria Declaration of Subdivision Easements" means the Astoria Declaration of Subdivision Easements to be made by Seller substantially in the form of Exhibit I, except for changes required by any Governmental Authority or requested by the Astoria Acquiror to the extent that no such change materially and adversely impairs the continued use and operation of the Auctioned Assets as currently conducted.

"Astoria Gas Turbine Continuing Site Agreement" means the Astoria Gas Turbine Continuing Site Agreement dated as of even date herewith between Seller and Buyer.

"Astoria Zoning Lot Development Agreement" means (a) the Astoria Zoning Lot Development Agreement between Seller and Astoria Acquiror, in the form of Exhibit A-2, if executed and delivered prior to the Closing Date or (b) the Astoria Zoning Lot Development Agreement between Seller and Buyer, in the form of Exhibit A-3.

"Auctioned Assets" shall have the meaning set forth in Section 2.02 (a).

"Benefit Plans" shall have the meaning set forth in Section 5.13.

"Bidder Confidentiality Agreements" shall have the meaning set forth in Section 7.02(b).

"Business Day" means any day other than Saturday, Sunday and any day which is a legal holiday or a day on

which banking institutions in New York are authorized or required by law or other action of a Governmental Authority to close.

"Buyer" shall have the meaning set forth in the Preamble.

"Buyer Assets" shall have the meaning set forth in Section 2.03(a)(x).

"Buyer Benefit Plans" shall have the meaning set forth in Section 9.02(c).

"Buyer Facilities" shall mean the "Buyer Facilities" under the Arthur Kill Declaration of Easements Agreement, together with the "Parcel C Facilities" under the Astoria Declaration of Easements.

"Buyer Indemnitees" shall have the meaning set forth in Section 10.01(a).

"Buyer Material Adverse Effect" shall have the meaning set forth in Section 6.03(a).

"Buyer Real Estate" shall have the meaning set forth in Section 2.02(a)(i).

"Buyer Required Regulatory Approvals" shall have the meaning set forth in Section 6.03(b).

"Buyer's 401(k) Plans" shall have the meaning set forth in Section 9.04(a).

"Buyer's Pension Plans" shall have the meaning set forth in Section 9.03(a).

"Buyer's Welfare Plans" shall have the meaning set forth in Section 9.05(a).

"Closing" shall have the meaning set forth in Section 4.01.

"Closing Date" shall have the meaning set forth in Section 4.01.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collective Bargaining Agreements" shall have the meaning set forth in Section 9.01(b).

"Communications Equipment" means the equipment, systems, switches and lines used in connection with voice, data and other communications activities.

"Confidentiality Agreement" means the Confidentiality Agreement dated August 19, 1998 between Seller and Buyer.

"Continued Employee" shall have the meaning set forth in Section 9.01(a).

"Continued Non-Union Employee" shall have the meaning set forth in Section 9.02(a).

"Continued Union Employee" shall have the meaning set forth in Section 9.01(b).

"Continuing Site Agreements" means the Arthur Kill Continuing Site Agreement and the Astoria Gas Turbine Continuing Site Agreement.

"Contracts" shall have the meaning set forth in Section 2.02(a)(iv).

"Conveyance Plans" shall have the meaning set forth in Section 2.02(a)(i).

"Declaration of Easements Agreements" means the Arthur Kill Declaration of Easements Agreement and the Astoria Declaration of Easements.

"Declarations of Subdivision Easements" means the Arthur Kill Declaration of Subdivision Easements and the Astoria Declaration of Subdivision Easements.

"Emission Reduction Credits" means credits, in units that are established by the environmental regulatory agency with jurisdiction over the source or facility that has obtained the credits, resulting from a reduction in the emissions of air pollutants from an emitting source or facility (including, and to the extent allowable under applicable law, reductions from retirements, control of emissions beyond that required by applicable law and fuel switching), that: (i) have been certified by NYSDEC as complying with the law and regulations of the State of New York governing the establishment of such credits (including that such emissions reductions are real, enforceable, permanent and quantifiable); or (ii) have been certified by any other applicable regulatory

authority as complying with the law and regulations governing the establishment of such credits (including that such emissions

reductions are real, enforceable, permanent and quantifiable). Emission Reduction Credits include certified air emissions reductions, as described above, regardless of whether the regulatory agency certifying such reductions designates such certified air emissions reductions by a name other than "emissions reduction credits".

"Encumbrances" means any mortgages, pledges, liens, security interests, conditional and installment sale agreements, activity and use limitations, exceptions, conservation easements, rights-of-way, deed restrictions, encumbrances and charges of any kind.

"Environmental Laws" means all former, current and future Federal, state, local and foreign laws (including common law), treaties, regulations, rules, ordinances, codes, decrees, judgments, directives or orders (including consent orders) and Environmental Permits, in each case, relating to pollution or protection of the environment or natural resources, including laws relating to Releases or threatened Releases, or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, arrangement for disposal, transport, recycling or handling, of Hazardous Substances.

"Environmental Liability" means all liabilities, obligations, damages, losses, claims, actions, suits, judgments, orders, fines, penalties, fees, expenses and costs, including: (i) remediation costs, engineering costs, environmental consultant fees, laboratory fees, permitting fees, investigation costs and defense costs and reasonable attorneys' fees and expenses; (if) any claims, demands and causes of action relating to or resulting from any personal injury (including wrongful death), property damage (real or personal) or natural resource damage; and (iii) any penalties, fines or costs associated with the failure to comply with any Environmental Law.

"Environmental Permits" means the permits, licenses, consents, approvals and other governmental authorizations with respect to Environmental Laws relating primarily to the power generation operations of the Generating Plants or the Gas Turbines.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall have the meaning set forth in Section 5.13.

"Estimated Adjustment Amount" shall have the meaning set forth in Section 4.02.

"FERC" means the Federal Energy Regulatory Commission.

"Federal Power Act" shall have the meaning set forth in Section 5.03(b).

"Filed Seller SEC Documents" means the reports, schedules, forms, statements and other documents filed by Seller with the Securities and Exchange Commission since January 1, 1997, and publicly available prior to the date of this Agreement.

"Final Allocation" shall have the meaning set forth in Section 3.03.

"GAAP" shall have the meaning set forth in Section 1.02.

"Gas Turbines" means the gas turbine units comprised of the Arthur Kill GT1, Astoria GT2 through GT5 and GT7 through GT13.

"Generating Facilities" means the Generating Plants, the Gas Turbines and any additional generating plants, gas turbines or other generating facilities constructed by Buyer after the Closing Date at the site of any Auctioned Assets.

"Generating Plants" means the two steam turbine generating units designated as Arthur Kill units 2 and 3.

"Governmental Authority" means any court, administrative or regulatory agency or commission or other governmental entity or instrumentality, domestic, foreign or supranational or any department thereof.

"Guarantee Agreement" means the Guarantee Agreement to be entered into between Guarantor and Seller substantially in the form of Exhibit J.

"Guarantor" means NRG Energy, Inc.

"Hazardous Substances" means (i) any petrochemical or petroleum products, crude oil or any fraction thereof, ash, radioactive materials, radon gas, asbestos in any form, urea formaldehyde foam insulation or polychlorinated biphenyls, (ii) any chemicals, materials, substances or wastes defined as or included in the definition of

"hazardous substances," "hazardous wastes," "hazardous materials," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "contaminants" or "pollutants" or words of similar meaning and regulatory effect contained in any Environmental Law or (iii) any other chemical, material, substance or waste which is prohibited, limited or regulated by any Environmental Law.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Income Tax" means any Federal, state, local or foreign Tax or surtax (i) based upon, measured by or calculated with respect to net income, profits or receipts (including the New York State Gross Receipts Tax (including the excess dividends tax), the New York City Public Utilities Excise Tax, any and all municipal gross receipts Taxes, capital gains Taxes and minimum Taxes) or (ii) based upon, measured by or calculated with respect to multiple bases (including corporate franchise taxes) if one or more of the bases on which such Tax may be based, measured by or calculated with respect to, is described in clause (i), in each case, together with any interest, penalties, or additions to such Tax.

"Indemnifiable Loss" shall have the meaning set forth in Section 10.01(a).

"Indemnifying Party" shall have the meaning set forth in Section 10.01(c).

"Indemnitee" shall have the meaning set forth in Section 10.01(c).

"Independent Engineering Assessments" shall have the meaning set forth in Section 5.15.

"Interconnection Facilities" means those items of switching equipment, switchyard controls, protective relays and related facilities of Seller that are used by Seller in connection with the provision of Interconnection Services.

"Interconnection Services" means the service provided by Seller to

Buyer to interconnect the Generating Facilities to the Transmission System.

"Inventory Survey" shall have the meaning set forth in Section 3.02(a).

"ISO" means the New York Independent System Operator.

"Local 1-2" shall have the meaning set forth in Section 9.01(a).

"Local 1-2 Collective Bargaining Agreement" shall have the meaning set forth in Section 9-01(a).

"Local 3" shall have the meaning set forth in Section 9.01(a).

"Local 3 Collective Bargaining Agreement" shall have the meaning set forth in Section 9.01(a).

"Material Adverse Effect" means any change, or effect on the Auctioned Assets, that is materially adverse to the business, operations or condition (financial or otherwise) of the Auctioned Assets, taken as a whole, other than (i) any change or effect resulting from changes in the international, national, regional or local wholesale or retail energy, capacity or ancillary services electric power markets, (ii) any change or effect resulting from changes in the international, national, regional or local markets for fuel, (iii) any change or effect resulting from changes in the national, regional or local electric transmission systems, (iv) any change or effect resulting from any bid cap, price limitation, market power mitigation measure, including the Mitigation Measures, or other regulatory or legislative measure in respect of transmission services or the wholesale or retail energy, capacity or ancillary services markets adopted or approved (or failed to be adopted or approved) by FERC, the PSC or any other Governmental Authority or proposed by any person, (v) any change or effect resulting from any regulation, rule, procedure or order adopted or proposed (or failed to be adopted or proposed) by or with respect to, or related to, the ISO, (vi) any change or effect resulting from any action or measure taken or adopted, or proposed to be taken or adopted, by any local, state, regional, national or international reliability organization and (vii) any materially adverse change in or effect on the Auctioned Assets which is cured by Seller before the Closing Date.

"Mitigation Measures" shall have the meaning set forth in Section 6.03(b).

"MMS" means the Material Management System, which is an information resources system served by Seller's mainframe computer.

"NYPA" means the Power Authority of the State of New York.

"NYPA Assignment" means the assignment to be entered into by Buyer, Seller and NYPA pursuant to which certain rights and obligations under the NYPA Agreements shall be assigned and amended.

"NYPA Agreements" means the Post Closing Agreement dated as of December 13, 1974, between Seller and NYPA, as amended, and the Astoria Operating Agreement dated January 5, 1981, between Seller and NYPA, as amended.

"NYSDEC" means the New York State Department of Environmental Conservation.

"Off-Site" means any location except (i) the Auctioned Assets and (ii)

any location to or under which Hazardous Substances present or Released at the Auctioned Assets have migrated.

"Offering Memorandum" means the Offering Memorandum dated August 1998 describing the Generating Plants and the Gas Turbines, and the materials delivered with such Offering Memorandum, as such Offering Memorandum and such materials may have been amended or supplemented.

"Operating Records" shall have the meaning set forth in Section 2.02(a)(viii).

"Party" shall have the meaning set forth in the Preamble.

"Permits" means the permits, licenses, consents, approvals and other governmental authorizations (other than with respect to Environmental Laws) relating primarily to the power generation operations of the Generating Plants or the Gas Turbines.

"Permitted Exceptions" means (i) all exceptions, restrictions, easements, charges, rights-of-way and monetary and nonmonetary encumbrances which are set forth in any Permits or Environmental Permits, (ii) statutory liens for current taxes or assessments not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings, (iii) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of Seller or the validity of which are being contested in good faith by appropriate proceedings, (iv) zoning, entitlement, conservation restriction and other land use and environmental regulations by Governmental Authorities, (v) such title matters set forth in the Certificate of Title

No. NY981785, as amended, and the Certificate of Title No. NY981605, as amended, in each case issued by the Title Company and which would not, individually or in the aggregate, reasonably be expected to materially impair the continued use and operation of the Auctioned Assets as currently conducted, (vi) all matters disclosed on the surveys prepared by GEOD Corporation and any other facts that would be disclosed by an accurate survey and physical inspection of the Buyer Real Estate, (vii) the VISY Option Agreement, (viii) Encumbrances, easements or other restrictions created pursuant to or provided for in any Ancillary Agreement, (ix) restrictions and regulations imposed by the ISO, any Governmental Authority or any local, state, regional, national or international reliability council and (x) such other Encumbrances or imperfections in or failure of title which would not, individually or in the aggregate, reasonably be expected to materially impair the continued use and operation of the Auctioned Assets as currently conducted.

"person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization or Governmental Authority.

"PPMIS" means the Power Plant Maintenance Information System, which is an information resources system served by Seller's mainframe computer.

"Prorated Items" shall have the meaning set forth in Section 2.03(a)(viii).

"Protective Relaying System" means the system relating to the Generating Facilities comprised of components collectively used to detect defective power system elements or other conditions of an abnormal nature, initiate appropriate control circuit action in response thereto and isolate the appropriate system elements in order to minimize damage to equipment and interruption to service.

"PSC" means the New York State Public Service Commission.

"Purchase Price" shall have the meaning set forth in Section 3.01.

"Release" means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water,

groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Restraints" shall have the meaning set forth in Section 8.01(b).

"Retained Assets" shall have the meaning set forth in Section 2.02(b).

"Retained Liabilities" shall have the meaning set forth in Section 2.03(b).

"Revenue Meters" means all meters measuring demand, energy and reactive components, and all pulse isolation relays, pulse conversion relays and associated totalizing and remote access pulse recorder equipment, in each case, required to measure the transfer of energy between the Parties.

"Segregated Reimbursement Accounts" shall have the meaning set forth in Section 9.05(b).

"Seller" shall have the meaning set forth in the Preamble.

"Seller Assets" shall have the meaning set forth in Section 2.03(b)(x).

"Seller Consent Orders" shall have the meaning set forth in Section 2.03(a)(iv).

"Seller Facilities" shall mean the "Seller Facilities" under the Arthur Kill Declaration of Easements Agreement, together with the "Parcel A Facilities" under the Astoria Declaration of Easements.

"Seller Indemnitees" shall have the meaning set forth in Section 10.01(b).

"Seller Real Estate" means all real property and leaseholds or other interests in real property of Seller (including the premises on which the Substations are located), other than Buyer Real Estate.

"Seller Required Regulatory Approvals" shall have the meaning set forth in Section 5.03(b).

"Seller's 401(k) Plans" shall have the meaning set forth in Section 9.04(a).

"Seller's Pension Plans" shall have the meaning set forth in Section 9.03(a).

"Seller's Reimbursement Account Plans" shall have the meaning set forth in Section 9.05(b).

"SO2 Allowances" means allowances that have been allocated to Seller for the Generating Plants or the Gas Turbines by the Administrator of the United States Environmental Protection Agency under Title IV of the Clean Air Act

authorizing the emission of one ton of sulfur dioxide per allowance during or after the year 2000.

"Substations" shall have the meaning set forth in Section 2.02(b)(i).

"Tax Benefit" means, with respect to any Indemnifiable Loss for any person, the positive excess, if any, of the Tax liability of such person without regard to such Indemnifiable Loss over the Tax liability of such person taking into account such Indemnifiable Loss, with all other circumstances remaining unchanged.

"Tax Cost" means, with respect to any indemnity payment for any person, the positive excess, if any, of the Tax liability of such person taking such indemnity payment into account over the Tax liability of such person without regard to such payment, with all other circumstances remaining unchanged.

"Tax Return" means any return, report, information return or other document (including any related or supporting information) required to be supplied to any authority with respect to Taxes.

"Taxes" means all taxes, surtaxes, charges, fees, levies, penalties or other assessments imposed by any United States Federal, state or local or foreign taxing authority, including Income Tax, excise, property, sales, transfer, franchise, special franchise, payroll, recording, withholding, social security or other taxes, or any liability for taxes incurred by reason of joining in the filing of any consolidated, combined or unitary Tax Returns, in each case including any interest, penalties or additions attributable thereto; provided, however, that "Taxes" shall not include sewer rents or charges for water.

"Termination Date" shall have the meaning set forth in Section 11.01(b).

"Third Party Claim" shall have the meaning set forth in Section 10.02(a).

"Title Company" means Commonwealth Land Title Insurance Company or any other reputable title insurance company licensed to do business in New York.

"Transferable Permits" shall have the meaning set forth in Section 2.02(a)(v).

"Transferring Employee Records" shall have the meaning set forth in Section 2.02(a)(viii).

"Transferring Employees" shall have the meaning set forth in Section 2.02(a)(viii).

"Transition Capacity Agreement" means the Transition Capacity Agreement to be entered into between Seller and Buyer substantially in the form of Exhibit G.

"Transmission System" shall have the meaning set forth in Section 2.02 (b)(i).

"VISY" means VISY Paper (NY), Inc.

"VISY Option Agreement" means the Option Agreement, executed as of December 28, 1995, between Seller and VISY.

"VISY Option Parcel" means that certain parcel of real property defined in the VISY Option Agreement as the "Option Parcel".

"Zoning Lot Development Agreements" means the Arthur Kill Zoning Lot Development Agreement and the Astoria Zoning Lot Development Agreement.

SECTION 1.02. Accounting Terms. Any accounting terms used in this Agreement or the Ancillary Agreements shall, unless otherwise specifically provided, have the meanings customarily given them in accordance with United States generally accepted accounting principles ("GAAP") and all financial computations hereunder or thereunder shall, unless otherwise specifically provided, be computed in accordance with GAAP consistently applied.

ARTICLE II
Purchase and Sale; Assumption of Certain Liabilities

SECTION 2.01. Purchase and Sale. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, at the Closing, Seller agrees to sell, assign, convey, transfer and deliver to Buyer, and Buyer agrees to purchase, assume and acquire from Seller all the Auctioned Assets. In the case of any Auctioned Assets not located at the Generating Plants or Gas Turbines (including supplies, materials and spare parts inventory), Buyer agrees that (i) from and after the Closing, except to the extent specifically otherwise provided in the Ancillary Agreements, Buyer will bear all risk of casualty or loss with regard to such Auctioned Assets (regardless of whether they remain on Seller's property or otherwise in Seller's possession) and (ii) Seller shall store such Auctioned Assets in accordance with Section 7.08.

SECTION 2.02. Auctioned Assets and Retained Assets. (a) Auctioned Assets. The term "Auctioned Assets" means all the assets, real and personal property, goodwill and rights of Seller of whatever kind and nature, whether tangible or intangible, in each case, primarily relating to the power generation operations of the Generating Plants or the Gas Turbines, other than the Retained Assets, including:

(i) all real property and leaseholds or other interests in real property of Seller relating primarily to the power generation operations of the Generating Plants or the Gas Turbines described (A) as Parcel A, Parcel C and Parcel D as shown on the Arthur Kill Generating Station Conveyance Plan dated January 9, 1999 and (B) Parcel C as shown on the Astoria Generating Station Conveyance Plan dated January 9, 1999, in each case, as may hereafter be amended in immaterial respects (collectively, the "Conveyance Plans"), together with all buildings, improvements, structures and fixtures thereon, subject to Permitted Exceptions or Encumbrances otherwise disclosed to Buyer in this Agreement or the Ancillary Agreements with respect thereto (the "Buyer Real Estate"); provided, however, that "Buyer Real Estate" shall not include the VISY Option Parcel if the sale thereof by Seller to VISY pursuant to the VISY Option Agreement is consummated prior to the Closing;

(ii) subject to Section 2.04, all inventories of fuels, supplies, materials and spare parts relating primarily to the power generation operations of the

Generating Plants or the Gas Turbines, together with and subject to (A) all Permitted Exceptions or Encumbrances otherwise disclosed to Buyer in this Agreement or the Ancillary Agreements with respect thereto and (B) all warranties against manufacturers and vendors relating thereto, including the spare parts listed on Schedule 2.02(a)(ii), in each case, other than assets that become obsolete or that are used, consumed, replaced or disposed in the ordinary course of business consistent with past practice or as permitted by

this Agreement;

(iii) subject to Section 2.04, (A) the machinery, equipment, facilities, furniture and other personal property (other than vehicles) relating primarily to the power generation operations of the Generating Plants or the Gas Turbines, including a stand-alone local area network, coal handling equipment and other items of personal property located on Buyer Real Estate or temporarily removed from Buyer Real Estate for repairs, servicing or maintenance and listed on Schedule 2.02(a)(iii)(A) and (B) machinery, equipment, facilities, furniture and other personal property located on Seller Real Estate or temporarily removed from Seller Real Estate for repairs, servicing or maintenance and listed on Schedule 2.02(a)(iii)(B), in each case, (1) together with and subject to (x) all Permitted Exceptions or Encumbrances otherwise disclosed to Buyer in this Agreement or the Ancillary Agreements with respect thereto and (y) all warranties against manufacturers or vendors relating thereto and (2) other than assets that become obsolete or that are used, consumed, replaced or disposed in the ordinary course of business consistent with past practice or as permitted by this Agreement;

(iv) subject to Section 2.04, all right, title and interest of Seller in, to and under all contracts, agreements, personal property leases (whether Seller is lessor or lessee thereunder), commitments and all other legally binding arrangements (other than Seller Consent Orders), whether oral or written (A) set forth on Schedule 2.02 (a)(iv) or (b) otherwise relating primarily to the power generation operations of the Generating Plants or the Gas Turbines and entered into by Seller in accordance with Section 7.01 (the "Contracts"), in each case, to the extent in full force and effect on the Closing Date;

(v) subject to section 7.03(c), the Permits and Environmental Permits that are transferred or

transferable by Seller to Buyer (collectively, the "Transferable Permits"), including the Transferable Permits set forth on Schedule 2.02(a)(v), in each case, to the extent in full force and effect on the Closing Date;

(vi) the SO2 Allowances listed on Schedule 2.02(a)(vi);

(vii) all nitrogen oxide allowances allocated to the Generating Plants or the Gas Turbines by NYSDEC under the New York State Nitrogen Oxides Budget Program that have not been used on or prior to the Closing Date (it being understood that, for purposes of this Agreement, one nitrogen oxide allowance shall be deemed "used" for each ton of actual nitrogen oxide emitted from the Generating Plants or Gas Turbines between May 1 of any year and September 30 of such year, inclusive);

(viii) (A) all data, information, books, operating records, operating, safety and maintenance manuals, engineering design plans, blueprints and as-built plans, specifications, procedures, facility compliance plans, environmental procedures and similar records of Seller relating primarily to the power generation operations of the Generating Plants or the Gas Turbines, to the extent in Seller's possession or readily available (collectively, "Operating Records"), and (B) all personnel files relating to employees of Seller to be employed by Buyer after the Closing Date in accordance with Article IX (the "Transferring Employees"), to the extent in Seller's possession and readily available and to the extent such files pertain to (1) skill and development training and resumes, (2) seniority histories, (3) salary and benefit information, (4) Occupational Safety and Health Act medical reports, (5) active medical restriction forms and (6) any other matters, disclosure of which by Seller to Buyer is permitted under applicable law without the consent of the Transferring Employee, but not including any performance evaluations or disciplinary records (collectively,

the "Transferring Employee Records"); provided, however, that Seller shall be permitted to retain copies, or originals to the extent it provides Buyer with copies of same, of all Operating Records and Transferring Employee Records; and

(ix) (A) except as provided in Section 2.02(b)(iv) the software relating primarily to the power generation operations of the Generating Plants or the Gas Turbines

(provided, however, that Buyer acknowledges that it will require licenses from third parties in order to be legally entitled to use such software), and (B) a nonexclusive, royalty-free license to use solely in connection with the Auctioned Assets the software or other copyrighted material owned by Seller located at Buyer Real Estate.

(b) Retained Assets. The term "Retained Assets" means:

(i) the transmission and distribution facilities owned, controlled or operated by Seller for purposes of providing point-to-point transmission service, network integration service and distribution service and other related purposes, including the real property and equipment located at the Fresh Kills Substations, the Astoria East Substation, the Astoria West Substation and the North Queens Substation (collectively, the "SUBSTATIONS"), used in controlling continuity between the Generating Plants and Gas Turbines and the transmission and distribution facilities and for other purposes (the "Transmission System");

(ii) (A) except as set forth in Section 2.02(a)(iii), all Interconnection Facilities and other transmission, distribution and substation machinery, equipment and facilities and related support equipment located on Buyer Real Estate or Seller Real Estate or temporarily removed from Buyer Real Estate or Seller Real Estate for repairs, servicing or maintenance, including items listed on Schedule 2.02(b)(ii)(A); (B) all Revenue Meters Installed by Seller; (C) Communications Equipment and related support equipment (1) located on Buyer Real Estate or temporarily removed from Buyer Real Estate for repairs, servicing or maintenance and listed on Schedule 2.02(b)(ii)(C) or acquired by Seller after the date of this Agreement and designated by Seller as a Retained Asset or (2) located on Seller Real Estate or temporarily removed from Seller Real Estate for repairs, servicing or maintenance; and (D) all Protective Relaying Systems not located on Buyer Real Estate;

(iii) all cash, cash equivalents, bank deposits and accounts receivable held or owned by Seller;

(iv) (A) all mainframe computer systems of Seller, (B) the code to all software described in Section 2.02(a)(ix)(13), and (C) all software,

copyrights, know-how or other proprietary information relating primarily to any other Retained Assets or any Retained Liabilities, including software, copyrights, know-how or other proprietary information licensed to Buyer pursuant to Section 2.02(a)(ix)(B);

(v) the names "Consolidated Edison", "Con Edison", "Con Ed", "Consolidated Edison Company", "Consolidated Edison Company of New York,

Inc.", "Consolidated Edison, Inc.", "New York Edison", "Brooklyn Edison", "Staten Island Edison" and "Edison" and any related or similar trade names, trademarks, service marks or logos (and any rights to and in the same, including any right to use the same);

(vi) subject to Section 7.06(d), any refund or credit related to Taxes attributable to taxable periods (or portions thereof) prior to the Closing Date, and sewer rents or water charges or any other liabilities or obligations paid prior to the Closing Date in respect of the Auctioned Assets;

(vii) all personnel records (other than Transferring Employee Records) and all other records (other than Operating Records);

(viii) (A) all Emission Reduction Credits held or possessed by Seller and (B) SO2 Allowances held or possessed by Seller and not listed on Schedule 2.02(a)(vi); and

(ix) any other asset that is not described in this Agreement as an Auctioned Asset.

SECTION 2.03. Assumed Obligations and Retained Liabilities. (a) Assumed Obligations. At the Closing, Buyer shall assume, and from and after the Closing, shall discharge, all of the liabilities and obligations, direct or indirect, known or unknown, absolute or contingent, which relate to the Auctioned Assets or are otherwise specified below, other than the Retained Liabilities (collectively, the "Assumed Obligations"), including:

(i) except as set forth in Section 2.03(b)(ii), any liabilities and obligations under the Contracts;

(ii) any liabilities and obligations for goods delivered or services rendered on or after the Closing Date relatinq to the Auctioned Assets;

(iii) except as set forth in Sections 2.03(b)(iii) or (iv), any Environmental Liability arising out of or in connection with (A) any violation or alleged violation of, or noncompliance or alleged noncompliance with, any Environmental Laws, prior to, on or after the Closing Date, with respect to the ownership or operation of the Auctioned Assets, notwithstanding that, as contemplated by Section 7.03(c), Seller may remain the "holder of record" with respect to certain Transferable Permits, (B) the condition of any Auctioned Assets prior to, on or after the Closing Date, including any actual or alleged presence, Release or threatened Release of any Hazardous Substance at, on, in, under or migrating onto or from, the Auctioned Assets, prior to, on or after the Closing Date (except for any such Release from equipment or property owned or operated by Seller and located on, or constituting, Seller Real Estate adjacent to Buyer Real Estate that occurs on or after the Closing Date), (C) any Release or threatened Release of any Hazardous Substance on or after the Closing Date from the Buyer Facilities or otherwise originating from, or relating to, any equipment owned or used by Buyer that is located on Seller Real Estate or (D) the transportation, storage, Release, threatened Release or recycling of, or arrangement for such activities with respect to, Hazardous Substances generated in respect of the Auctioned Assets at or to any location, on or after the Closing Date;

(iv) any liabilities and obligations relating to the Auctioned Assets under the consent orders listed on Schedule 2.03(a)(iv) (the "Seller Consent Orders") and identified thereon as "Assumed Consent Order

Obligations" (the "Assumed Consent Order Obligations");

(v) except as set forth in Section 2.03(b)(iv), any liabilities and obligations with respect to the Permits to the extent arising or accruing on or after the Closing Date;

(vi) (A) all wages, overtime, employment taxes, severance pay, transition payments, workers compensation benefits, occupational safety and health liabilities or other similar liabilities and obligations in respect of Transferring Employees to the extent arising or accruing on or after the Closing Date, and (B) all other liabilities and obligations with respect to the Transferring Employees for which Buyer is responsible pursuant to Article IX;

(vii) (A) any liabilities and obligations (other than any Environmental Liabilities which are Retained Liabilities) in respect of any personal injury or property damage claim relating to, resulting from or arising out of the Generating Plants or Gas Turbines or (B) any liabilities and obligations in respect of any discrimination, wrongful discharge or unfair labor practice claim by any Transferring Employee, in the case of each of the foregoing clauses (A) and (B), to the extent arising or accruing on or after the Closing Date;

(viii) any liabilities and obligations, with respect to the periods that include the Closing Date, with respect to real or personal property rent, taxes based on the ownership or use of property, utilities charges and similar charges that primarily relate to the Generating Plants or the Gas Turbines (collectively, the "Prorated Items"), to the extent such Prorated Items relate to the period from and after the Closing Date, including (A) personal property taxes, real estate and occupancy taxes, assessments and other charges (which shall be apportioned as provided in the Zoning Lot Development Agreements), (B) rent and all other items payable by Seller under any Contract, (C) any fees with respect to any Transferable Permit and (D) sewer rents and charges for water, telephone, electricity and other utilities, in each case calculated by multiplying the amount of any such Prorated item by a fraction the numerator of which is the number of days in such period from and after the Closing Date and the denominator of which is the number of days in such period;

(ix) any liabilities and obligations in respect of Taxes (other than Prorated items) attributable to the Auctioned Assets arising or accruing during taxable periods (or portions thereof) beginning on or after the Closing Date;

(x) any liabilities and obligations in respect of damage to property or personal injury or death relating to, resulting from or arising out of any property, machinery, equipment, facilities or systems from time to time owned by Buyer or its Affiliates subject to the Ancillary Agreements or employed by Buyer in connection with the performance of the Ancillary Agreements ("Buyer Assets"), or any Protective Relaying System owned by Seller as contemplated by the Continuing Site Agreement, regardless of whether the property damage or

personal injury is caused by a Seller Indemnitee or a Buyer Indemnitee; and

(xi) any liabilities and obligations under the Ancillary Agreements in respect of the Auctioned Assets to the extent arising on or after the Closing Date.

(b) Retained Liabilities Buyer Shall not assume or be obligated to pay, perform or otherwise discharge the following liabilities or obligations (the "Retained Liabilities"):

(i) any liabilities and obligations of Seller primarily relating to any Retained Assets (other than as contemplated by Section 2.03(a)(x));

(ii) any payment obligations of Seller, including under Contracts, for goods delivered or services rendered prior to the Closing Date;

(iii) (A) any Environmental Liability of Seller arising out of or in connection with the transportation, storage, Release, threatened Release or recycling of, or arrangement for such activities with respect to, Hazardous Substances at or to any Off-Site location, prior to the Closing Date, (B) any Environmental Liability of Seller arising out of or in connection with any Release or threatened Release of any Hazardous Substance on or after the Closing Date from the Seller Facilities or otherwise originating from, or relating to, any equipment owned or used by Seller that is located on Buyer Real Estate, (C) all liabilities and obligations of Seller arising out of or in connection with matters set forth on Schedule 2.03(b)(iii)(C) and (D) any liabilities and obligations relating to Auctioned Assets under the Seller Consent Orders, except Assumed Consent Order obligations;

(iv) any monetary fines (excluding (A) natural resource damages, (B) cleanup or remediation costs and (C) other costs of a similar nature) imposed by a Governmental Authority to the extent arising out of or relating to acts or omissions of Seller in respect of the Auctioned Assets prior to the Closing Date;

(v) (A) all wages, overtime, employment taxes, severance pay, transition payments, workers compensation benefits, occupational safety and health liabilities or other similar liabilities and obligations in respect of Transferring Employees to the

extent arising or accruing prior to the Closing Date and (B) all other liabilities and obligations with respect to the Transferring Employees for which Seller is responsible pursuant to Article IX;

(vi)(A) any liabilities and obligations (other than any Environmental Liabilities which are Assumed Obligations) in respect of any personal injury or property damage claim relating to the Generating Plants or Gas Turbines or (B) any liabilities and obligations in respect of any discrimination, wrongful discharge or unfair labor practice claim by any Transferring Employee, in the case of each of the foregoing clauses (A) and (B), to the extent arising out of or relating to acts or omissions of Seller prior to the Closing Date;

(vii) any liabilities and obligations, with respect to the period prior to the Closing Date, for the Prorated Items, calculated as set forth

in Section 2.03(a)(viii);

(viii) any liabilities and obligations in respect of Taxes (other than Prorated Items) attributable to the Auctioned Assets arising or accruing during taxable periods (or portions thereof) ending before the Closing Date, including Income Taxes attributable to income realized by Seller pursuant to the transactions contemplated by this Agreement;

(ix) any liabilities and obligations arising after the date of this Agreement in respect of which Seller has provided pursuant to Section 7.01(d)(ii) that such liabilities and obligations shall not be assumed or retained by Buyer;

(x) any liabilities and obligations in respect of damage to property or personal injury or death relating to, resulting from or arising out of any property, machinery, equipment, facilities or systems from time to time owned by Seller or its Affiliates subject to the Ancillary Agreements or employed by Seller in connection with the performance of the Ancillary Agreements ("Seller Assets"), regardless of whether the property damage or personal injury is caused by a Seller Indemnitee or a Buyer Indemnitee; and

(xi) any liabilities and obligations under the Ancillary Agreements in respect of the Retained Assets.

SECTION 2.04. Third Party Consents (a) Notwithstanding Section 2.02 (a) (ii), (iii) or (iv), to the extent that Seller's rights under any Contract or warranty may not be assigned without the consent of another person which consent has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Seller, at its expense, shall use its reasonable best efforts to obtain prior to the Closing any such required consents.

(b) Seller and Buyer agree that if any consent to an assignment of any such Contract or warranty shall not be obtained or if any attempted assignment would in Seller's reasonable opinion be ineffective or would impair any material rights and obligations of Buyer under such Contract or warranty, as applicable, so that Buyer would not acquire the benefit of all such rights and obligations, Seller, to the maximum extent permitted by law and such Contract or warranty, as applicable, shall after the Closing appoint Buyer to be Seller's representative and agent with respect to such Contract or warranty, as applicable, and Seller shall, to the maximum extent permitted by law and such Contract or warranty, as applicable, enter into such reasonable arrangements with Buyer as are necessary to provide Buyer with the benefits and obligations of such Contract or warranty, as applicable. Seller and Buyer shall cooperate and shall each use their reasonable best efforts after the Closing to obtain an assignment of each such Contract or warranty, as applicable, to Buyer.

ARTICLE III

Purchase Price

SECTION 3.01. Purchase Price. The purchase price for the Auctioned Assets shall be $505,000,000 minus the net proceeds received by Seller pursuant to the sale of the VISY Option Parcel by Seller to VISY if the sale thereof is consummated prior to the Closing (the "Purchase Price").

SECTION 3.02. Post-Closing Adjustment. (a) Within 20 Business Days after the Closing, Seller shall prepare and deliver to Buyer a statement (an "Adjustment Statement") which reflects the book cost, as reflected on the books of Seller as of the Closing Date, of all fuel inventory and supplies, materials and spare parts inventory included in the Auctioned Assets (the "Adjustment Amount") and, upon request of Buyer, related accounting material used by Seller to prepare the Adjustment Statement. The

Adjustment Amount will be based, in respect of fuel, on the actual fuel inventory on the Closing Date and, in respect of supplies, materials and spare parts, on an inventory survey conducted within ten Business Days prior to the Closing Date, in each case, consistent with the inventory procedures of Seller in effect as of the date of this Agreement (the "Inventory Survey"). Seller will permit an employee, or representative, of Buyer to observe the Inventory Survey. The Adjustment Statement shall be prepared using (i) GAAP and (ii) the same rolling average unit costs that Seller has historically used to calculate the book cost of its fuel and supplies, materials and spare parts inventory. Buyer agrees to cooperate with Seller in connection with the preparation of the Adjustment Statement and related information, and shall provide to Seller such access, books, records and information as may be reasonably requested from time to time.

(b) Buyer may dispute the quantity delivered or quality of any inventory item shown on the Adjustment Statement, or the mathematical calculations reflected therein, by notifying Seller in writing of the disputed amount, and the basis of such dispute, within 20 Business Days of Buyer's receipt of the Adjustment Statement; provided, however, that in respect of the quality of any inventory item, Buyer may not dispute Seller's normal and customary methods for accounting for excess inventory. Buyer shall have no right to dispute any other matter in respect of the Adjustment Statement, including historical rolling average unit costs used to calculate the book cost of the inventory or the appropriateness, under GAAP or otherwise, of using such historical rolling average unit cost to determine the book cost of any particular item of inventory. In the event of a dispute with respect to the quantity or quality of any inventory item shown on the Adjustment Statement, or the mathematical calculations reflected therein, Buyer and Seller shall attempt to reconcile their differences and any resolution by them as to any disputed amounts shall be final, binding and conclusive on the Parties. If Buyer and Seller are unable to reach a resolution of such differences within 20 Business Days of receipt of Buyer's written notice of dispute to Seller, Buyer and Seller shall submit the amounts remaining in dispute for determination and resolution to PricewaterhouseCoopers LLP or any other accounting firm of recognized national standing reasonably acceptable to Seller and Buyer (the "Accountants"), which shall be instructed to determine and report to the Parties, within 20 Business Days after such submission, upon such remaining disputed amounts, and such report shall be final, binding and conclusive on the Parties with respect to the amounts disputed. Buyer and

Seller shall each pay one-half of the fees and disbursements of the

Accountants in connection with the resolution of such disputed amounts.

(c) If the Adjustment Amount is greater or less than the Estimated Adjustment Amount, then on the Adjustment Date (as defined below), (i) to the extent that the Adjustment Amount exceeds the Estimated Adjustment Amount, Buyer shall pay to Seller the amount of such excess and (ii) to the extent that the Adjustment Amount is less than the Estimated Adjustment Amount, Seller shall pay to Buyer the amount of such deficiency. "Adjustment Date" means (1) if Buyer does not disagree in any respect with the Adjustment Statement, the twenty-third Business Day following Buyer's receipt of the Adjustment Statement or (2) if Buyer shall disagree in any respect with the Adjustment Statement, the third Business Day following either the resolution of such disagreement by the Parties or a final determination by the Accountants in accordance with Section 3.02 (b). Any amount paid under this Section 3.02(c) shall be paid with interest for the period commencing on the Closing Date through the date of payment, calculated at the prime rate of the Chase Manhattan Bank in effect on the Closing Date, and in cash by wire transfer of immediately available funds.

SECTION 3.03. Allocation of Purchase Price. Buyer shall deliver to Seller at Closing a preliminary allocation among the Auctioned Assets of the Purchase Price and among such other consideration paid to Seller pursuant to this Agreement that is properly includible in Buyer's tax basis for the Auctioned Assets for Federal income tax purposes, and, as soon as practicable following the Closing (but in any event within 10 Business Days following the final determination of the Adjustment Amount), Buyer shall prepare and deliver to Seller a final allocation of the Purchase Price and additional consideration described in the preceding clause, and the post-closing adjustment pursuant to Section 3.02, among the Auctioned Assets (the "Allocation"). The Allocation shall be consistent with Section 1060 of the Code and the Treasury Regulations thereunder. Seller hereby agrees to accept Buyer's Allocation unless Seller determines that such Allocation was not prepared in accordance with Section 1060 of the Code and the regulations thereunder ("Applicable Law"). If Seller so determines, Seller shall within 20 Business Days thereafter propose any changes necessary to cause the Allocation to be prepared in accordance with Applicable Law. Within 10 Business Days following delivery of such proposed changes, Buyer shall provide Seller with a statement of any objections to such proposed changes, together with a

reasonably detailed explanation of the reasons therefor. If Buyer and Seller are unable to resolve any disputed objections within 10 Business Days thereafter, such objections shall be referred to the Accountants, whose review will be limited to whether Buyer's Allocation of such disputed items regarding the Allocation was prepared in accordance with Applicable Law. The Accountants shall be instructed to deliver to Seller and Buyer a written determination of the proper allocation of such disputed items within 20 Business Days. Such determination shall be conclusive and binding upon the parties hereto for all purposes, and the Allocation shall be so adjusted (the Allocation, including the adjustment, if any, to be referred to as the "Final Allocation"). The fees and disbursements of the Accountants attributable to the Allocation shall be shared equally by Buyer and Seller. Each of Buyer and Seller agrees to timely file Internal Revenue Service Form 8594, and all Federal, state, local and foreign Tax Returns, in accordance with such Final Allocation and to report the transactions contemplated by this Agreement for Federal Income Tax and all other tax purposes in a manner consistent with the Final Allocation. Each of Buyer

and Seller agrees to promptly provide the other party with any additional information and reasonable assistance required to complete Form 8594, or compute Taxes arising in connection with (or otherwise affected by) the transactions contemplated hereunder. Each of Buyer and Seller shall timely notify the other Party and each shall timely provide the other Party with reasonable assistance in the event of an examination, audit or other proceeding regarding the Final Allocation.

ARTICLE IV

The Closing

SECTION 4.01. Time and Place of Closing. Upon the terms and subject to the satisfaction of the conditions contained in Article VIII, the closing of the sale of the Auctioned Assets contemplated by this Agreement (the "Closing") will take place on such date as the Parties may agree, which date shall be as soon as practicable, but no later than ten Business Days, following the date on which all of the conditions set forth in Article VIII have been satisfied or waived, at the offices of Cravath, Swaine & Moore in New York City or at such other place or time as the Parties may agree. The date and time at which the Closing actually occurs is hereinafter referred to as the "Closing Date".

SECTION 4.02. Payment of Purchase Price and Estimated Adjustment Amount. At the Closing, Buyer will pay or cause to be paid to Seller by wire transfer of immediately available funds to an account previously designated in writing by Seller an amount in United States dollars equal to (a) the Purchase Price plus or minus (b) Seller's good faith estimate of the Adjustment Amount (the "Estimated Adjustment Amount"), which estimate shall be provided to Buyer no later than five Business Days prior to the Closing.

ARTICLE V

Representations and Warranties of Seller

Seller represents and warrants to Buyer as follows:

SECTION 5.01. Organization; Qualification. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of New York and has all requisite corporate power and authority to own, lease and operate the Auctioned Assets and to carry on the business of the Auctioned Assets as currently conducted.

SECTION 5.02. Authority Relative to This Agreement. Seller has all necessary corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and the Ancillary Agreements and the consummation by Seller of the transactions contemplated hereby and thereby have been duly and validly authorized by the Board of Trustees of Seller or by a committee thereof to whom such authority has been delegated and no other corporate proceedings on the part of Seller are necessary to authorize this Agreement or the Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby. This Agreement and the Ancillary Agreements have been duly and validly executed and delivered by Seller and, assuming that this Agreement and the Ancillary Agreements constitute valid and binding agreements of Buyer and each other party thereto, subject to the receipt of the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals, constitute valid and binding agreements of Seller, enforceable against Seller in accordance with their respective terms.

SECTION 5.03. Consents and Approvals; No Violation (a) Subject to obtaining the Seller Required

Regulatory Approvals and the Buyer Required Regulatory Approvals, neither the execution and delivery of this Agreement or the Ancillary Agreements by Seller nor the sale by Seller of the Auctioned Assets pursuant to this Agreement will (i) conflict with or result in any breach of any provision of the Certificate of Incorporation or By-laws of Seller, (ii) except as set forth on Schedule 5.03(a), result in a default (or give rise to any right of termination, cancelation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement, lease or other instrument or obligation to which Seller is a party or by which Seller, or any of the Auctioned Assets, may be bound, except for such defaults (or rights of termination, cancelation or acceleration) as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, create a material Adverse Effect or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Seller, or the Auctioned Assets, except for such violations which would not, individually or in the aggregate, create a Material Adverse Effect.

(b) Except for (i) application by Seller to, and the approval of, the PSC, pursuant to sections 70 of the Public Service Law of the State of New York, of the transfer to Buyer of the Auctioned Assets, (ii) the filings by Seller and Buyer required by the HSR Act and the expiration or earlier termination of all waiting periods under the HSR Act, (iii) application by Seller to, and the approval of, FERC under (A) Section 203 of the Federal Power Act of 1935 (the "Federal Power Act") with respect to the transfer of Auctioned Assets constituting jurisdictional assets under the Federal Power Act and (B) Section 205 of the Federal Power Act with respect to each Continuing Site Agreement and any wholesale power sales agreement to be entered into by Seller and Buyer, including the Transition Capacity Agreement, (iv) the issuance of approval by the New York City Department of Buildings and, to the extent required, the New York City Department of Business Services of the tax lot subdivision contemplated by this Agreement in a form suitable for submission to the New York City Department of Finance for the issuance of tax lot numbers and (v) declarations, filings or registrations with, or notices to, or authorizations, consents or approvals of, any Governmental Authority which become applicable to Seller or the transactions contemplated hereby or by the Ancillary Agreements as a result of the specific regulatory status or jurisdiction of incorporation or organization of Buyer (or any of its Affiliates) or as a result of any other facts that specifically relate to the business or activities in which Buyer (or any of its Affiliates) is or proposes to be

engaged (collectively, the "Seller Required Regulatory Approvals"), no declaration, filing or registration with, or notice to, or authorization, consent or approval of any Governmental Authority is necessary for the consummation by Seller of the transactions contemplated hereby or by the Ancillary Agreements, other than such declarations, filings, registrations, notices, authorizations, consents or approvals (A) which, it not obtained or made, would not, individually or in the aggregate, create a Material Adverse Effect or (B) which relate to the Transferable Permits.

(c) To the knowledge of Seller, there is no reason that it should fail to obtain the Seller Required Regulatory Approvals.

SECTION 5.04. Year 2000. Seller has informed Buyer of the status, as

of the date of this Agreement, of measures to prevent computer software, hardware and embedded systems used in connection with the Auctioned Assets from experiencing malfunctions or other usage problems in connection with years beginning with "20", except for such malfunctions or other usage problems which would not, individually or in the aggregate, create a Material Adverse Effect.

SECTION 5.05. Personal Property. Except for Permitted Exceptions, Seller has good and marketable title, free and clear of all Encumbrances, to all personal property included in the Auctioned Assets.

SECTION 5.06. Real Estate. The Conveyance Plans contain descriptions of the Buyer Real Estate. Copies of the most recent real property surveys and title insurance information in the possession of Seller with respect to the Buyer Real Estate or any portion thereof have heretofore been delivered by Seller to Buyer or made available for inspection by Buyer, receipt of which is hereby acknowledged by Buyer.

SECTION 5.07. As of the date of this Agreement, Seller is neither a tenant nor a licensee under any real property leases which (a) are to be transferred and assigned to Buyer on the Closing Date and (b) (i) provide for annual payments of more than $100,000 or (ii) are material to the Auctioned Assets.

SECTION 5.08. certain Contract and Arrangments. (a) Except for (i) any contract or agreement listed on Schedule 2.02 (a) (iv) or Schedule 5.08 (a) and (ii) Contracts which will expire prior to the Closing Date or that are 40 permitted to be entered into under this Agreement, Seller is

not a party to any contract which is material to the business or operations of the Auctioned Assets.

(b) Each Contract (i) constitutes a valid and binding obligation of Seller, and, to the knowledge of Seller, constitutes a valid and binding obligation of the other parties thereto, (ii) to the knowledge of Seller, is in full force and effect and (iii) other than Contracts covered by Section 2.04, to the knowledge of Seller, may be transferred to Buyer pursuant to this Agreement and will continue in full force and effect thereafter, in each case, without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder, except for such breaches, forfeitures or impairments which would not, individually or in the aggregate, create a Material Adverse Effect.

(c) There is not, under any of the Contracts, any default or event which, with notice or lapse of time or both, would constitute a default by Seller, except for such events of default and other events as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, create a Material Adverse Effect.

SECTION 5.09. Legal Proceeding. Except as set forth on Schedule 5.09 or in the Filed Seller SEC Documents, as of the date of this Agreement, there are no claims, actions, proceedings or investigations pending or, to the knowledge of Seller, threatened against or relating to Seller which would, individually or in the aggregate, be reasonably expected to create a Material Adverse Effect. With respect to the business or operations of the Auctioned Assets, Seller is not, as of the date of this Agreement, subject to any outstanding judgment, rule, order, writ, injunction or decree of any court, governmental or regulatory authority which would create a Material Adverse Effect. The representations and warranties of Seller set forth in this Section 5.09 shall not apply to, and do not cover, any environmental matters which, with respect to any representations and warranties of Seller, are exclusively governed by Section 5.11.

SECTION 5.10. Permits; Compliance with Law.

(a) Except as set forth on Schedule 5. 10 (a) (i) , Seller holds, and is in compliance with, all Permits necessary to conduct the business and operations

of the Auctioned Assets as currently conducted, and, to the knowledge of Seller, Seller is otherwise in compliance with all laws, statutes, orders, rules, regulations, ordinances or judgments of any Governmental Authority applicable to the business and

operations of the Auctioned Assets, except for such failures to hold or comply with such Permits, or such failures to be in compliance with such laws, statutes, orders, rules, regulations, ordinances or judgments, which would not, individually or in the aggregate, create a Material Adverse Effect. Except as set forth on Schedule 5.10(a)(ii), Seller has not received any written notification that it is in violation of any of such Permits or laws, statutes, orders, rules, regulations, ordinances or judgments, except for notifications of violations which would not, individually or in the aggregate, create a Material Adverse Effect. The representations and warranties of Seller set forth in this Section 5.10 shall not apply to, and do not cover, any environmental matters which, with respect to any representations and warranties of Seller, are exclusively governed by Section 5.11.

(b) Notwithstanding the last sentence of Section 5.10(a), except as set forth on Schedule 5.10(b), there are no material Permits or material Environmental Permits that, in each case, are not Transferable Permits and are required for Buyer to conduct the business and operations of the Auctioned Assets as currently conducted.

SECTION 5.11. Environmental Matters. (a) Except as set forth in Schedule 5.11 or disclosed in the Filed Seller SEC Documents, Seller holds, and is in compliance with, the Environmental Permits required for Seller to conduct the business and operations of the Auctioned Assets as currently conducted under applicable Environmental Laws, and, to the knowledge of Seller, Seller is otherwise in compliance with applicable Environmental Laws with respect to the business and operations of the Auctioned Assets, except for such failures to hold or comply with such Environmental Permits, or such failures to be in compliance with such Environmental Laws, which would not, individually or in the aggregate, create a Material Adverse Effect.

(b) Except as set forth in Schedule 5.11 or disclosed in the Filed Seller SEC Documents, Seller has not received any written notice of violation of any Environmental Law or any written request for information with respect thereto, or been notified that it is a potentially responsible party under the Federal Comprehensive Environmental Response, Compensation, and Liability Act or any similar state law with respect to any real property included in the Buyer Real Estate or in any lease forming part of the Auctioned Assets, except for such matters under such laws as would not, individually or in the aggregate, create a Material Adverse Effect.

(c) Except as set forth in Schedule 5.11 or disclosed in the Filed Seller SEC Documents, with respect to the business and operations of the Auctioned Assets, Seller is not subject to any outstanding judgment, decree or judicial order relating to compliance with any Environmental Law or to investigation or cleanup of Hazardous Substances under any applicable Environmental Law, except for (i) the Seller Consent Orders and (ii) such judgments, decrees or judicial orders that would not, individually or in the aggregate, create a Material Adverse Effect.

(d) Except as set forth in Schedule 5.11 or disclosed in the Filed Seller SEC Documents, as of the date of this Agreement, there are no claims, actions, proceedings or investigations pending, or to the knowledge of Seller,

threatened against or relating to Seller, with respect to the exposure at the Auctioned Assets of any person to Hazardous Substances, which, if adversely determined, would, individually or in the aggregate, create a Material Adverse Effect.

SECTION 5.12. Labor Matters. Seller has previously made available to Buyer copies of all collective bargaining agreements to which Seller is a party or is subject and which relate to the business or operations of the Auctioned Assets. With respect to the business and operations of the Auctioned Assets, as of the date of this Agreement, (a) Seller is in compliance with all applicable laws regarding employment and employment practices, terms and conditions of employment and wages and hours, (b) Seller has not received written notice of any unfair labor practice complaint against Seller pending before the National Labor Relations Board, (c) there is no labor strike, slowdown or stoppage actually pending or, to the knowledge of Seller, threatened against or affecting Seller, (d) Seller has not received notice that any representation petition respecting the employees of Seller has been filed with the National Labor Relations Board, (e) no arbitration proceeding arising out of or under collective bargaining agreements is pending against Seller and (f) Seller has not experienced any primary work stoppage since at least December 31, 1996, except, in the case of each of the foregoing clauses (a) through (f), for such matters as would not, individually or in the aggregate, create a Material Adverse Effect.

SECTION 5.13. ERISA; Benefit Plans. Schedule 5.13 sets forth a list of all material deferred compensation, profit-sharing, retirement and pension plans and all material bonus and other material employee benefit or fringe benefit plans maintained, or with respect to which contributions have been made, by Seller with respect to

current or former employees employed in connection with the power generation operations of the Generating Plants and the Gas Turbines (collectively, "Benefit Plans"). Seller and each trade or business (whether or not incorporated) which are or have ever been under common control, or which are or have ever been treated as a single employer, with Seller under Section 414 (b), (c), (m) or (o) of the Code (an "ERISA Affiliate") have fulfilled their respective obligations under the minimum funding requirements of Section 302 of ERISA, and Section 412 of the Code, with respect to each Benefit Plan which is an "employee pension benefit plan" as defined in Section 3 (2) of ERISA and each such plan is in compliance in all material respects with the presently applicable provisions of ERISA and the Code, except for such failures to fulfill such obligations or comply with such provisions which would not, individually or in the aggregate, create a Material Adverse Effect. Neither Seller nor any ERISA Affiliate has incurred any liability under Section 4062 (b) of ERISA, or any withdrawal liability under Section 4201 of ERISA, to the Pension Benefit Guaranty Corporation in connection with any Benefit Plan which is subject to Title IV of ERISA which liability remains outstanding, and there has not been any reportable event (as defined in Section 4043 of ERISA) with respect to any such Benefit Plan (other than a reportable event with respect to which the 30-day notice requirement has been waived by the PBGC). Neither Seller nor any ERISA Affiliate or parent corporation, within the meaning of Section 4069(b) or Section 4212(c) of ERISA, has engaged in any transaction, within the meaning of Section 4069(b) or Section 4212(c) of ERISA. No Benefit Plan and no "employee pension benefit plan" (as defined in Section 3(2) of ERISA) maintained by Seller or any ERISA Affiliate or to which Seller or any ERISA Affiliate has contributed is a multiemployer plan.

SECTION 5.14. Taxes. With respect to the Auctioned Assets and trades or businesses associated with the Auctioned Assets, (a) all Tax Returns required to be filed have been filed and (b) all Taxes shown to be due on such Tax Returns, and all Taxes otherwise owed, have been paid in full, except to the extent that

any failure to file or any failure to pay any Taxes would not, individually or in the aggregate, create a Material Adverse Effect. No written notice of deficiency or assessment has been received from any taxing authority with respect to liabilities for Taxes of Seller in respect of the Auctioned Assets which has not been fully paid or finally settled or which is not being contested in good faith through appropriate proceedings, except for any such notices regarding Taxes which would not, individually or in the aggregate, create a Material Adverse Effect. There are no outstanding agreements or waivers

extending the applicable statutory periods of limitation for Taxes associated with the Auctioned Assets for any period, except for any such agreements or waivers which would not, individually or in the aggregate, create a Material Adverse Effect.

SECTION 5.15. Independent Engineering Assessments; Condition of Auctioned Assets. (a) Seller has reviewed the 1998 assessments prepared by Stone & Webster with respect to the Generating Plants and the Gas Turbines (the Independent Engineering Assessments"), and, except as set forth on Schedule 5.15(a), to the knowledge of Seller, as of the date of the Independent Engineering Assessments, there was no untrue statement of a material fact or omission of any material fact therein that would reasonably suggest that the condition of the Generating Plants and the Gas Turbines, taken as a whole, as of such date was materially and adversely different from that described in such independent Engineering Assessments.

(b) Except as set forth on Schedule 5.15(b), since the date of the Independent Engineering Assessments, there has not been, subject to ordinary wear and tear and to routine maintenance, any casualty, physical damage, destruction or physical loss with respect to, or any adverse change in the physical condition of, any Generating Plant or Gas Turbine, except for such casualty, physical damage, destruction, physical loss or adverse change which would not, individually or in the aggregate, create a Material Adverse Effect.

(c) The condition of the Auctioned Assets is sufficient to permit compliance in all material respects with the Ancillary Agreements, assuming the Ancillary Agreements are in full force and effect.

SECTION 5.16. Undisclosed Liabilities. With respect to the Auctioned Assets, there are no liabilities or obligations of any nature or kind (absolute, accrued, contingent or otherwise) that would have been required to be set forth on a balance sheet in respect of the Auctioned Assets or in the notes thereto prepared in accordance with GAAP, as applied by Seller in connection with its December 31, 1997 balance sheet, except for any such liabilities or obligations which (a) are disclosed in or contemplated or permitted by this Agreement or the Ancillary Agreements (including the Assumed Obligations), (b) are disclosed in the Offering Memorandum, (c) are disclosed in the Filed Seller SEC Documents, (d) have been incurred in the ordinary course of business, (e) are disclosed on

Schedule 5.16 or (f) which would not, individually or in the aggregate, create a Material Adverse Effect.

SECTION 5.17. Brokers. No broker, finder or other person is entitled to any brokerage fees, commissions or finder's fees in connection with the

transaction contemplated hereby by reason of any action taken by Seller, except Morgan Stanley & Co. Incorporated, which is acting for and at the expense of Seller.

SECTION 5.18. Insurance. Seller carries policies of insurance covering fire, workers, compensation, property all-risk, comprehensive bodily injury, property damage liability, automobile liability, product liability, completed operations, explosion, collapse, contractual liability, personal injury liability and other forms of insurance relating to the Auctioned Assets, or otherwise self-insures in accordance with all statutory and regulatory criteria against any such liabilities, which insurance is in such amounts, has such deductibles and retentions and is underwritten by such companies as would be obtained by a reasonably prudent electric power business.

EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS ARTICLE V, THE AUCTIONED ASSETS ARE BEING SOLD AND TRANSFERRED "AS IS, WHERE IS", AND SELLER IS NOT MAKING ANY OTHER REPRESENTATIONS OR WARRANTIES WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING SUCH AUCTIONED ASSETS OR WITH RESPECT TO THIS AGREEMENT OR THE ANCILLARY AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING, IN PARTICULAR WITH RESPECT TO THE AUCTIONED ASSETS, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED BY SELLER AND WAIVED BY BUYER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION SET FORTH IN, OR CONTEMPLATED BY, THE OFFERING. MEMORANDUM (EXCEPT TO THE EXTENT EXPRESSLY INCORPORATED BY REFERENCE INTO THIS AGREEMENT)

ARTICLE VI

Representations and Warranties of Buyer

Buyer represents and warrants to Seller as follows:

SECTION 6.01. Organization Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all

requisite corporate power and authority to own, lease and operate its properties and to carry on its business as is now being conducted. Buyer is duly qualified and licensed to do business as a foreign corporation and is in good standing in the State of New York.

SECTION 6.02. Authority Relative to This Agreement. Buyer has all necessary corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is party and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and such Ancillary Agreements and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly and validly authorized by the Board of Directors of Buyer and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement or such Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby. This Agreement and such Ancillary Agreements have been duly and validly executed and delivered by Buyer and, assuming that this Agreement and the Ancillary Agreements constitute valid and binding agreements of Seller and each other party thereto, subject to the receipt of the Buyer Required Regulatory Approvals and the Seller Required Regulatory Approvals, this Agreement and the Ancillary Agreements constitute valid and binding agreements of Buyer, enforceable against Buyer in accordance with their respective terms.

SECTION 6.03. Consents and Approvals; No Violations. (a) Subject to obtaining the Buyer Required Regulatory Approvals and the Seller Required Regulatory Approvals, neither the execution and delivery of this Agreement or

the Ancillary Agreements to which it is party by Buyer nor the purchase by Buyer of the Auctioned Assets pursuant to this Agreement will (i) conflict with or result in any breach of any provision of the Certificate of Incorporation or By-laws (or other similar governing documents) of Buyer, (ii) result in a default (or give rise to any right of termination, cancelation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement, lease or other instrument or obligation to which Buyer or any of its subsidiaries is a party or by which any of their respective assets may be bound or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Buyer, or any of its assets, except in the case of clauses (ii) and (iii) for such failures to obtain a necessary consent, defaults and violations which would not, individually or in the aggregate, have a material adverse effect on the ability of Buyer to consummate the

transactions contemplated by, and discharge its obligations under, this Agreement and the Ancillary Agreements (a "Buyer Material Adverse Effect").

(b) Except for (i) approval of the PSC pursuant to ss. 70 of the Public Service Law of the State of New York, of the transfer to Buyer of the Auctioned Assets, (ii) the filings by Buyer and Seller required by the HSR Act and the expiration or earlier termination of all waiting periods under the HSR Act, (iii) application by Buyer to, and the approval of, FERC under (A) Section 203 of the Federal Power Act with respect to the transfer of Auctioned Assets constituting jurisdictional assets under the Federal Power Act and (B) Section 205 of the Federal Power Act with respect to (1) each Continuing Site Agreement and any wholesale power sales agreement to be entered into by Seller and Buyer, including the Transition Capacity Agreement, and (2) authorization to sell capacity and energy from Generating Plants and Gas Turbines at market-based rates (provided, however, that Buyer acknowledges that "market based rates" for the purpose of this Agreement means rates that are subject to any bid cap, price limitation or other market power mitigation measure imposed by FERC or PSC in respect of the New York State or New York City wholesale and retail energy and capacity electric power markets or any other restriction imposed by FERC or PSC with respect to the power generation operations and assets of Buyer, including the FERC Order Accepting Market Power Mitigation Measures dated September 22, 1998, as modified (Docket No. ER98-3169-000) (the "Mitigation Measures")), (iv) qualification of Buyer, with respect to the Auctioned Assets, as an exempt wholesale generator under the Energy Policy Act of 1992 and (v) the issuance of approval by the New York City Department of Buildings and, to the extent required, the New York City Department of Business Services of the tax lot subdivision contemplated by this Agreement in a form suitable for submission to the New York City Department of Finance for the issuance of tax lot numbers (collectively, the "Buyer Required Regulatory Approvals"), no declaration, filing or registration with, or notice to, or authorization, consent or approval of any Governmental Authority is necessary for the consummation by Buyer of the transactions contemplated hereby or by the Ancillary Agreements, other than such declarations, filings, registrations, notices, authorizations, consents or approvals (A) which, if not obtained or made would not, individually or in the aggregate, have a Buyer Material Adverse Effect or (B) which relate to the Transferable Permits.

(c) To the knowledge of Buyer, there is no reason that it should fail

to obtain the Buyer Required Regulatory Approvals.

SECTION 6.04. Brokers. No broker, finder or other person is entitled to any brokerage fees, commissions or finder's fees in connection with the transaction contemplated hereby by reason of any action taken by Buyer, except Salomon Smith Barney Inc., which is acting for and at the expense of Buyer.

ARTICLE VII

Covenants of the Parties

SECTION 7.01. Conduct of Business Relating to the Auctioned Assets. (a) Except with the prior written consent of Buyer (such consent not to be unreasonably withheld) or as required to effect the purchase and sale of the Auctioned Assets and related transactions contemplated by this Agreement, during the period from the date of this Agreement to the Closing Date, Seller will operate the Auctioned Assets in the usual, regular and ordinary course and in accordance with good industry practice and applicable legal requirements, and continue to pay accounts payable which relate to the Auctioned Assets in a timely manner, consistent with past practice.

(b) Notwithstanding the foregoing, except as contemplated in this Agreement or the Ancillary Agreements, prior to the Closing Date, without the prior written consent of Buyer (such consent not to be unreasonably withheld), Seller will not:

(i) except for Permitted Exceptions, grant any Encumbrance on the Auctioned Assets securing any indebtedness for borrowed money or guarantee or other liability for the obligations of any person;

(ii) make any material change in the levels of fuel inventory and supplies, materials and spare parts inventory customarily maintained by Seller with respect to the Auctioned Assets, other than consistent with past practice (including the use of spare parts in connection with certain power generation assets of Seller described in the offering Memorandum other than the Generating Plants or Gas Turbines);

(iii) sell, lease (as lessor), transfer or otherwise dispose of, any of the Auctioned Assets, other than

assets (except coal handling equipment) that become obsolete or assets used, consumed or replaced in the ordinary course of business consistent with past practice (including the use of spare parts in connection with certain power generation assets of Seller described in the Offering Memorandum other than the Generating Plants or Gas Turbines); provided, however, that notwithstanding any other provision of this Agreement to the contrary, Seller may sell the VISY Option Parcel to VTSY pursuant to the exercise by VISY of the option under the VISY option Agreement;

(iv) terminate, materially extend or otherwise materially amend any of the Contracts (other than in accordance with their respective terms) or waive any default by, or release, settle or compromise any material claim against, any other party thereto;

(v) amend any of the Transferable Permits, other than (A) Transferable Permits not material to the operations of the Auctioned Assets as currently conducted, (B) as reasonably necessary to complete the transfer of Permits as contemplated hereby, (C) routine renewals or non-material modifications or amendments and (D) modifications, alterations and amendments contemplated by Section 7.03(b);

(vi) enter into any Contract for the purchase, sale or storage of fuel with respect to the Auctioned Assets (whether commodity or transportation) with a term in excess of 12 months, if the aggregate future liability or receivable outstanding on the date for measurement for the purpose of this covenant for all such Contracts would be in excess of $2 million, not including any such Contract terminable by notice of not more than 30 days without penalty or cost (other than de minimis administrative costs); provided, however, that Seller may enter into Contracts for the storage of fuel with respect to the Auctioned Assets with a term ending not later than December 31, 2000 and otherwise on terms consistent with Seller's past practice;

(vii) (A) establish, adopt, enter into or amend any Collective Bargaining Agreement or Benefits Plans, except (1) if such action would not create a Material Adverse Effect or (2) as required under applicable law or under the terms of any Collective Bargaining Agreement or (B) grant to any Affected Employee any increase in compensation, except (1) in the ordinary course of business consistent with past practice or (2) to the extent required by the terms of any

Collective Bargaining Agreement, employment agreement in effect as of the date of this Agreement or applicable law;

(viii) enter into any Contract with respect to the Auctioned Assets for goods or services not addressed in clauses (i) through (vii) with a term in excess of 12 months, it the aggregate future liability or receivable outstanding on the date for measurement for the purpose of this covenant for all such Contracts would be in excess of $2 million, not including any such Contract terminable by notice of not more than 30 days without penalty or cost (other than de minimis administrative costs); provided, however, that notwithstanding any other provision of this Agreement to the contrary, Seller may (A) enter into any Contract reasonably necessary to effect the physical, legal or operational separation of the sites on which the Auctioned Assets are located or to otherwise implement the change of ownership contemplated hereby, or subdivision, of such sites or implement the provisions of the Ancillary Agreements and (B) enter into and record the Declarations of Subdivision Easements; or

(ix) enter into any Contract with respect to the Auctioned Assets relating to any of the transactions set forth in the foregoing clauses (i) through (viii).

(c) Without limiting the generality of Sections 7.01(a) and (b), to the extent Section 7.01(a) or (b) prohibits Seller from entering into any Contract for goods and services in connection with maintenance or capital expenditures, Buyer agrees that Seller may request Buyer's consent to enter into such Contract, such consent not to be unreasonably withheld, and to the extent Buyer so consents, all liabilities and obligations under such Contract shall constitute Assumed Obligations and Buyer shall otherwise, reimburse Seller for all its expenditures thereunder.

(d) Notwithstanding anything in this Section 7.01 to the contrary, Seller may cake any action, incur any expense or enter into any obligation with respect to the Auctioned Assets to the extent that (i) all obligations and liabilities arising with respect thereto do not constitute Assumed Obligations or (ii) Seller otherwise provides that such obligations and liabilities shall not be assumed or retained by Buyer.

SECTION 7.02. Access to Information. (a) Between the date of this Agreement and the Closing Date, Seller will, subject to the Confidentiality

Agreement,

during ordinary business hours and upon reasonable notice (i) give Buyer and its representatives reasonable access to all books, records, plants, offices and other facilities and properties constituting the Auctioned Assets, including for the purpose of observing the operation by Seller of the Auctioned Assets, (ii) permit Buyer to make such reasonable inspections thereof as Buyer may reasonably request, (iii) furnish Buyer with such financial and operating data and other information with respect to the Auctioned Assets as Buyer may from time to time reasonably request, (iv) furnish Buyer upon request a copy of each material report, schedule or other document with respect to the Auctioned Assets filed by Seller with, or received by Seller from, the PSC or FERC; provided, however that (A) any such activities shall be conducted in such a manner as not to interfere unreasonably with the operation of the Auctioned Assets, (B) Seller shall not be required to take any action which would constitute a waiver of the attorney-client privilege and (C) Seller need not supply Buyer with (1) any information or access which Seller is under a legal obligation not to supply or (2) any information which Seller has previously supplied to Buyer. Notwithstanding anything in this Section 7.02 to the contrary, (I) Seller will not be required to provide such information or access to any employee records other than Transferring Employee Records, (II) Buyer shall not have the right to perform or conduct any environmental sampling or testing at, in, on, around or underneath the Auctioned Assets and (III) Seller shall not be required to provide such access or information with respect to any Retained Asset or Retained Liabilities.

(b) Unless otherwise agreed to in writing by Buyer, Seller shall, for a period commencing on the Closing Date and terminating three years after the Closing Date, keep confidential and shall cause its representatives to keep confidential all Confidential Information (as defined in the Confidentiality Agreement) on the terms set forth in the Confidentiality Agreement. Except as contemplated by the following sentence, Seller shall not release any person from any confidentiality agreement now existing with respect solely to the Auctioned Assets or waive or amend any provision thereof. After the Closing Date, upon reasonable request of Buyer, Seller shall, to the maximum extent permitted by law and the applicable Bidder Confidentiality Agreement (as defined below), appoint Buyer to be Seller's representative and agent in respect of confidential information relating to the Auctioned Assets under the confidentiality agreements ("Bidder Confidentiality Agreements") between Seller and prospective purchasers of certain generation assets of Seller of which the Auctioned Assets form part.

(c) From and after the Closing Date, Buyer shall retain all Operating Records (whether in electronic form or otherwise) relating to the Auctioned Assets on or prior to the Closing Date. Buyer also agrees that, from and after the Closing Date, Seller shall have the right, upon reasonable request to Buyer, to receive from Buyer copies of any Operating Records or other information in Buyer's possession relating to the Auctioned Assets on or prior to the Closing Date and required by Seller in order to comply with applicable law. Seller shall reimburse Buyer for its reasonable costs and expenses incurred in connection with the foregoing sentence.

SECTION 7.03. Consents and Approvals; Transferable Permits. (a) Seller and Buyer shall cooperate with each other and (i) prepare and file (or otherwise

effect) as soon as practicable all applications, notices, petitions and filings with respect to and (ii) use their reasonable best efforts (including negotiating in good faith modifications and amendments to this Agreement and the Ancillary Agreements) to obtain (A) the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals and (B) any other consents, approvals or authorizations of any other Governmental Authorities or third parties that are necessary to consummate the transactions contemplated by this Agreement or the Ancillary Agreements. Without limiting the generality of the foregoing, (1) each Party agrees to, upon the other Party's request, support such other Party's applications for regulatory approvals of the purchase and sale of the Auctioned Assets contemplated by this Agreement, (2) Buyer agrees not to seek any relief from, or modifications or amendments in respect of, any bid cap, price limitation or other market power mitigation measure or other restriction with respect to any power generation operations and assets described in or contemplated by Section 6. 03 (b) (iii) (B) (2) until after the Closing Date and (3) Buyer and Seller agree to defend any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the Ancillary Agreements, or the consummation of the transactions contemplated hereby or thereby, including seeking to have any stay or temporary restraining order entered by any Governmental Authority vacated or reversed.

(b) Upon execution of this Agreement, Seller shall commence the process of transferring to Buyer the Transferable Permits, including completing and filing applications and related documents with the appropriate Governmental Authorities. Seller hereby reserves the right to modify, alter or amend any Transferable Permit or to refuse to correct violations or deficiencies in respect of

any Transferable Permit as long as such modification, alteration, amendment or refusal would not, individually or in the aggregate, create a Material Adverse Effect. Seller shall use its reasonable best efforts to give notice to Buyer of any modification, alteration or amendment to any Transferable Permit.

(c) Seller shall use its reasonable best efforts to cooperate with Buyer in the transfer of Transferable Permits to Buyer by Closing. If the transfer of any Transferable Permit cannot be completed by Closing, Buyer is hereby authorized, but not required, to act as Seller's representative and agent in respect of such Transferable Permit and to do all things necessary for effecting transfer of such Transferable Permit as soon after the Closing as is practicable, with Seller remaining the Transferable Permit "holder of record" in such case until such transfer is completed, In the case of each such Transferable Permit, Seller shall, to the maximum extent permitted by law and such Transferable Permit, enter into such reasonable arrangements with Buyer as are necessary to provide Buyer with the benefits and obligations of such Transferable Permit. It Buyer is able to complete the transfer of any Transferable Permit after Closing without the occurrence of any event that, if such event had occurred between the execution of this Agreement and the Closing, would have created, individually or in the aggregate, a Material Adverse Effect, Seller may substitute Buyer in its place and stead as the Party responsible for completing the transfer of such Transferable Permit.

SECTION 7.04. Further Assurances. (a) Subject to the terms and conditions of this Agreement, each of the Parties will use its reasonable best efforts to take, or cause to be taken, as soon as possible, all action, and to do, or cause to be done, as soon as possible, all things necessary, proper or advisable under applicable laws and regulations to consummate the sale of the Auctioned Assets pursuant to this Agreement as soon as possible, including using its reasonable best efforts to ensure satisfaction of the conditions precedent to each Party's obligations hereunder. Prior to Buyer's submission of any application with a Governmental Authority for a regulatory approval, Buyer shall submit such application to Seller for review and comment and Buyer shall incorporate into such application any revisions reasonably requested by Seller. Neither of the Parties will, without prior written consent of the other Party, take or fail to take, or permit their respective Affiliates to take or fail to

take, any action, which would reasonably be expected to prevent or materially impede, interfere with or delay the consummation, as soon as

possible, of the transactions contemplated by this Agreement or the Ancillary Agreements. Without limiting the generality of the foregoing, each of the Parties shall use its reasonable best efforts to negotiate in good faith as soon as possible after the date of this Agreement, and enter into (i) the A-11 License, the terms of which shall be substantially as set forth in Exhibit F, (ii) the NYPA Assignment, the terms of which shall be reasonably satisfactory to Buyer and Seller, (iii) to the extent required to achieve subdivision of the Astoria site, one or more contracts, agreements or other arrangements satisfactory to the New York City Fire Department regarding fire prevention at the Astoria site and (iv) any other agreement reasonably necessary to consummate the sale of the Auctioned Assets pursuant to this Agreement as soon as possible.

(b) From time to time after the date hereof, without further consideration and at its own expense, (i) Seller will execute and deliver such instruments of assignment or conveyance as Buyer may reasonably request to more effectively vest in Buyer Seller's title to the Auctioned Assets (subject to Permitted Exceptions and the other terms of this Agreement) and (ii) Buyer will execute and deliver such instruments of assumption as Seller may reasonably request in order to more effectively consummate the sale of the Auctioned Assets and the assumption of the Assumed Obligations pursuant to this Agreement.

(c) Seller shall not sponsor or support any recommendation or application to effect prior to April 1, 2002 (i) a reduction in the locational generation capacity requirement that 80% of New York City peak electric loads must be met with in-City generation capacity, as in effect as of the date of this Agreement, unless such reduction is justified by a significant change in the transmission import capability into New York City whether as a result of actions by Seller or others, (ii) a reduction in the $105/kW-year bid and price cap in respect of capacity under the Mitigation Measures, as in affect as of the date of this Agreement, or (iii) a change in the method of determining required system capability set forth in NYPP Billing Procedure 4-11 (Installed Reserve Requirements), as in effect as of the date of this Agreement that would reduce the installed reserve requirements for the winter capability period applicable to summer peaking systems if such reduction would also reduce the annual price for installed capacity that Buyer could otherwise obtain,

(d) Seller shall join or support Buyers application to the PSC for the certification required under

Section 32(c) of the Public Utility Holding Company Act of 1935 in order for Buyer to obtain qualification, with respect to the Auctioned Assets, as an exempt wholesale generator under the Energy Policy Act of 1992.

(e) Seller and Buyer shall cooperate in good faith to establish a transition committee to consider operational and business issues related to the purchase and sale of the Auctioned Assets.

(f) Prior to the Closing Date, Seller shall cooperate in good faith with Buyer to enable Buyer to obtain insurance in respect of the Auctioned Assets comparable to that maintained by Seller as of the date of this Agreement.

(g) Seller and Buyer shall cooperate in good faith to enable Buyer to obtain fuel storage capacity with respect to the Auctioned Assets.

SECTION 7.05. Public Statement. The Parties shall consult with each other prior to issuing any public announcement, statement or other disclosure with respect to this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby, including any statement appearing in any filing contemplated hereby or thereby, and shall not issue any such public announcement, statement or other disclosure prior to such consultation, except as may be required by law.

SECTION 7.06. Tax Matters. (a) All transfer and sales taxes (including any petroleum business taxes and similar excise taxes on sales of petroleum based products) incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by Buyer. Buyer shall prepare and file in a timely manner any and all Tax Returns or other documentation relating to such taxes; provided, however, that, to the extent required by applicable law, Seller will join in the execution of any such Tax Returns or other documentation relating to any such taxes. Buyer shall provide to Seller copies of each Tax Return described in the proviso in the preceding sentence at least 30 days prior to the date such Tax Return is required to be filed.

(b) At Seller's election, but on no less than 10 Business Days' notice to Buyer, the transfer of the Auctioned Assets and the receipt of the Purchase Price shall be made through a qualified intermediary in a manner satisfying the requirements of Treasury Regulation Section 1.1031(k)-1(g), so long as such election by Seller does not create a Material Adverse Effect and Seller

indemnifies Buyer for its additional costs and expenses incurred by reason of such election.

(c) Each Party shall provide the other Party with such assistance as may reasonably be requested by the other Party in connection with the preparation of any Tax Return, any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to liability for Taxes, and each Party shall retain and provide the other Party with any records or information which may be relevant to such return, audit, examination or proceedings. Any information obtained pursuant to this Section 7.06 (c) or pursuant to any other Section hereof providing for the sharing of information or review of any Tax Return or other instrument relating to Taxes shall be kept confidential by the parties hereto.

(d) if either Buyer or Seller receives a refund of Taxes in respect of the Auctioned Assets for a taxable period including the Closing Date, Buyer shall pay to Seller the portion of any such refund attributable to the portion of such taxable period prior to the Closing Date, and Seller shall pay to Buyer the portion of any such refund attributable to the portion of such taxable period on and after the Closing Date.

SECTION 7.07. Bulk Sales or Transfer Laws. Buyer acknowledges that Seller will not comply with the provisions of any bulk sales or transfer laws of any jurisdiction in connection with the transactions contemplated by this Agreement. Buyer hereby waives compliance by Seller with the provisions of the bulk sales or transfer laws of all applicable jurisdictions.

SECTION 7.08. Storage. Seller shall store for Buyer the Auctioned Assets described in the second sentence of Section 2.01 until the date that is six months after the Closing Date or, in respect of all or a portion of such Auctioned Assets, until one or more earlier dates proposed by Buyer with reasonable advance notice, which schedule shall be reasonably acceptable to Seller. Buyer agrees to reimburse Seller for its reasonable costs and expenses

in connection with such storage. Buyer agrees that Seller shall have no responsibility or liability for the actual removal of such Auctioned Assets from the actual storage location, and that Buyer shall have sole responsibility therefor. Notwithstanding the provisions of Section 10.01, Buyer agrees that Seller shall have no liability for loss or damage with respect to the matters contemplated by this Section 7.08 or such Auctioned Assets, and Buyer agrees to hold each Seller Indemnitee harmless from and against all

loss or damage or Indemnifiable Losses, and to indemnify each Seller Indemnitee from and against all loss or damage or Indemnifiable Losses incurred, asserted against or suffered as a result of any storage or other services provided by Seller pursuant to this Section 7.08, in each case, except to the extent any such loss or damage or Indemnifiable Loss results in whole or in part from the gross negligence or wilful or wanton acts or omissions to act of any Seller Indemnitee (or any contractor or subcontractor of Seller).

SECTION 7.09, Information Resources. From the Closing Date until the date that is three months thereafter, Seller shall provide Buyer with access to Seller's mainframe computer only to the extent reasonably necessary to enable Buyer to use the PPMIS and MMS (in read only mode) systems and applications solely in connection with the Auctioned Assets. Buyer agrees that it will not use any such access for any purpose other than for the use of the PPMIS and MMS systems and applications solely in connection with the Auctioned Assets. Buyer acknowledges that, as long as it retains access to Seller's mainframe computer, Seller, its employees and third parties may have access to Buyer's information resources systems and applications (including the PPMIS and MMS systems and applications served by Seller's mainframe computer). Notwithstanding the provisions of Section 10.01, Buyer agrees that Seller shall have no liability or obligation whatsoever with respect to the matters contemplated by this Section 7.09, and Buyer agrees to hold each Seller Indemnitee harmless from and against all loss or damage or Indemnifiable Losses, and to indemnify each Seller Indemnitee from and against all loss or damage or Indemnifiable Losses incurred, asserted against or suffered as a result of Buyer's access to Seller's mainframe computer pursuant to this Section 7.09, in each case, except to the extent any such loss or damage or Indemnifiable Loss results in whole or in part from the gross negligence or wilful or wanton acts or omissions to act of any Seller Indemnitee (or any contractor or subcontractor of Seller).

SECTION 7.10. WITNESS SERVICES. At all times from and after the Closing Date, each Party shall use reasonable best efforts to make available to the other Party, upon reasonable written request, its and its subsidiaries' then current or former officers, directors, employees (including former employees of Seller) and agents as witnesses to the extent that (i) such persons may reasonably be required by such requesting Party in connection with any claim, action, proceeding or investigation in which such requesting Party may be involved

and (ii) there is no conflict between Buyer and Seller in such claim, action, proceeding or investigation. Such other Party shall be entitled to receive from such requesting Party, upon the presentation of invoices for such witness services, payments for such amounts, relating to supplies, disbursements and other out-of-pocket expenses and direct and indirect costs of employees who are witnesses, as may be reasonably incurred in providing such witness services.

SECTION 7.11. Consent Orders. Buyer and Seller agree to cooperate with each other and NYSDEC to facilitate the entry of a consent order between NYSDEC and Buyer, wherein Buyer will agree to assume and perform the Assumed Consent Order Obligations.

SECTION 7.12. Nitrogen Oxide Allowances. Seller agrees to negotiate in good faith with NYSDEC for nitrogen oxide allowances to be allocated to the Auctioned Assets for any period subsequent to the year 2002.

SECTION 7.13. Trade Names. Seller shall not object to the use by Buyer of any trade names, trademarks, service marks or logos (and any rights to and in the same, including any right to use the same) primarily relating to the Generating Facilities that contain the words "Arthur Kill", "Astoria Gas Turbine" or "Astoria Gas Turbines"; provided, however, that Buyer shall not use any trade names, trademarks, service marks or logos containing the word "Astoria" unless in each case immediately followed by the words "Gas Turbine" or "Gas Turbines".

ARTICLE VIII

Conditions

SECTION 8.01. Conditions Precedent to Each Party's Obligation to Effect the Purchase and Sale. The respective obligations of each Party to effect the purchase and sale of the Auctioned Assets shall be subject to the satisfaction or waiver by such Party on or prior to the Closing Date of the following conditions, unless, in the case of Section 8.01(c) below, the PSC determines that such condition need not be included or complied with:

(a) the Seller Required Regulatory Approvals and Buyer Required Regulatory Approvals shall have been obtained and all conditions to effectiveness prescribed therein or otherwise by law, regulation or order shall have been satisfied; provided, however, that if at the time any Seller Required Regulatory Approval or Buyer

Required Regulatory Approval is obtained, a Party reasonably expects a request for rehearing or a challenge thereto to be filed or if a request for rehearing or a challenge thereto has been filed, in each case, which, if successful, would cause such Seller Required Regulatory Approval or Buyer Required Regulatory Approval, as the case may be, to be reversed, stayed, enjoined, set aside, annulled, suspended or substantially modified, then such Party may by notice to the other Party within five Business Days after receipt of such Seller Required Regulatory Approval or Buyer Required Regulatory Approval, as the case may be, delay the Closing until the time for requesting rehearing has expired or until such challenge is decided, in each case, whether or not any appeal thereof is pending; provided further, however, that if the Closing is delayed pursuant to the foregoing provision, the Termination Date shall be automatically extended for a period of time equal to the period of such delay;

(b) no preliminary or permanent injunction or other order or decree by any Federal or state court of competent jurisdiction and no statute or regulation enacted by any Governmental Authority prohibiting the consummation of the purchase and sale of the Auctioned Assets (collectively, "Restraints") shall be in effect;

(c) the ISO shall have become operational to the extent reasonably necessary to monitor market power in respect of the Auctioned Assets;

(d) delivery of each Continuing Site Agreement, each Declaration of Easements Agreement, each Declaration of Subdivision Easements and each

Zoning Lot Development Agreement to the Title Company for recording; and

(e) execution and delivery by NYPA of the NYPA Assignment.

SECTION 8.02. Conditions Precedent to Obligation of Buyer To Effect the Purchase and Sale. The obligation of Buyer to effect the purchase and sale of the Auctioned Assets contemplated by this Agreement shall be subject to the satisfaction or waiver by Buyer on or prior to the Closing Date of the following additional conditions:

(a) Seller shall have performed in all material respects its covenants and agreements contained in this

Agreement which are required to be performed on or prior to the Closing Date;

(b) the representations and warranties of Seller which are set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date, as it made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" set forth therein) would not, individually or in the aggregate, create a Material Adverse Effect;

(c) Buyer shall have received a certificate from an authorized officer of Seller, dated the Closing Date, to the effect that, to the best of such officer's knowledge, the conditions set forth in Sections 8.02(a) and (b) have been satisfied;

(d) all material Permits and Environmental Permits required for Buyer to conduct the business and operations of the Auctioned Assets as currently conducted shall have been transferred or will be transferable to Buyer, or shall have been obtained or will be obtainable by Buyer, or shall have been made available to Buyer in accordance with section 7.03(c), on, prior to or within a reasonable period of time after the Closing Date;

(e) Buyer shall have received (i) the deeds of conveyance substantially in the form of Exhibits B-1 and B-2, respectively, (ii) a Foreign investment in Real Property Tax Act Certification and Affidavit substantially in the form of Exhibit C and (iii) an opinion from John D. McMahon, Esq., General Counsel of Seller or other counsel reasonably acceptable to Buyer, dated the Closing Date, substantially in the form set forth in Exhibit D;

(f) execution and delivery by Seller of each of (i) the Transition Capacity Agreement and the Zoning Lot Development Agreements, (ii) the A-11 License in a form reasonably satisfactory to Buyer and (iii) the NYPA Assignment, in a form and on terms reasonably satisfactory to Buyer;

(g) the Title Company shall be willing to issue to Buyer a New York form of ALTA (1992) Owner's Title Insurance Policy insuring fee title to the Buyer Real

Estate in an amount equal to that portion of the Purchase Price properly allocable to Buyer Real Estate, subject only to the Permitted Exceptions; and

(h) Buyer shall have received originals of the ALTA/ACSM Land Title Surveys which include the Buyer Real Estate in addition to other property, signed by the surveyor with Buyer's name and the name of not more than one other Party designated by Buyer added to the certification set forth thereon.

SECTION 8.03. Conditions Precedent to Obligation of Seller To Effect the Purchase and Sale. The obligation of Seller to effect the purchase and the sale of the Auctioned Assets contemplated by this Agreement shall be subject to the satisfaction or waiver by Seller on or prior to the Closing Date of the following additional conditions;

(a) Buyer shall have performed in all material respects its covenants and agreements contained in this Agreement which are required to be performed on or prior to the Closing Date;

(b) the representations and warranties of Buyer which are set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Buyer Material Adverse Effect" set forth therein) would not, individually or in the aggregate, create a Buyer Material Adverse Effect;

(c) Seller shall have received a certificate from an authorized officer of Buyer, dated the Closing Date, to the effect that, to the best of such officer's knowledge, the conditions set forth in Sections 8.03(a) and (b) have been satisfied;

(d) Seller shall have received an opinion substantially in the form of Exhibit E dated as of the Closing Date and from counsel reasonably acceptable to Seller;

(e) execution and delivery by Buyer of each of (i) the Transition Capacity Agreement, the Arthur Kill Zoning Lot Development Agreement and, unless executed and delivered prior to the Closing Date, the Astoria Zoning Lot Development Agreement, (ii) the A-11 License

in a form reasonably satisfactory to Seller and (iii) the NYPA Assignment, in a form and on terms reasonably satisfactory to Seller;

(f) Buyer shall have provided evidence in form and substance reasonably satisfactory to Seller of compliance by Buyer with its obligations under Article IX; and

(g) if Buyer has assigned its rights, interests and obligations under this Agreement in accordance with the terms hereof,

(i) Buyer and Seller shall have executed and delivered the Guarantee Agreement;

(ii) Guarantor shall have performed in all material respects its covenants and agreements contained in the Guarantee Agreement which are required to be performed on or prior to the Closing Date;

(iii) the representations and warranties of Guarantor which are

set forth in the Guarantee Agreement shall be true and correct as of the date of the Guarantee Agreement and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Guarantor Material Adverse Effect" set forth therein) would not, individually or in the aggregate, create a Guarantor Material Adverse Effect (as defined therein);

(iv) Seller shall have received a certificate from an authorized officer of Guarantor, dated the Closing Date, to the effect that, to the best of such officer's knowledge, the conditions set forth in Sections 8, 03(g) (ii) and (iii) have been satisfied; and

(v) Seller shall have received an opinion substantially in the form of Exhibit K dated the Closing Date and from counsel reasonably acceptable to Seller.

ARTICLE IX

Employee Matters

SECTION 9.01. Employee Matters. (a) Buyer shall offer equivalent employment at the Auctioned Assets to those employees of Seller regularly assigned by Seller to work at the Auctioned Assets on the Closing Date in the job titles and facilities listed in Schedule 9.01(a)(all such employees described above and those individuals described in the following sentence being hereinafter referred to as "Affected Employees"). Affected Employees include each such employee of Seller who is not actively at work on the Closing Date due solely to a temporary short-term absence, whether paid or unpaid, in accordance with applicable policies of Seller, including as a result of vacation, holiday, personal time, leave of absence, union leave, short- or long-term disability leave, military leave or jury duty. Affected Employees shall cease to be employees of Seller on the Closing Date and their period of employment by Buyer shall begin on the Closing Date. Seller shall be responsible for any obligation to provide employee benefits to an Affected Employee prior to such employee's period of employment by Buyer.

All such offers of employment will be made (i) in accordance with all applicable laws and regulations, and (ii) for employees represented by Utility Workers' Union of America AFL-CIO and its Local Union 1-2 ("Local 1-2"), in accordance with the Local 1-2 Collective Bargaining Agreement (as defined in Schedule 9.01(b)) and (iii) for employees represented by Local Union No. 3 of the International Brotherhood of Electrical Workers, AFL-CIO ("Local 3") in accordance with the Local 3 Collective Bargaining Agreement (as defined in Schedule 9.01(b)). Each Affected Employee who becomes employed by Buyer pursuant to this Section 9.01(a) shall be referred to herein as a "Continued Employee".

Buyer may commence discussions concerning offers for employment beginning on the Closing Date to Affected Employees at any time following the date of this Agreement.

(b) Schedule 9.01(b) sets forth the collective bargaining agreements, and amendments thereto, to which Seller is a party in connection with the Auctioned Assets (the "Collective Bargaining Agreements"). Affected employees who are included in the collective bargaining units covered by the Collective Bargaining Agreements are referred to herein as "Affected Union Employees". Each Continued Employee who is an Affected Union Employee shall

be referred to herein as a "Continued Union Employee". On the Closing Date, Buyer will assume the terms and conditions of the Collective Bargaining Agreements, except as set forth in Section 9.02(b) below, as they relate to Affected Union Employees until the respective expiration dates of the Collective Bargaining Agreements. Buyer will comply with its legal obligations with respect to collective bargaining under Federal labor law for the employees at the Auctioned Assets in the job titles or related work responsibilities of the Affected Union Employees, and Buyer will comply with all applicable obligations thereunder as the new owner of the Auctioned Assets. Buyer shall recognize Local 1-2 and Local 3 as the exclusive collective bargaining representatives of the employees at the Auctioned Assets in the job titles or related work responsibilities of the Affected Union Employees and Buyer agrees that, should any other business entity (regardless of its relationship to Buyer) acquire all or a portion of the Auctioned Assets from Buyer prior to the expiration date of the respective Collective Bargaining Agreements, Buyer will require such business entity to (i) offer employment to Affected Union Employees employed by Buyer at the Auctioned Assets immediately prior to the change in ownership, (ii) recognize Local 1-2 and Local 3 as the exclusive collective bargaining representatives of Buyer's employees at the Auctioned Assets in the job titles and work responsibilities of the Affected Union Employees, and (iii) assume the terms and conditions of the Collective Bargaining Agreements as they relate to Affected Union Employees from the date of such acquisition through the expiration date of the Collective Bargaining Agreements.

SECTION 9.02. Continuation of Equivalent Benefit Plans/Credited Service (a) For not less than three years following the Closing Date, Buyer shall maintain compensation (including base pay and bonus compensation) and employee benefits and employee benefit plans and arrangements for each Continued Employee who is not a Continued Union Employee (a "Continued Non-Union Employee") which are at least equivalent to those provided pursuant to the compensation, employee benefits and employee benefit plans and arrangements in effect on the Closing Date for the Affected Employees who are not Affected Union Employees. Such total compensation shall be based upon (x) such employee's existing individual base pay, (y) such employee's authorized overtime, if applicable, and (z) the average bonus and benefit component for such employee's salary plan level, as consistently applied by Seller, apportioned according to such employee's base pay. No provision of this Agreement shall affect any Continued Non-Union Employee's status as an employee-at-will.

(b) From the Closing Date until the expiration date of the applicable Collective Bargaining Agreement, Buyer shall provide to each Continued Union Employee benefits and employee benefit plans and arrangements which are equivalent to those provided under such Collective Bargaining Agreement or any other collective bargaining agreement entered into between Buyer and the applicable collective bargaining representatives for the employees at the Auctioned Assets in effect from time to time after the Closing Date. Such benefits, plans and arrangements include the following: (i) hospital, medical, dental, vision care and prescription drug benefits (including employee contributions to be made on a pre-tax basis), (ii) health care and dependent care flexible spending accounts; (iii) employer-provided basic group term life and accidental death and dismemberment insurance; (iv) employee-paid group universal life and spousal and dependent child life insurance; (v) sick allowance (short term disability) and long term disability benefits; (vi) business travel accident insurance and crime protection insurance; (vii)

occupational accidental death insurance; (viii) adoption benefits and child care and elder care referral benefits; (ix)) tuition aid benefits (x) vacation and holidays; (xi) employee stock purchase plan (including employer matching contributions) and (xii) defined benefit pension and 401(k) plan benefits. In providing such benefits, Buyer shall have the right, subject to any applicable laws, to use different providers from those used by Seller and to establish Buyer's own benefit plans or use Buyer's existing benefit plans. For purposes hereof, except as provided in Section 9.04(b), Buyer shall have no obligation to maintain a fund holding or measured by common stock of Seller's parent under any of Buyer's plans or arrangements, notwithstanding any such fund maintained by Seller under its plans and arrangements.

(c) Continued Employees shall be given credit by Buyer for all service with Seller and its Affiliates under all existing or future employee benefit and fringe benefit plans, programs and arrangements of the Buyer ("Buyer Benefit Plans") in which they become participants. The service credit given by Buyer shall be for purposes of eligibility, vesting, eligibility for early retirement and early retirement subsidies, benefit accrual and service related level of benefits. Buyer shall assume and honor all vacation, sick and personal days accrued and unused by Continued Employees through the Closing Date in accordance with Seller's applicable policies and arrangements.

SECTION 9.03. Pension Plan (a) Effective as of the Closing Date, Buyer shall have in effect defined benefit pension plans ("Buyer's Pension Plans") intended to be

(i) qualified pursuant to Section 401(a) of the Code and (ii) nonqualified, in order to provide for benefits which would otherwise be payable under the applicable qualified plan but for the application of Sections 401 (a) (17) and 415 of the Code, providing benefits as of the Closing Date identical in all material respects (except for such changes as may be required by law) to the benefits provided to them under Seller's Pension Plans (as defined below), in particular (x) for Continued Non-Union Employees, such Buyer's Pension Plans to provide benefits identical in all material respects to those benefits provided under Seller's Retirement Plan for Management Employees and Seller's Supplemental Retirement Income Plan, and (y) for Continued Union Employees, such Buyer's Pension Plans to provide benefits identical in all material respects to those provided under Seller's Pension and Benefits Plan (collectively, "Seller's Pension Plans"), in each case, as of the Closing Date. Buyer acknowledges and agrees that one such material respect is to count age after termination of employment for purposes of satisfying requirements for early retirement eligibility and early retirement subsidies.

(b) Continued Employees participating in Seller's Pension Plans immediately prior to the Closing Date shall become participants in Buyer's Pension Plans as of the Closing Date. Without limiting the generality of Section 9.02 (c), Continued Employees shall receive credit for all compensation and service with Seller (subject to the terms of Seller's Pension Plans) for purposes of eligibility for participation, vesting, eligibility for early retirement and early retirement subsidies and benefit accrual under Buyer's Pension Plans. Seller shall be responsible for Continued Employees' pension benefits accrued up to the Closing Date, and Buyer shall be responsible for pension benefits accrued by such Continued Employees on and after the Closing Date as provided herein. Buyer may offset against the accrued benefits determined under Buyer's Pension Plans the accrued benefits determined under Seller's Pension Plans. For the purpose of this Section 9.03 (b), "accrued benefit" means the amount that would be paid as a life annuity at normal retirement age irrespective of the date of actual distribution from either Seller's or Buyer's Pension Plans. Seller shall make pension distributions to Continued Employees of the vested portion of their accrued benefits in accordance with the terms of Seller's Pension Plans as in effect from time to

time. As soon as reasonably practicable following the Closing Date, Seller shall provide Buyer a list showing, as of the Closing Date, the accrued benefit of each Continued Employee under Seller's Pension Plans.

(c) In the event that any other business entity (regardless of its relationship to Buyer) acquires all or a portion of the Auctioned Assets from Buyer at any time prior to the third anniversary of the Closing Date in the case of Continued Non-Union Employees and prior to the expiration date of the applicable Collective Bargaining Agreement in the case of Continued Union Employees, Buyer will require such entity to maintain the defined benefit plans, provide the benefits and recognize compensation and service with Seller and Buyer to the same extent as Buyer is required under Sections 9.03(a) and (b) above.

SECTION 9.04. 401(k) Plan (a) Effective as of the Closing Date, Buyer shall have in effect tax-qualified defined contribution plans that include a qualified cash or deferred arrangement within the meaning of Section 401(k) of the Code ("Buyer's 401(k) Plans") that will provide benefits that are identical in all material respects (except for such changes as may be required by law) to those provided by (i) Seller's Thrift Savings Plan for Management Employees, in the case of Continued Non-Union Employees, and (ii) Seller's Retirement Income Savings Plan for Weekly Employees, in the case of Continued Union Employees (such Seller plans herein referred to collectively as "Seller's 401(k) Plans"), in each case, as of the Closing Date. Each Continued Employee participating in Seller's 401(k) Plans immediately prior to the Closing Date shall become a participant in Buyer's 401(k) Plans as of the Closing Date. Continued Employees shall receive credit for all service with Seller for purposes of eligibility and vesting under Buyer's 401(k) Plans.

(b) At such time after the Closing Date as Seller is reasonably satisfied that Buyer's 401(k) Plans meet the requirements for qualification under Section 401(a) of the Code, Seller shall cause to be transferred to Buyer's 401(k) Plans in a trust-to-trust transfer in common stock of Seller's parent (as provided in the following sentence) and cash (or other property reasonably acceptable to BUYER) an amount equal to the value of the assets held in the accounts of all Continued Employees (including any outstanding loan balances of Continued Employees in Seller's 401(k) Plans), subject to any qualified domestic relations orders. In connection therewith, Buyer shall establish an investment fund under Buyer's 401(k) Plans to which shall be transferred the shares of common stock of Seller's parent (or any successor thereto) which, as of the date of transfer, are credited to the accounts of the Continued Employees under Seller's 401(k) Plans. After the Closing Date and prior to any such transfer, Buyer shall cooperate with Seller in the administration of distributions to and

loan repayments by Continued Employees. Prior to such transfer of assets, Seller shall vest any unvested benefits of Continued Employees under Seller's 401(k) Plans. Following any such transfer of assets, Buyer shall assume all obligations and liabilities of Seller under Seller's 401(k) Plans with respect to such Continued Employees, and Seller shall have no further liability to Buyer or any Continued Employee with respect thereto.

SECTION 9.05. Welfare Plans. (a) Continued Employees and their dependents who are eligible to participate in Seller's current welfare benefits

plans, programs or arrangements shall be eligible to participate in the welfare benefits plans, programs or arrangements maintained or established by Buyer ("Buyer's Welfare Plans"), effective as of the Closing Date. Effective as of the Closing Date, any and all limitations as to pre-existing conditions and actively-at-work exclusions and waiting periods under Buyer's Welfare Plans shall be waived by Buyer with respect to Continued Employees and their eligible dependents to the extent satisfied under Seller's applicable Welfare Plans. in addition, effective as of the Closing Date, Buyer shall cause Buyer's Welfare Plans to recognize any out-of-pocket health care expenses incurred by Continued Employees and their eligible dependents prior to the Closing Date and during the calendar year in which such Closing Date occurs for purposes of determining their deductibles and out-of-pocket maximums under Buyer's Welfare Plans. Seller shall retain responsibility under Seller's welfare plans for claims relating to expenses incurred by Continued Employees and their eligible dependents prior to the Closing Date. Buyer shall have responsibility under Buyer's Welfare Plans for claims relating to expenses incurred by Continued Employees and their eligible dependents on and after the Closing Date.

(b) Effective as of the Closing Date, Buyer shall have in effect health care and dependent care reimbursement account plans for the benefit of each Continued Employee, the terms of which shall (i) be identical in all material respects to the Flexible Reimbursement Account Plans for Management and Weekly Employees of Seller ("Seller's Reimbursement Account Plans") as in effect on the Closing Date and (ii) give full effect to, and continue in effect, salary reduction elections made under Seller's Reimbursement Account Plans. Prior to the Closing Date, Seller shall cause the accounts of Continued Employees under Seller's Reimbursement Account Plans to be segregated into separate health care and dependent care reimbursement accounts (the "Segregated Reimbursement Accounts"), and such Segregated

Reimbursement Accounts shall be transferred to and assumed by Buyer as of the Closing Date.

(c) Buyer shall, subject to any applicable laws, provide a retiree health program identical in all material respects to Seller's retiree health program as in effect on the Closing Date to each Continued Employee who terminates his employment with Buyer within three years after the Closing Date, in the case of a Continued Non-Union Employee, and on or prior to the expiration date of the applicable Collective Bargaining Agreement, in the case of a Continued Union Employee, and, in each case, who at the time of such termination of employment satisfies the eligibility requirements for such retiree health program provided by Buyer; provided, however, that Seller shall remain liable, pursuant to Seller's retiree health program, for all Continued Employees who satisfy, as of the Closing Date, the eligibility requirements then in effect for Seller's retiree health program.

SECTION 9.06. Short- and Long-Term Disability. Effective as of the Closing Date, Buyer shall have in effect short- and long-term disability plans for the benefit of Continued Employees, the cost of which to Continued Employees shall be the same as under, and the terms of which are identical in all material respects to, Seller's applicable plans as in effect as of the Closing Date. Any and all waiting periods and pre-existing condition clauses shall be waived under Buyer's short- and long-term disability plans with respect to Continued Employees.

SECTION 9.07. Life Insurance and Accidental Death and Dismemberment Insurance. Effective as of the Closing Date, Buyer shall have in effect group term life insurance, group universal life insurance, accidental death and dismemberment insurance, occupational accidental death insurance, business travel accident insurance and crime protection insurance plans for the benefit of Continued Employees, the cost of which to Continued Employees shall be the

same as under, and terms of which are identical in all material respects to, Seller's applicable plans that provide such benefits to Continued Employees immediately prior to the Closing Date.

SECTION 9.08. Severance. (a) Effective as of the Closing Date, Buyer shall have in effect a severance plan covering Continued Non-Union Employees that contains terms identical in all material respects to those under Seller's Severance Pay Plan for Management Employees as of the Closing Date.

(b) Buyer shall, subject to any applicable laws, provide a special separation allowance for any Continued Employee whose employment with Buyer is terminated involuntarily by Buyer other than for cause on or prior to, in the case of Continued Non-Union Employees, three years after the Closing Date and, in the case of Continued Union Employees, the expiration date of the applicable Collective Bargaining Agreement. Such allowance shall be not less than the sum of four weeks pay plus one week pay for each completed year of service (as determined by aggregating each affected individual's respective service with Seller and Buyer) and shall be payable by Buyer in a lump sum within 30 days after termination of employment. In addition, in the case of each Continued Non-Union Employee described in the first sentence of this Section 9.08(b), Buyer shall pay the Continued Non-Union Employee a lump sum equal to the excess of (i) the actuarial equivalent of the Employee's "potential benefit" under the applicable Buyer's Pension Plans, which such Employee would receive if such Employee's employment continued until three years after the Closing Date and such Employee's base and incentive compensation for such deemed additional period was the same as in effect on the date of such Employee's termination of employment with Buyer, over (ii) the actuarial equivalent of such Employee's "actual benefit under the applicable Buyer's Pension Plans, as of the date of such Employee's termination of employment from Buyer. For the purpose of the foregoing sentence, (i) the term "potential benefit" shall refer to the monthly pension that would have been payable to the applicable Employee commencing on the first day of the month following the latest of (A) the last day of the deemed additional period, (B) Employee's attainment of age 55, or (C) the earlier of (1) the first date as of which the sum of such Employee's age and years of service, as taken into account in determining the actuarial reduction for commencement prior to normal retirement age that is to be applied to his accrued benefit under the applicable Buyer's Pension Plans, equals 75 or (2) such Employee's attainment of age 65, (ii) the term "actual benefit" shall refer to the monthly pension payable to such Employee under the applicable Buyer's Pension Plans commencing as of the date determined in accordance with clause (i) of this sentence, and (iii) the actuarial equivalent of the "potential benefit" and the "actual benefit" shall each be a lump sum payable as of the date of such Employee's termination of employment from Buyer, determined on the basis of the interest rate used to determine the amount of lump sum distributions and, to the extent applicable, other actuarial assumptions then in effect under the applicable Buyer's Pension Plans. Buyer shall also provide outplacement services to such terminated Continued Non-Union Employee appropriate to the level of the

Employee's position and job responsibilities. Buyer shall also continue to provide or cause to be provided to any such terminated Continued Employee health insurance coverage and group term and universal life insurance coverage at the same rates as for active Continued Employees for a period equal to the number of weeks of separation allowance which any such terminated Continued Employee is entitled to from Buyer. Buyer shall have the right to require a release in form reasonably satisfactory to Buyer as a condition for eligibility to receive such separation allowance. The allowance shall not apply to Continued Employees whose

employment is terminated due to death or expiration of sick allowance or other authorized leave of absence or who terminate employment voluntarily. If at any time during the three-year period following the Closing Date, Buyer shall assign a Continued Non-Union Employee to work on a regular basis at a location that is more than fifty miles from the location to which such Employee is assigned as of the Closing Date, Buyer shall offer such Employee the option to terminate employment and receive the severance benefits set forth in this Section 9.08(b) in lieu of the reassignment.

SECTION 9.09. Workers Compensation. Effective as of the Closing Date, Buyer shall have in effect a workers compensation program for Continued Employees that shall provide coverage identical in all material respects to Seller's workers compensation program as of the Closing Date.

ARTICLE X

Indemnification and Dispute Resolution

SECTION 10.01. Indemnification. (a) Seller will indemnify and hold harmless Buyer and its Affiliates and their respective directors, officers, employees and agents (collectively with Buyer and its Affiliates, the "Buyer Indemnitees") from and against any and all claims, demands or suits by any person, and all losses, liabilities, damages, obligations, payments, costs and expenses (including reasonable legal fees and expenses and including costs and expenses incurred in connection with investigations and settlement proceedings) (each, an "Indemnifiable Loss"), as incurred, asserted against or suffered by any Buyer Indemnitee relating to, resulting from or arising out of:

(i) any breach by Seller of any covenant or agreement of Seller contained in this Agreement or, prior to their expiration in accordance with Section 12.03, the

representations and warranties contained in Sections 5.01, 5.02, 5.03 and 5.17;

(ii) the Retained Liabilities;

(iii) noncompliance by Seller with any bulk sales or transfer laws as provided in Section 7.07; or

(iv) any breach by Seller of any Ancillary Agreement.

(b) Buyer will indemnify and hold harmless Seller and its Affiliates and their respective directors, officers, trustees, employees and agents (collectively with Seller and its Affiliates, the "Seller Indemnitees") from and against any and all Indemnifiable Losses, as incurred, asserted against or suffered by any Seller Indemnitee relating to, resulting from or arising out of:

(i) any breach by Buyer of any covenant or agreement of Buyer contained in this Agreement or, prior to their expiration in accordance with Section 12.03, the representations and warranties contained in Sections 6.01, 6.02, 6.03 and 6.04;

(ii) the Assumed Obligations;

(iii) any obligation resulting from any action or inaction of Buyer (A) under any Contract or warranty pursuant to Section 2.04(b) (whether acting as principal or representative and agent for Seller pursuant to Section 2.04(b) or otherwise) or (B) pursuant to any Transferable Permit in respect of which Seller remains the holder of record after the Closing Date pursuant to Section 7.03(c); or

(iv) any breach by Buyer of any Ancillary Agreement.

(c) The amount of any Indemnifiable Loss shall be reduced to the extent that the relevant Buyer Indemnitee or Seller Indemnitee (each, an "Indemnitee") receives any insurance proceeds with respect to an Indemnifiable Loss and shall be (i) increased to take account of any Tax Cost incurred by the Indemnitee arising from the receipt of indemnity payments hereunder (grossed up for such increase) and (ii) reduced to take account of any Tax Benefit realized by the Indemnitee arising from the incurrence or payment of any such Indemnifiable Loss. If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect thereof, is reduced by

recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other person, the amount of such reduction, less any costs, expenses or premiums incurred in connection therewith, will promptly be repaid by the Indemnitee to the Party required to provide indemnification hereunder (the "Indemnifying Party") with respect to such Indemnifiable Loss.

(d) To the fullest extent permitted by law, neither Party nor any Buyer Indemnitee or any Seller Indemnitee shall be liable to the other Party or any other Buyer Indemnitee or Seller Indemnitee for any claims, demands or suits for consequential, incidental, special, exemplary, punitive, indirect or multiple damages connected with or resulting from any breach after the Closing Date of this Agreement or the Ancillary Agreements (other than breach of this Article X), or any actions undertaken in connection with or related hereto or thereto, including any such damages which are based upon breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, statute, operation of law or any other theory of recovery.

(e) The rights and remedies of Seller and Buyer under this Article X are, solely as between Seller and Buyer, exclusive and in lieu of any and all other rights and remedies which Seller and Buyer may have under this Agreement, the Ancillary Agreements (except as expressly provided in either Continuing Site Agreement or either Declaration of Easements Agreement) or otherwise for monetary relief with respect to (i) any breach of, or failure to perform, any covenant or agreement set forth in this Agreement or the Ancillary Agreements by Seller or Buyer, (ii) any breach of any representation or warranty by Seller or Buyer, (iii) the Assumed Obligations or the Retained Liabilities, (iv) noncompliance by Seller with any bulk sales or transfer laws and (v) any obligation in respect of Section 2.04 or Section 7.03. Each Party agrees that the previous sentence shall not limit or otherwise affect any non-monetary right or remedy which either Party may have under this Agreement or the Ancillary Agreements or otherwise limit or affect either Party's right to seek equitable relief, including the remedy of specific performance,

(f) Buyer and Seller agree that, notwithstanding Section 10.01(e), each Party shall retain, subject to the other provisions of this Agreement, including Sections 10.01(d) and 12.03, all remedies at law or in equity with respect to (i) fraud or wilful or intentional

breaches of this Agreement or the Ancillary Agreements and (ii) gross negligence or wilful or wanton acts or omissions to act of any Indemnitee (or any contractor or subcontractor thereof) on or after the Closing Date.

SECTION 10.02. Third Party Claims Procedures, (a) If any Indemnitee receives notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any person who is not a Party or an Affiliate of a Party (a "Third Party Claim") with respect to which indemnification is to be sought from an Indemnifying Party, the Indemnitee will give such Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 20 Business Days after the Indemnitee's receipt of notice of such Third Party Claim; provided, however, that a failure to give timely notice will not affect the rights or obligations of any Indemnitee except if, and only to the extent that, as a result of such failure, the Indemnifying Party was actually prejudiced. Such notice shall describe the nature of the Third Party Claim in reasonable detail and will indicate the estimated amount, if practicable, of the Indemnifiable Loss that has been or may be sustained by the Indemnitee.

(b) If a Third Party Claim is made against an Indemnitee, the Indemnifying Party will be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the Indemnifying Party; provided, however, that such counsel is not reasonably objected to by the Indemnitee; and provided further that the Indemnifying Party first admits in writing its liability to the Indemnitee with respect to all material elements of such claim. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnitee for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof. If the Indemnifying Party elects to assume the defense of a Third Party Claim, the Indemnitee will (i) cooperate in all reasonable respects with the Indemnifying Party in connection with such defense, (ii) not admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the Indemnifying Party's prior written consent and (iii) agree to any settlement, compromise or discharge of a Third Party Claim which the Indemnifying Party may recommend and which by its terms obligates the Indemnifying Party to pay the full amount of the liability in connection with such Third Party Claim and releases the Indemnitee completely in connection with such Third Party Claim. In the event the Indemnifying Party shall assume the defense of any Third Party Claim, the Indemnitee shall be entitled to participate

in (but not control) such defense with its own counsel at its own expense. It the Indemnifying Party does not assume the defense of any such Third Party Claim, the Indemnitee may defend the same in such manner as it may deem appropriate, including settling such claim or litigation after giving notice to the Indemnifying Party of the terms of the proposed settlement and the Indemnifying Party will promptly reimburse the Indemnitee upon written request. Anything contained in this Agreement to the contrary notwithstanding, no Indemnifying Party shall be entitled to assume the defense of any Third Party Claim if such Third Party Claim seeks an order, injunction or other equitable relief or relief for other than monetary damages against the Indemnitee which, if successful, would materially adversely affect the business of the Indemnitee.

ARTICLE XI

Termination

SECTION 11.01. Termination. (a) This Agreement may be terminated at any time prior to the Closing by an instrument in writing signed on behalf of each of the Parties.

(b) This Agreement may be terminated by Seller or Buyer if the Closing shall not have occurred on or before the date that is 12 months from the date of this Agreement (the "Termination Date"); provided, however, that the right to terminate this Agreement pursuant to this Section 11.01(b) shall not be

available to any Party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date.

(c) This Agreement may be terminated by either Seller or Buyer if any Restraint having any of the effects set forth in Section 8.01(b) shall be in effect and shall have become final and nonappealable; provided, however, that the Party seeking to terminate this Agreement pursuant to this Section 11-01(c) shall have used its reasonable best efforts to prevent the entry of and to remove such Restraint.

ARTICLE XII

Miscellaneous Provisions

SECTION 12.01. Expenses. Except to the extent specifically provided herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the Party incurring such costs and expenses, whether or not the transactions contemplated hereby are consummated.

SECTION 12.02. Amendment and Modification; Extension; Waiver. This Agreement may be amended, modified or supplemented only by an instrument in writing signed on behalf of each of the Parties. Either Party may (i) extend the time for the performance of any of the obligations or other acts of the other Party, (ii) waive any inaccuracies in the representations and warranties of the other Party contained in this Agreement or (iii) waive compliance by the other Party with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party. The failure of a Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

SECTION 12.03. No Survival of Representations or Warranties. Each and every representation and warranty contained in this Agreement, other than the representations and warranties contained in Sections 5.01, 5.02, 5.03 and 5.17 and 6,01, 6.02, 6.03 and 6.04 (which representations and warranties shall survive for 18 months from the Closing Date), shall expire with, and be terminated and extinguished by the Closing and no such representation or warranty shall survive the Closing Date. From and after the Closing Date, none of Seller, Buyer or any officer, director, trustee or Affiliate of any of them shall have any liability whatsoever with respect to any such representation or warranty. The expiration of the representations and warranties contained in Sections 5.01, 5.02, 5.03 and 5.17 and 6.01, 6.02, 6.03 and 6.04 shall not affect the Parties' obligations under Article X if the Indemnitee provided the Indemnifying Party with proper notice of the claim or event for which indemnification is sought prior to such expiration.

SECTION 12.04. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a telecopied communication, of confirmation) if delivered personally, telecopied (which is confirmed) or sent by

overnight courier (providing proof of delivery) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

if to Seller, to:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, NY 10003
Telecopy No.: (212) 677-0601
Attention: General Counsel

with a copy on or prior to the Closing Date to:

Cravath, Swaine & Moore
825 Eighth Avenue
New York, NY 10019
Telecopy No.: (212) 474-3700
Attention: George W. Bilicic, Jr., Esq.

if to Buyer, to:

NRG Energy, Inc.
1221 Nicollet Mall, Suite 700
Minneapolis, MN 55403-2445
Telecopy No.: (612) 373-5392
Attention: General Counsel

with a copy to:

NRG North America
1221 Nicollet Mall, Suite 700
Minneapolis, MN 55403-2445
Telecopy No.: (612) 373-5430
Attention: President & CEO

with a copy to:

Dorsey & Whitney LLP
Pillsbury Center South
220 South Sixth Street
Minneapolis, MN 55402-1498
Telecopy No.: (612) 340-8738
Attention: Frank H. Voigt

SECTION 12.05. Assignment; No Third Party Beneficiaries (a) This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned

by any Party, including by operation of law, without the prior written consent of the other Party, except (i) in the case of Seller (A) to an Affiliate of Seller or a third party in connection with the transfer of the Transmission System to such Affiliate or third party or (B) to a lending institution or trustee in connection with a pledge or granting of a security interest in all or any part of the Transmission System and this Agreement and (ii) in the case of Buyer (A) to an Affiliate of Buyer in connection with the transfer of the Auctioned Assets to such Affiliate and (B) to a lending institution or trustee in connection with a pledge or granting of a security interest in the Auctioned Assets and this Agreement; provided, however, that no assignment or transfer of rights or obligations by either Party shall relieve it from the full liabilities and the full financial responsibility, as provided for under this Agreement, unless and until the transferee or assignee shall agree in writing to assume such obligations and duties and the other Party has consented in writing to such assumption.

(b) Nothing in this Agreement is intended to confer upon any other person except the Parties any rights or remedies hereunder or shall create any third party beneficiary rights in any person, including, with respect to continued or resumed employment, any employee or former employee of Seller (including any beneficiary or dependent thereof). No provision of this Agreement shall create any rights in any such persons in respect of any benefits that may be provided, directly or indirectly, under any employee benefit plan or arrangement except as expressly provided for thereunder.

SECTION 12.06. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

SECTION 12.07. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 12.08. Interpretation. When a reference is made in this Agreement to an Article, Section, Schedule or Exhibit, such reference shall be to an Article or Section of, or Schedule or Exhibit to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words

"include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" or equivalent words. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in the Ancillary Agreements and any certificate or other document made or delivered pursuant hereto or thereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term, Any agreement, instrument, statute, regulation, rule or order defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument, statute, regulation, rule or order as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes, regulations, rules or orders) by succession of comparable successor statutes, regulations, rules or orders and references to all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors and assigns.

SECTION 12.09. Jurisdiction and Enforcement. (a) Each of the Parties irrevocably submits to the exclusive jurisdiction of (i) the Supreme Court of the State of New York, New York County and (ii) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or, if such suit, action or proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of the Parties further agrees that service of process, summons, notice or document by hand delivery or U.S. registered mail at the address specified for such Party in Section 12.04 (or such other address

specified by such Party from time to time pursuant to Section 12.04) shall be effective service of process for any action, suit or proceeding brought against such Party in any such court. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the Supreme Court of the State of New York, New York County, or (ii) the United States District Court

for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement or any Ancillary Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or any Ancillary Agreement and to enforce specifically the terms and provisions of this Agreement or any Ancillary Agreement, this being in addition to any other remedy to which they are entitled at law or in equity.

SECTION 12.10. Entire Agreement. This Agreement, the Confidentiality Agreement and the Ancillary Agreements including the Exhibits, Schedules, documents, certificates and instruments referred to herein or therein and other contracts, agreements and instruments contemplated hereby or thereby, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to herein or therein. This Agreement and the Ancillary Agreements supersede all prior agreements and understandings between the Parties with respect to the transactions contemplated by this Agreement other than the Confidentiality Agreement.

SECTION 12.11. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

SECTION 12.12. Conflicts. Except as expressly otherwise provided herein or therein, in the event of any conflict or inconsistency between the terms of this Agreement and the terms of any Ancillary Agreement, the terms of this Agreement shall prevail.

IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

CONSOLIDATED EDISON COMPANY OF
NEW YORK, INC.,

by /s/ Joan S. Freilich

Name: Joan S. Freilich
Title: Executive Vice President & CFO

NRG ENERGY, INC.,

by /s/ Craig A. Mataczynski

Name. Craig A. Mataczynski
Title: Senior Vice President

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this 27th day of January 1999, before me personally appeared Joan S. Freilich, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that her signature on the instrument, the individual, or the corporation upon behalf of which the individual acted, executed the instrument.

/s/ Peter J. Barrett

Peter J. Barrett
NOTARY PUBLIC, STATE OF NEW YORK
NO. 02BA4973207
QUALIFIED IN WESTCHESTER COUNTY
COMMISSION EXPIRES: OCTOBER 15, 2000

Section 12.12. Conflicts. Except as expressly otherwise provided herein or therein, in the event of any conflict or inconsistency between the terms of this Agreement and the terms of any Ancillary Agreement, the terms of this Agreement shall prevail.

IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

CONSOLIDATED EDISON COMPANY OF
NEW YORK, INC.,

STATE OF MINNESOTA)
) SS.:
COUNTY OF HENNEPIN)

On this 27th day of January 1999, before me personally appeared Craig Mataczynski, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that her signature on the instrument, the individual, or the corporation upon behalf of which the individual acted, executed the instrument.

/s/ Cynthia C. Jensen

NOTARY PUBLIC

Cynthia C. Jensen
NOTARY PUBLIC-MINNESOTA
MY COMMISSION EXPIRES JAN. 31, 2000

EXHIBIT 10.22

TRANSITION ENERGY SALES AGREEMENT

BETWEEN

ARTHUR KILL POWER LLC

AND

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

Dated as of June 1, 1999

TABLE OF CONTENTS

Page

ARTICLE 1 DEFINITIONS... 2

ARTICLE 2 TERM.. 5

ARTICLE 3 ENERGY PURCHASES AND PAYMENTS..................................... 6

(a) Energy Conversion Payments.. 7

(b) Equivalent Forced Outage Penalty And Incentive Payments........ 7

ARTICLE 4 SCHEDULING.. 9

ARTICLE 5 FUEL.. 11

ARTICLE 6 ENVIRONMENTAL... 12

6.1 Use of NOx Allowances... 12

ARTICLE 7 BILLING AND PAYMENT PROCEDURES.................................... 14

7.1 Billing and Payments.. 14

7.2 Billing Disputes.. 16

7.3 Survival.. 16

ARTICLE 8 INDEMNIFICATION

8.1 Indemnification.. 17

8.2 Third Party Claims Procedures................................ 19

8.3 Survival... 20

ARTICLE 9 LIMITATION OF LIABILITY................................... 20

ARTICLE 10 FORCE MAJEURE.. 21

ARTICLE 11 DEFAULT AND TERMINATION.................................. 22

ARTICLE 12 ADDITIONAL REMEDIES...................................... 22

ARTICLE 13 DISPUTES... 23

ARTICLE 14 REPRESENTATIONS AND WARRANTIES........................... 23

14.1 Representations and Warranties of Con Edison................. 23

14.2 Representations and Warranties of AK Power................... 24

ARTICLE 15 ASSIGNMENT; NO THIRD PARTY BENEFICIARIES.................. 25

ARTICLE 16 EXTENSION; WAIVER.. 26

ARTICLE 17 COUNTERPARTS... 27

ARTICLE 18 GOVERNING LAW.. 27

ARTICLE 19 SEVERABILITY... 27

ARTICLE 20 AMENDMENT...

27

ARTICLE 21 ENTIRE AGREEMENT... 28

ARTICLE 22 FURTHER ASSURANCES....................................... 28

ARTICLE 23 INTERPRETATION... 28

ARTICLE 24 CONFIDENTIALITY.. 29

ARTICLE 25 INDEPENDENT CONTRACTOR STATUS............................. 30

ARTICLE 26 JURISDICTION... 30

ARTICLE 27 CONFLICTS.. 31

ARTICLE 28 NOTICES.. 31

TRANSITION ENERGY SALES AGREEMENT BETWEEN
ARTHUR KILL POWER LLC AND
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

This Agreement is made and entered into as of June 1, 1999 between Arthur Kill Power LLC ("AK Power"), a Delaware limited liability company having its principal place of business at 1221 Nicollet Mall, Minneapolis, Minnesota 55403, and Consolidated Edison Company of New York, Inc. ("Con Edison"), a New York corporation having its principal place of business at 4 Irving Place, New York, New York 10003. AK Power and Con Edison shall each be referred to as a "Party", and shall be referred to collectively as the "Parties."

WHEREAS, Con Edison offered for sale by auction certain electric generating facilities located at the Arthur Kill Generating Station and the Astoria Gas Turbine site and certain other assets primarily related thereto ("Auctioned Assets");

WHEREAS, NRG Energy, Inc. ("NRG Energy") and Con Edison have entered into the Generating Plant and Gas Turbine Asset Purchase and Sale Agreement ("APSA"), dated January 27, 1999, and NRG Energy will assign to AK Power prior to the Closing Date (as defined below) its rights and obligations under the APSA relating to the purchase from Con Edison of the Generating Plant (as defined below) and certain other assets primarily related thereto in accordance with the terms and conditions of the APSA, and NRG Energy will assign to Astoria Gas Turbine Power LLC ("Astoria Power") prior to the Closing Date its rights and obligations under the APSA relating to the purchase from Con Edison of the Gas Turbines (as defined below) and certain other assets primarily relating thereto in accordance with the terms and conditions of the APSA;

WHEREAS, the rights and obligations of AK Power and Con Edison relating to generators of electric generating capacity, energy, transmission and ancillary services may be modified by a proposal (the "Proposal") currently pending before the Federal Energy Regulatory Commission ("FERC") to restructure the New York Power Pool, which contemplates the formation of the New York Independent System Operator ("ISO") and the implementation of the ISO Tariff filed on December 19, 1997, as approved by FERC in FERC Docket Nos. ER971523-000, OA97-470-000 and ER97-4234-000, as such tariff may be amended from time to time;

WHEREAS, FERC may approve, accept, modify, or reject the Proposal, and its actions may affect the Parties' rights and obligations under this Agreement;

WHEREAS, FERC has accepted for filing certain market power mitigation measures applicable to sales of capacity, energy and certain other services from specified electric generating units in New York City in FERC Docket No. ER98-3169-000 (such measures, as may be modified from time to time, and any other applicable market power mitigation measures that may be imposed by FERC, ISO or the New York Public Service Commission ("PSC"), the "Mitigation

Measures");

WHEREAS, sales of capacity, energy and certain other services from the Auctioned Assets will be subject to, and the rights and obligations of the Parties under this Agreement may be affected by, the Mitigation Measures;

WHEREAS, in recognition of Con Edison's requirements to provide Energy to its firm customers, AK Power and Con Edison agree to enter into this Transition Energy Sales Agreement, whereby Con Edison will purchase from AK Power and AK Power will sell to Con Edison various amounts of Energy for the term of this Agreement.

NOW THEREFORE, in consideration of the mutual agreements and commitments contained herein, AK Power and Con Edison hereby agree as follows:

ARTICLE 1 DEFINITIONS

The following terms shall have the meanings set forth below. Any term used in this Agreement that is not defined herein shall have the meaning that is in the APSA or, if the term is not defined in the APSA, then the term shall have the meaning customarily attributed to it by the electric utility industry.

"Agreement" shall mean this Transition Energy Sales Agreement between AK Power and Con Edison, as it may be amended from time to time.

"Business Day" shall mean any day other than Saturday, Sunday or any day on which banking institutions in the State of New York are authorized by law or other governmental action to close.

"Closing Date" shall mean the date and time at which the closing of the transactions contemplated by the APSA actually occurs.

"Continuing Site Agreement" means the Arthur Kill Continuing Site Agreement between Con Edison and NAG Energy, dated January 27, 1999.

"EFOR" shall mean the equivalent forced outage rates set forth in Appendix A hereto.

"Energy" shall mean the amount of energy in megawatt hours ("MWH") that AK Power will generate in the Generating Plant and deliver to Con Edison.

"Energy Control Center" shall mean the headquarters of Con Edison's electric transmission and distribution operations.

"FERC" shall mean the Federal Energy Regulatory Commission or its successor.

"Firm Commitment" shall mean Con Edison's designation of a Unit for dispatch during a Week, which designation is communicated in writing to AK Power by 5 p.m. an the Thursday preceding the Week.

"Fuel" shall mean natural gas, which is commonly burned in the Generating Plant.

"Gas Turbines" means the gas turbine units GT2 through GT5 and GT7 through GT13 located at the Astoria Gas Turbine site.

"Generating Plant" means the units 2 and 3 steam-powered generating facilities and gas turbine unit GT 1 located at the Arthur Kill Generating Station.

"Good Utility Practices" mean any of the practices, methods or acts engaged in or approved by a significant portion of the electric utility industry with respect to similar facilities during the relevant time period which in each case, in the exercise of reasonable judgment in light of

the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, law, regulation, environmental protection, and expedition. Good Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather to delineate the acceptable practices, methods or acts generally accepted in such industry.

"Holiday" shall mean any day which is a day on which banking institutions in the State of New York are authorized by law or other governmental action to close.

"ISO" shall mean the New York Independent System Operator, as described in the Supplemental Filing, or its successors.

"ISO Commencement Date" shall mean the date on which the ISO officially commences operations of a spot market for energy, spinning and non-spinning reserves and automatic generator control, as signified by the first day that resources such as the Generating Plant are allowed to bid into each market on a non-trial or non-experimental basis.

"ISO Tariff" shall mean the tariff described in the Supplemental Filing, as it may be amended from time to time.

"Maintenance Outage Schedule" shall mean a timetable detailing AK Power's schedule for removal (full or partial) from service of one or more of the Units for inspection, maintenance or repair.

"Month" shall mean calendar month, and not a specific 30 day time period.

"Metering Point" shall mean the Point of Interconnection (as defined in the Continuing Site Agreement), which is the point to which the Revenue Meters installed pursuant to Section 3.05 of the Continuing Site Agreement measure the Energy.

"NERC" shall mean the North American Electric Reliability Council or its successors.

"NYPP" shall mean the New York Power Pool or its successors.

"Summer Capability Period" shall have the meaning provided by the NYPP, or its successor(s), as may be modified from time to time. Summer Capability Period is currently May 1 through October 31 of each year.

"Supplemental Filing" shall mean the December 19, 1997 Supplemental Filing to the Comprehensive Proposal to Restructure the New York Wholesale Electric Market in FERC Docket Nos. ER97-1523000, OA97-470-000, and ER97-4234-000.

"Time Period" shall mean the period from 10:00 a.m. to 6:00 p.m. on each of the days from Monday through Friday of each week, excluding Holidays.

"Unit" shall mean any unit comprising the Generating Plant.

"Week" shall mean the period from any Monday at 12:00 a.m. to the immediately following Sunday at 11:59 p.m.

"Winter Capability Period" shall have the meaning provided by the NYPP, or its successor(s), as may be modified from time to time. Winter Capability Period is currently each November 1 through April 30 of the following calendar year.

ARTICLE 2 TERM

(a) The obligations of the Parties under this Agreement shall commence on the Closing Date and continue until the ISO Commencement Date; provided, however, that (i) if, within 30 days after the ISO Commencement Date or the ISO Resumption Date (as defined below) the ISO suspends operations for any reason, the parties' obligations under this Agreement shall recommence and continue until the ISO resumes operation (the "ISO Resumption Date"); and (ii) in the event that the ISO Commencement Date does not occur by March 1, 2000, either Party may request the other Party to renegotiate in good faith the terms and conditions, including payment terms, for Energy purchases under this Agreement. If, upon such request by either Party, the Parties are unable to reach agreement on such revised terms and conditions, AK Power shall file tariffs governing such purchases with the appropriate regulatory agency or agencies, to become effective as of June 1, 2000, and, upon the effectiveness of such tariffs, as may be modified by such regulatory agency or agencies, the terms and

conditions contained in the approved tariffs shall be binding upon the Parties and shall govern the purchases of Energy under this Agreement; provided, however, that Con Edison shall have the right to protest the tariffs filed by AK Power to such regulatory agency or agencies.

(b) This Agreement is subject to all necessary regulatory authorizations without any modifications or conditions. If any regulatory agency having jurisdiction over this Agreement requires any modification to, or imposes any condition of acceptance or approval of, this Agreement, then the Parties shall engage in good faith negotiations for a period of 30 days following the issuance of that modified or conditional acceptance or approval in order to agree to revisions to this Agreement to satisfy, or otherwise address, such modification or condition. If the Parties fail to agree mutually to such changes, then AK Power may make a unilateral filing to such regulatory agency to satisfy the modification or condition, which filing shall attempt to satisfy the intent of the Parties under this Agreement; provided, however, that Con Edison shall have the right to protest the manner in which AK Power has proposed to satisfy such modification or condition.

(c) AK Power shall file this Agreement with FERC prior to commencement of services with a request that it be accepted for filing to be effective no later than the Closing Date. Notwithstanding the foregoing, the Parties agree that the effectiveness of clause (ii) of paragraph (a) of this Article shall not be contingent upon FERC approval.

(d) This Agreement is further conditioned upon FERC not modifying or rejecting Articles 2(a) and 3 of the First Amendment to the APSA ("APSA Amendment"), dated as of June 1, 1999, between Con Edison and NRG Energy; provided, however, that in the event that FERC modifies the APSA Amendment, the Parties will, if and to the extent necessary, modify this Agreement to conform

it to the modified APSA Amendment under the procedures sot forth in paragraph (b) of this Article. Notwithstanding the foregoing, the Parties agree that the effectiveness of Article 2(b) of the APSA Amendment shall not be contingent upon FERC approval.

ARTICLE 3 ENERGY PURCHASES AND PAYMENTS

Con Edison shall receive and purchase from AK Power, and AK Power shall deliver and sell to Con Edison, Energy at the Metering Point during the term of, and in accordance with the terms and conditions of,

this Agreement. The Energy to be delivered by AK Power to Con Edison shall be generated at the Generating Plant. AK Power shall operate the Generating Plant in accordance with Good Utility Practices.

(a) Energy Conversion Payments

Con Edison shall pay AK Power an Energy Conversion Payment ("ECP") of $1/MWH multiplied by the average net electrical output of each Unit at the Generating Plant sold to Con Edison on an hourly basis. For purposes of this Agreement, the net electrical output sold to Con Edison shall mean, on a monthly basis, the Energy generated by the Generating Plant minus the auxiliary power consumed by the Generating Plant and other related Auctioned Assets assigned by NRG Energy to AK Power, each measured by Con Edison at their associated Metering Points, less Energy generated by AK Power for delivery to third parties.

(b) Equivalent Forced Outage Penalty And Incentive Payments

Con Edison shall either pay to AK Power an Incentive Payment or AK Power shall pay to Con Edison a Penalty Payment, as determined below, based on the availability of the steam-powered Generating Plant units subject to a Firm Commitment relative to the historical EFOR of the Generating Plant as set forth in Appendix A. Penalty and Incentive Payments shall be based on performance of the Generating Plant only during the Time Period. Calculation of the Penalty and Incentive Payments shall exclude (i) the performance of any Unit scheduled for maintenance during the applicable Time Period in accordance with a Maintenance Outage Schedule, a maintenance outage request or a load limitation request approved by Con Edison in accordance with Article 4 (f), and (ii) AK Power's inability to comply with the Firm Commitment due to Con Edison's failure to provide Fuel in accordance with Article 5, Con Edison's inability to accept Energy generated by the Generating Plant into its transmission system or a Force Majeure Event specified in Article 10. The formulas for computing such Penalty and Incentive Payments are set forth below and illustrative computations are included in Appendix E hereto.

Penalty and Incentive Payments based an the performance of each steam-powered unit at the Generating Plant shall be calculated as follows:

1. The number of MWs as committed by Con Edison in the Firm Commitment;
2. The historic EFOR, expressed as a decimal, set forth in Appendix A hereto;
3. Penalty Payment Rate is equal to $10/MWh;
4. Incentive Payment Rate is equal to Penalty Payment Rate times historic EFOR, divided by 1 minus historic EFOR;
5. For each hour in the Time Period, the Penalty Payment is equal to the number

of MWs not available for dispatch times the Penalty Payment Rate;

6. For each hour in the Time Period, the Incentive Payment is equal to the number of MWs available for dispatch times the Incentive Payment Rate;
7. At the end of the month, hourly Penalty and Incentive Payments are summed;
8. For the month, if the total Incentive Payments less the total Penalty Payments is a positive value (net Incentive Payment), Con Edison will pay the net Incentive Payment to AK Power. If the difference is a negative value (net Penalty Payment), AK Power will pay the net Penalty Payment to Con Edison.

(c) Billing and payment of the ECP and Incentive and Penalty Payments shall be made in accordance with Article 7. Con Edison shall reimburse AK Power for all taxes, surcharges, adjustments or other assessments imposed by law, rule or regulation, other than those based on income (such as federal income taxes), which are of general applicability and imposed on the sales of Energy hereunder.

(d) Except as otherwise provided in this Agreement, Con Edison shall make no other payment to AK Power for Energy actually provided under this Agreement.

(e) Notwithstanding anything in the foregoing to the contrary, calculations of Penalty and Incentive Payments shall also be based upon the performance of the Generating Plant during the entire 64-hour period beginning at 6 p.m. on Friday, December 31, 1999 and ending on 10 a.m. on Monday, January 3, 2000, which performance shall not be excused by a Year 2000 (Y2K) computer error, malfunction, or problem.

ARTICLE 4 SCHEDULING

(a) AK POWER and Con Edison shall comply in all material respects with the applicable Energy scheduling requirements under NYPP rules and regulations. Unless otherwise provided for under NYPP rules and regulations, Con Edison shall have the sole authority to dispatch any of the Generating Plant units specified in the Firm Commitments, up to their full capability, from Con Edison's Energy Control Center. For the steam-powered Generating Plant, the Unit(s) specified in the Firm Commitments must be on-line at minimum load and available for dispatch by 12:01 a.m. Monday morning of the applicable Week for the Unit's minimum run time. Con Edison retains the option to dispatch the Units to their full capability for the entire Monday to Sunday period. The full capability, minimum loads and minimum run times for each Unit are specified in Appendix B.

(b) Con Edison shall specify Firm Commitments for each Week by 5 p.m. on the Thursday preceding the Week. If at any time after receipt of Con Edison's Firm Commitment, AK Power determines that it cannot comply with such Firm Commitment with respect to any Unit, AK Power shall immediately notify Con Edison of such determination.

(c) AK Power shall have the right to enter into a bilateral contract for the sale of Energy generated by a Unit not subject to a Firm Commitment to a third party. Con Edison shall provide transmission service under Con Edison's Open Access Transmission Tariff ("OATT") to AK Power for sales to third parties within and outside Con Edison's service area. In the event and to the extent that undergeneration by AK Power during a bilateral sale is covered and provided by Con Edison, AK Power shall reimburse Con Edison for the amount OF SUCH undergeneration based upon Con Edison's incremental power costs coincident with the undergeneration period, as determined by Con Edison. When Con Edison provides AK Power with transmission service for deliveries to third parties outside Con Edison's service area, the transmission service will be provided up to the interconnection point between Con Edison's transmission system and the transmission system of the third party or the transmission system of an intervening party through which such deliveries are to be made. AK Power shall notify Con Edison of bilateral transactions made with third parties and shall

reserve and pay for Con Edison OATT transmission services required to support these sales. If AK Power does not enter into a bilateral contract for the sale of Energy from a Unit not subject to a Firm Commitment,

Con Edison shall have the right to commit and dispatch that Unit on a real-time basis. For the purpose of the penalty and Incentive calculations as described in Article 3(b), such real-time commitment and dispatch shall be considered a Firm Commitment.

(d) On a real-time basis, Con Edison shall dispatch a Unit from the Con Edison Energy Control Center using signals from the NYPP or modified NYPP signals based on Con Edison's transmission control area regulation requirements or local reliability rules. Con Edison shall commit or dispatch a Unit to respond to system conditions, including, but not limited to: storm watch, maximum generation levels, minimum oil burn and remote start.

(e) Whenever the Units are committed or dispatched by Con Edison, the Units shall provide Energy and ancillary services on a real time dispatch basis (including appropriate levels of 10 minute spinning, 10 minute non-spinning, and 30 minute operating reserves as required by the NYPP, voltage support such as supplying or absorbing VoltAmpere-Reactive (VARS) power, frequency control and automatic generation control) as required by Con Edison. AK Power shall receive no additional payment for any such ancillary services,

(f) Within 14 days of the Closing Date, AK Power shall provide to Con Edison a Maintenance Outage Schedule relating to the Generating Plant for the first year following the Closing Date. AK Power shall provide subsequent Maintenance Outage Schedules to Con Edison one year from the Closing Date, and annually thereafter until this Agreement is terminated. All Maintenance Outage Schedules shall be subject to Con Edison's approval within 30 days of receipt by Con Edison, such approval not to be unreasonably withheld; provided, however, that Con Edison may require AK Power to subsequently amend an approved Maintenance Outage Schedule with respect to any Unit, at any time prior to the date that the Unit is scheduled to be removed from service, due to Con Edison's concerns with the reliability of the electric system, unless the planned maintenance cannot be delayed pursuant to Good Utility Practices. As necessary, AK Power shall provide Con Edison with maintenance outage requests and load limitation requests in order to perform necessary maintenance that is not indicated on a Maintenance Outage Schedule. If necessary, such request shall be renewed by AK Power on a weekly basis in accordance with the Firm Commitment. All such changes to the Maintenance Outage Schedules

shall be subject to Con Edison's approval, such approval not to be unreasonably withheld.

(g) If AK Power enters into a bilateral transaction with a third party as provided by Article 4(c), such transactions must be scheduled in advance with Con Edison. These transactions must conform to all NYPP scheduling requirements, including NERC tagging requirements. All bilateral transactions must be scheduled with Con Edison on a daily basis as soon as they are finalized, but no later than noon of the day prior to the day the transaction will occur. Intra-day transactions between AK Power and a third party will be scheduled by Con Edison provided that they do not conflict with or otherwise reduce Con

Edison's electric system reliability. Notwithstanding the foregoing, Con Edison reserves the right to curtail all bilateral transactions that may jeopardize system reliability in accordance with NYPP standards.

(h) AK Power shall immediately notify Con Edison of any change in the availability and/or capability of any Unit and the expected duration of any outage or derating.

ARTICLE 5 FUEL

(a) Con Edison shall, at its own cost, procure and supply all Fuel required by the Generating Plant to operate for Energy sales to Con Edison. All such fuel shall meet Con Edison's specifications in effect as of the Closing Date. Con Edison shall provide and be responsible for all costs for all services associated with the delivery of Fuel, including but not limited to natural gas balancing and all local gas transportation costs associated with the supply of natural gas to the Generating Plant.

(b) AK Power shall procure and supply all the natural gas required to support a bilateral sale to a third party and shall be responsible for all incremental costs associated with such natural gas supply incurred by Con Edison, including but not limited to balancing the natural gas supply and all incremental local transportation costs associated with AK Power's bilateral sales incurred by Con Edison. Upon reasonable request by AK Power, Con Edison shall make available daily information on gas balancing and nomination,

(c) Con Edison shall be responsible for all required Fuel sampling and shall provide copies of sample results to AK Power.

(d) If AK Power returns the FO6-1 fuel oil tank at the Generating Plant to service or installs a new FO6 system, Con Edison shall not have the right under this Agreement to require AK Power to burn FO6 in the Generating Plant. AK Power shall take all appropriate notification and other actions with respect to oil spills as required by law and regulation.

(e) Fuel provided by Con Edison will be compliant with all applicable Environmental Laws.

(f) Con Edison shall use the historic monthly average heat rates, as set forth in Appendix C hereto, to monitor each Unit's performance. For each month, the historic average heat rates shall be adjusted for average load level. Adjustments to historic heat rates due to changes in average load level will be made using a ratio based on the most recent NYPP MP-3 test data. For each month, the actual net generation from each Unit will be multiplied by the adjusted historic average heat rate for that specific month, yielding a target BTU heat input ("Target"). The Target will be compared to the actual BTU heat input to the Unit. AK Power shall pay Con Edison for all BTU consumed in excess of 104% of the Target. Con Edison shall pay AK Power for BTU consumption savings below 96% of the Target. Such payments shall be based on Con Edison's average BTU costs (in $/MBTU) for that specific month for Fuel supplied to the Generating Plant. The preceding performance measurement methodology and payment obligations shall apply to steam-powered units at the Generating Plant.

ARTICLE 6 ENVIRONMENTAL

6.1 Use of NOx Allowances

(a) All nitrogen oxide (NOx) allowances allocated to the Generating Plant by the Department of Environmental Conservation (DEC) under 6 NYCRR Part 227-3.5 (a) may be used by Con Edison for NOx emissions from either the Ravenswood Generating Station or Ravenswood Gas Turbines, or Arthur Kill and Astoria Generating Stations or Narrows, Gowanus or Astoria Gas Turbines

(hereinafter collectively referred to as "Generators"); provided, however, that such allowances may be so used at the Generators other than the Arthur Kill Generating Station only to the extent that NOx emissions exceed allowances allocated to those Generators under 6 NYCRR Part 227-3.5(a), and only to the extent that NOx allowances from those

Generators are also made available to Con Edison for similar use. AK Power shall provide NOx allowances for its bilateral transactions with third parties pursuant to Article 4(c).

(b) AK Power agrees to utilize either the 3-year historic NOx emission values measured by Con Edison's CEMS or the NOx Emission Target Values developed by Con Edison as set forth in Appendix D, whichever is greater, for each Unit in the Generating Plant as the NOx emission performance criteria.

(c) At the end of each ozone season (May 1 through September 30), Con Edison shall determine the number of tons of NOx emissions that were emitted from the Generators. This amount shall be subtracted from the NOx allowances allocated to the Generators under 6 NYCRR Part 227-3.5 (a) to determine if any of these Part 227-3.5(a) NOx allowances remain. Only to the extent that such NOx allowances remain, Con Edison shall have the right to direct the reallocation by November 15 of each year of these NOx allowances an a pro-rata basis in relation to the total NOx allowances allocated to the Generator under 6 NYCRR Part 227 - 3.5 (a); provided, however, that such allocation may be proportionately increased or decreased by Con Edison based on the performance of the Generators in relation to the NOx emission performance criteria as described in Article 6.1(b). At the end of each ozone season, AK Power shall transfer the Part 227-3.5(a) NOx allowances in the Arthur Kill Generating Station account to the Generators as determined by Con Edison pursuant to this paragraph, provided that the owners of the other Generators similarly make such transfers as determined by Con Edison. If the NOx allowances allocated to the Generators under 6 NYCRR Part 227-3.5 (a) are not sufficient to satisfy the NOx emissions from the Generators during the ozone season, then Con Edison shall be responsible for the allowance deficiency except to the extent that such deficiency is due to operation above the NOx emission performance criteria described in Article 6.1(b).

(d) Con Edison shall include the Generating Plant in its NOx RACT System-wide Averaging Program ("Program") and shall be responsible for meeting the 24-hour allowable system-wide NOx average for all generators included in the Program. Con Edison shall monitor the hourly NOx emissions at the Generating Plant via the existing CEMS computers. Con Edison shall prepare and file with DEC the quarterly NOx RACT Report on the system-wide averaging. In the event of a forced outage of a Unit at the Generating Plant, Con Edison shall

prepare, with the support of AK Power, the documentation required by the DEC regulations (6 NYCRR Section 227-2.5(b)(1)). Con Edison shall provide to AK Power bi-weekly reports on NOx allowances estimated usage by all Generators. Con Edison has the right to curtail any third-party bilateral transaction that may, in its sole opinion, jeopardize the 24-hour allowable system-wide NOx average.

(e) AK Power shall be responsible for the operation and maintenance of

the CEMS equipment including, but not limited to, the daily calibration of the analyzers. Con Edison shall be responsible for the preparation for AK Power's approval, and AK Power shall submit, the quarterly electronic data report to the U.S. Environmental Protection Agency as required by the DEC NOx Budget Rule.

(f) In the event that the DEC does not approve the inclusion of the Generating Plant in Con Edison's NOx RACT System-wide Averaging Program, the Parties shall renegotiate the provisions of this Article 6 to otherwise carry out the intent of this Article 6 and other pertinent provisions.

ARTICLE 7 BILLING AND PAYMENT PROCEDURES

7.1 Billing and Payment

(a) In respect of each Month ending after the Closing Date, AK Power shall, on or prior to the twentieth day of the following Month prepare and render an invoice to Con Edison for the ECP, less any Penalty Payments or plus any Incentive Payments as described in Article 3, due from Con Edison to AK Power for the preceding Month, calculated in accordance with Article 3. The Payments owed shall be due and payable 10 Business Days after Con Edison receives an invoice. All payments due under this Agreement shall be made in immediately available funds by wire transfer to accounts designated by the Parties.

(b) If any payment falls due on a day that is not a Business Day, then the payment shall be made on the next Business Day.

(c) Interest on unpaid amounts, payments received after the due date or payments in dispute that are held in escrow shall accrue at a rate equal to the prime commercial lending rate established from time to time by Chase Manhattan Bank, N.A., New York, New York, or its

successor, from the due date until the date upon which payment is made.

(d) All billings to Con Edison shall be sent to:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Attention: (To Be Specified By Con Edison Prior To The Closing Date)

All billings to AK Power shall be sent to:

Arthur Kill Power LLC
1221 Nicollet Mall; Suite 700
Minneapolis, Minnesota, 55403
Attention: (To Be Specified By AK Power Prior To The Closing Date)

(e) Any payments owed directly by AK Power to the NYPP, shall be made pursuant to the procedures established by the NYPP. AK Power shall be responsible for its share of the NYPP Control Performance System payments or penalties, as the case may be, as applied to Con Edison based on the performance of the Generating Plant. Con Edison shall determine the allocation of NYPP Control Performance System payments or penalties to the Generating Plant. Invoices for such payments or penalties shall be submitted by Con Edison to AK Power, and payments by AK Power shall be made to Con Edison, in accordance with the timeframe set forth in Article 7.1(a).

(f) Any other payments due under this Agreement (such as, for fuel handling and labor and for excess BTU consumption and BTU savings) shall be invoiced and paid in accordance with the timeframe set forth in Article 7.1(a). To the extent the auxiliary power consumed by the Generating Plant and other related Auctioned Assets owned by AK Power is not fully offset in any month by Energy generated by the Generating Plant, as contemplated in Article 3(a)(1), such remaining auxiliary power shall be carried forward in an account to be so offset by Energy generated by the Generating Plant in the next month, and AK Power shall reimburse Con Edison for any auxiliary power remaining in the account at the termination of this Agreement based upon the

payments for Energy made by Con Edison in the last month prior to the termination of this Agreement.

(g) The Parties shall maintain records, accounts and other documents sufficient to reflect accurately all transactions hereunder for a period of four years from the time of the transactions. Each Party shall, at its own expense, have the right to audit such records, accounts and other documents of the other Party during such four-year period upon reasonable prior notice to the other Party, subject to Article 24.

7.2 Billing Disputes

If a Party contests the amount billed in accordance with Article 7.1 before such amount is due, the contesting Party shall pay the undisputed billed amount when due and promptly provide written notice to the other Party of the disputed amount, identifying the reason for the dispute. If neither Party disputes a bill within six Months after the due date of such bill, such bill shall be deemed correct. The Parties shall engage in good faith negotiations to resolve any disputed amounts within 30 days, after receipt of the written notice identifying the dispute. If the Parties are unable to resolve a dispute within such period, the disputed amounts shall, if requested by the billing party, be paid into an escrow account within 30 days of such request pending resolution of the dispute. Thereafter, either Party may exercise such remedies as may be available under this Agreement, at law or in equity. However, such billing dispute under this Section 7.2 shall not constitute an Event of Default as that term is defined in Article 9(c) and such remedies do not include the temporary or long-term cessation of the supply of Energy from AK Power to Con Edison in accordance with the terms of this Agreement. Interest at the rate specified in Section 7.1(c) shall accrue on any amount due hereunder, if any, that is refunded or credited to the contesting Party or that is released from escrow to the non-contending Party, when the contested amount is resolved.

7.3 Survival

The provisions of this Agreement shall survive termination, expiration, cancellation, suspension, or completion of this Agreement to the extent necessary to allow for final billing and payment.

ARTICLE 8 INDEMNIFICATION

8.1 Indemnification

(a) AK Power shall indemnify and hold harmless Con Edison and its Affiliates and their respective officers, directors, trustees, employees and agents (collectively with Con Edison and its Affiliates, the "Con Edison Indemnitees") from and against any and all claims, demands, liabilities, costs,

losses, judgments, damages, obligations, payments and expenses (including reasonable legal fees and expenses and including costs and expenses incurred in connection with investigations and settlement proceedings) (each, an "Indemnifiable Loss"), as incurred, asserted against or suffered by any Con Edison Indemnitee relating to, resulting from or arising out of (A) damage to property or (B) injury to or death of any person, including Con Edison Indemnitees, AK Power's Indemnitees (as defined below), or any third parties, in each case, to the extent caused by the gross negligence or willful misconduct of AK Power, its Affiliates or their respective officers, directors, trustees, employees, agents, subcontractors and successors and arising out of or in connection with this Agreement and not caused by the negligence or willful misconduct of such Con Edison Indemnitee, or (C) any breach by AK Power of any covenant or agreement by AK Power, or representation or warranty of AK Power that survives Closing pursuant to Article 14.3, contained in this Agreement.

(b) Con Edison shall indemnify and hold harmless AK Power and its Affiliates and their respective officers, directors, trustees, employees and agents from and against (collectively with AK Power and its Affiliates, the "AK Power Indemnitees") any and all Indemnifiable Losses, as incurred, asserted against or suffered by any AK Power Indemnitee relating to, resulting from or arising out of (A) damage to property, or (B) injury to or death of any person, including AK Power Indemnitees, Con Edison's Indemnitees or any third parties, in each case, to the extent caused by the gross negligence or willful misconduct of Con Edison, its Affiliates or its their respective officers, directors, trustees, employees, agents, subcontractors and successors and arising out of or connected with this Agreement and not caused by the negligence or willful misconduct of such AK Power Indemnitee, or (C) any breach by Con Edison of any covenant or agreement by Con Edison, or representation or warranty of Con Edison that survives Closing pursuant to Article 14.3, contained in this Agreement.

(c) The amount of any Indemnifiable Loss shall be reduced to the extent that the relevant AK Power Indemnitee or Con Edison Indemnitee (each, an "Indemnitee") receives any insurance proceeds with respect to an Indemnifiable Loss. If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect thereof, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other person, the amount of such reduction, less any costs, expenses or premiums incurred in connection therewith, will promptly be repaid by the Indemnitee to the Party required to provide indemnification hereunder (the "Indemnifying Part") with respect to such Indemnifiable Loss.

(d) To the fullest extent permitted by law, neither Party nor any AK Power Indemnitee or any Con Edison Indemnitee shall be liable to the other Party or any other AK Power Indemnitee or Con Edison Indemnitee for any claims, demands or suits for consequential, incidental, special, exemplary, punitive, indirect or multiple damages connected with or resulting from any breach of this Agreement, or any actions undertaken in connection with or related hereto, including any such damages which are based upon breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, statute, operation of law or any other theory of recovery.

(e) The rights and remedies of Con Edison and AK Power under this Article 8 are, solely as between Con Edison and AK Power, exclusive and in lieu of any and all other rights and remedies which Con Edison and AK Power may have under this Agreement or otherwise for monetary relief with respect to (i) any breach of, or failure to perform, any covenant or agreement set forth in this Agreement by Con Edison or AK Power or (ii) any breach of any representation or warranty by Con Edison or AK Power. Each Party agrees that the previous sentence shall not limit or otherwise affect any non-monetary right or remedy which either Party may have under this Agreement or otherwise limit or affect either Party's right to seek equitable relief, including the remedy of specific performance.

(f) AK Power and Con Edison agree that, notwithstanding Section 8.1(e), each Party shall retain, subject to the other provisions of this Agreement, including Sections 8.1(d), all remedies at law or in

equity with respect to fraud or willful or intentional breaches of this Agreement.

8.2 Third Party Claims Procedures

(a) If any Indemnitee receives notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any person who is not a Party or an Affiliate of a Party (a "Third Party claim") with respect to which indemnification is to be sought from an Indemnifying Party, the Indemnitee will give such Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 20 Business Days after the Indemnity's receipt of notice of such Third Party Claim; provided, however, that a failure to give timely notice will not affect the rights or obligations of any Indemnitee except if, and only to the extent that, as a result of such failure, the Indemnifying Party was actually prejudiced. Such notice shall describe the nature of the Third Party Claim in reasonable detail and will indicate the estimated amount, if practicable, of the Indemnifiable Loss that has been or may be sustained by the Indemnitee.

(b) If a Third Party Claim is made against an Indemnitee, the Indemnifying Party will be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the Indemnifying Party; provided, however, that such counsel is not reasonably objected to by the Indemnitee; and provided further that the Indemnifying Party first admits in writing its liability to the Indemnitee with respect to all material elements of such claim. Should the Indemnifying Party elect to assume the defense of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnitee for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof. If the Indemnifying Party elects to assume the defense of a Third Party Claim, the Indemnitee will (i) cooperate in all reasonable respects with the Indemnifying Party in connection with such defense, (ii) not admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the Indemnifying Party's prior written consent and (iii) agree to any settlement, compromise or discharge of a Third Party Claim which the Indemnifying Party may recommend and which by its terms obligates the Indemnifying Party to pay the full amount of the liability in connection with such Third Party Claim and releases the Indemnitee completely in connection with such Third Party Claim. in the event the Indemnifying

Party shall assume the defense of any Third Party Claim, the Indemnitee shall be entitled to participate in (but not control) such defense with its own counsel at its own expense. If the Indemnifying Party does not assume the defense of any such Third Party Claim, the Indemnitee may defend the same in such manner as it may deem appropriate, including settling such claim or litigation after giving notice to the Indemnifying Party of the terms of the proposed settlement and the Indemnifying Party will promptly reimburse the Indemnitee upon written request. Anything contained in this Agreement to the contrary notwithstanding, no Indemnifying Party shall be entitled to assume the defense of any Third Party Claim if such Third Party Claim seeks an order, injunction or other equitable

relief or relief for other than monetary damages against the Indemnitee which, if successful, would materially adversely affect the business of the Indemnitee.

8.3 Survival

The indemnification obligations of each Party under this Article 8 shall become effective upon the occurrence of the Closing Date, and, for acts and occurrences prior to expiration, termination, completion, suspension or cancellation of this Agreement, shall continue in full force and effect regardless of whether this Agreement expires, terminates, or is suspended, completed or canceled. Such obligations shall not be limited in any way by any limitation on insurance or by any compensation or benefits payable by the Parties under workers' compensation acts, disability benefit acts or other employee acts, or otherwise.

ARTICLE 9 LIMITATION OF LIABILITY

(a) Subject to indemnity obligations set forth in Article 8, upon an Event of Default by Con Edison under this Agreement, which Event of Default is not excusable due to a Force Majeure Event or due to an Event of Default by AK Power under this Agreement, Con Edison's liability to AK Power shall be limited to AK Power's direct damages incurred by AK Power as a result of such Event of Default by Con Edison.

(b) Subject to indemnity obligations set forth in Article 8, upon an Event of Default by AK Power under this Agreement, which Event of Default is not excusable due to a Force Majeure Event or due to an Event of Default by Con Edison under this Agreement, AK Power's

liability to Con Edison shall be limited to Con Edison's direct damages incurred by Con Edison as a result of such Event of Default by AK Power,

(c) Unless excused by a Force Majeure Event, or an Event of Default by the other Party, each of the following events individually shall constitute an "Event of Default" by a Party hereunder: failure by such Party, in any material respect, to comply with, observe, or perform any covenant, warranty or obligation under this Agreement, if such failure is not cured or rectified within 30 days after receipt of written notice of such failure from the other Party or such longer period as may be reasonably required provided, however, that the defaulting Party diligently attempts to cure such Event of Default.

(d) The provisions of this Article 9 shall survive termination, cancellation, suspension, completion, or expiration of this Agreement.

ARTICLE 10 FORCE MAJEURE

(a) Notwithstanding anything in this Agreement to the contrary, neither Party shall have any liability or be otherwise responsible to the other for its failure to carry out its obligations, with the exception of any obligation to pay money, under this Agreement if and only to the extent that it becomes impossible for either Party to so perform as a result of any occurrence or event which is beyond the reasonable control, and does not result from any negligence, of the Party affected (each, a "Force Majeure Event"), including any act of God, strike or any other labor disturbance, act of a public enemy, war, act of terrorism, riot, any other civil disturbance, fire, storm, lightning, flood, earthquake, any other natural disasters, explosion, any order or regulation or restriction imposed by any Governmental Authority, failure of a contractor or subcontractor caused by a Force Majeure Event and transportation delays or stoppages.

(b) Nothing contained in this Article 10 shall relieve any Party of

the obligation to make payments when due pursuant to this Agreement.

(c) If a Party shall rely on the occurrence of a Force Majeure Event as a basis for being excused from performance of its obligations under this Agreement, then the Party relying on such occurrence shall (i) provide prompt written notice of such Force Majeure Event to the other

Party giving an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) exercise its reasonable best efforts to continue to perform its obligations under this Agreement; (iii) reasonably and expeditiously take action to correct or cure the Force Majeure Event, provided, however, that settlement of strikes or any other labor disturbance will be completely within the sole discretion of the Party affected by such strike or labor dispute; (iv) exercise its reasonable best efforts to mitigate or limit damages to the other Party; and (v) provide prompt written notice to the other Party of the cessation of the Force Majeure Event.

(d) The provisions of this Article 10 shall survive termination, cancellation, suspension, completion or expiration of this Agreement.

ARTICLE 11 DEFAULT AND TERMINATION

(a) This Agreement shall automatically terminate if the APSA is terminated.

(b) Con Edison and AK Power agree that, notwithstanding any other provision of this Agreement or in the APSA, this Agreement may not be terminated prior to its expiration by either Party under any circumstances, including as a result of a breach, whether or not material, by the other Party, except pursuant to an agreement in writing executed by each Party.

ARTICLE 12 ADDITIONAL REMEDIES

The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, the non-defaulting Party may pursue any remedies and may begin proceedings at the FERC to terminate this Agreement by giving at least ten days advance written notice to the defaulting Party, such termination to be effective as of the date specified in such notice, subject to the approval of the FERC, in accordance with FERC regulations.

ARTICLE 13 DISPUTES

Any disputes between Con Edison and AK Power as to their rights and obligations under this Agreement shall first be addressed by the Parties. If representatives of the Parties are unable in good faith to satisfactorily resolve their disagreement, the Parties shall refer the matter to their respective senior management. If after using their reasonable best efforts to try to resolve the dispute, senior management cannot resolve the dispute within 30 days, either Party may exercise any right or remedy available pursuant to this Agreement.

ARTICLE 14 REPRESENTATIONS AND WARRANTIES

14.1 Representations and Warranties of Con Edison

Con Edison represents and warrants to AK Power as follows:

(a) Organization. Con Edison is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and Con Edison has all requisite corporate power and authority to carry on its business as currently conducted.

(b) Authority Relative to this Agreement. Con Edison has all necessary corporate power and authority to execute and deliver this Agreement and, subject to the procurement of applicable regulatory approvals, to perform its obligations under this Agreement. To the extent necessary, the execution and delivery by Con Edison of this Agreement and the performance by Con Edison of its obligations hereunder have been duly and validly authorized by the Board of Trustees of Con Edison or by a committee thereof to whom such authority has been delegated and no other corporate proceedings on the part of Con Edison are necessary to authorize this Agreement or the performance of its obligations hereunder. This Agreement has been duly and validly executed and delivered by Con Edison and, assuming that this Agreement constitutes a valid and binding agreement of AK Power, constitutes a valid and binding agreement of Con Edison, enforceable against Con Edison in accordance with its terms.

(c) Regulatory Approval. Con Edison has obtained or made, as the case may be, or will obtain or make, as the case may be, by the Closing Date any and all declarations, filings, registrations, notices,

authorizations, consents or approvals of or to any public authority that are required for Con Edison to execute and deliver this Agreement and to perform its obligations hereunder, other than such declarations filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made, would not, individually or in the aggregate, create a material adverse effect in respect of the performance by Con Edison of its obligations under this Agreement.

(d) Compliance With Law. Con Edison is in compliance with all applicable laws, statutes, orders, rules, regulations, ordinances or judgments of any Federal, state, or local governmental authority other than such failures to be in compliance with such applicable laws, statutes, orders, rules, regulations, ordinances or judgments which would not, individually or in the aggregate, create a material adverse effect in respect of the performance by Con Edison of its obligations under this Agreement. Con Edison has not received any written notification that it is in violation of any of such laws, statutes, orders, rules, regulations, ordinances or judgments, except for notification of violations which would not, individually or in the aggregate, create a material adverse effect in respect of the performance by Con Edison of its obligations under this Agreement.

14.2 Representations and Warranties of AK Power

AK Power represents and warrants to Con Edison as follows:

(a) Organization. AK Power is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and AK Power has all requisite power and authority to carry on its business as is now being conducted.

(b) Authority Relative to this Agreement. AK Power has all necessary

power and authority to execute and deliver this Agreement and, subject to the procurement of applicable regulatory approvals, to perform its obligations under this Agreement. To the extent necessary, the execution and delivery of this Agreement and the performance by AK Power of its obligations hereunder have been duly and validly authorized by the Executive Committee of AK Power or by a committee thereof to whom such authority has been delegated and no other proceedings on the part of AK Power are necessary to authorize this Agreement or the performance of its obligations hereunder. This Agreement has been duly and validly executed and delivered by AK

Power and, assuming that this Agreement constitutes a valid and binding agreement of Con Edison, constitutes a valid and binding agreement of AK Power, enforceable against AK Power in accordance with its terms.

(c) Regulatory Approval. AK Power has obtained or made, as the case may be, or will obtain or make, as the case may be, by the Closing Date any and all declarations, filings, registrations, notices, authorizations, consents or approvals of or to any public authority that are required for it to execute and deliver this Agreement and to perform its obligations hereunder, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made, would not, individually or in the aggregate, create a material adverse effect in respect of the performance by AK Power of its obligations under this Agreement.

(d) Compliance With Law. AK Power is in compliance with all applicable laws, statutes, orders, rules, regulations, ordinances or judgments of any Federal, state, or local governmental authority, other than such failures to be in compliance with such applicable laws, statutes, orders, rules, regulations, ordinances or judgments which would not, individually or in the aggregate, create a material adverse effect in respect of the performance by AK Power of its obligations under this Agreement. AK Power has not received any written notification that it is in violation of any of such laws, statutes, orders, rules, regulations, ordinances or judgments, except for notifications of violations which would not, individually or in the aggregate, create a material adverse effect in respect of the performance by AK Power of its obligations under this Agreement.

14.3 The representations and warranties in this Article 14 (except as set forth in Articles 14.1(d) and 14.2(d)) shall survive the Closing and continue in full force and effect for the term of this Agreement.

ARTICLE 15 ASSIGNMENT; NO THIRD PARTY BENEFICIARIES

(a) This Agreement and all of the provisions hereof shall be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either Party, including by operation of law, without the prior written consent of

the other Party, except (i) in the case of Con Edison, to an Affiliate of Con Edison or a third party that has a contractual or statutory obligation to supply Energy to Con Edison's retail customers; (ii) in the case of AK Power, to an Affiliate of AK Power; and (iii) in the case of either Party, to a lending institution or trustee in connection with a pledge or granting of a security interest in the Auctioned Assets and/or this Agreement; provided, however, that no assignment or transfer of rights or obligations by either Party shall relieve

it from the full liabilities and the full financial responsibility, as provided for under this Agreement, unless and until the transferee or assignee shall agree in writing to assume such obligations and duties and the other Party has consented in writing to such assumption. For purposes of this Agreement, the term "Affiliate" shall have the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

(b) Nothing in this Agreement is intended to confer upon any other person except the Parties any rights or remedies hereunder or shall create any other party beneficiary rights in any person.

(c) Notwithstanding anything herein to the contrary, this Agreement shall not constitute a consent by Con Edison to any assignment by NRG Energy pursuant to Section 12.05 of the APSA.

ARTICLE 16 EXTENSION; WAIVER

Either Party may (a) extend the time for the performance of any of the obligations or other acts of the other Party or (b) waive compliance by the other Party with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party. The failure of a Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights. Notwithstanding anything herein to the contrary, to the extent that either Party fails, in any particular instance, to take affirmative steps to exercise its rights to witness, inspect, observe or approve the activities of the other Party, such rights shall, solely with respect to such instance, be deemed waived in respect of such activity.

ARTICLE 21 ENTIRE AGREEMENT

This Agreement embodies the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to herein or therein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transaction contemplated by this Agreement.

ARTICLE 22 FURTHER ASSURANCES

The Parties agree to, from time to time upon the reasonable request of either Party, negotiate in good faith and execute and deliver amendments to this Agreement, including in response to regulatory, technological, operational or other changes affecting the Auctioned Assets or the electric power industry generally, or such other documents or instruments as may be necessary, in order to effectuate the transactions contemplated hereby.

ARTICLE 23 INTERPRETATION

When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" or equivalent words. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the

defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument, statute, regulation, rule or order defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument, statute, regulation, rule or order as from time to time amended, modified or

supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes, regulations, rules or orders) by succession of comparable successor statutes, regulations, rules or orders and references to all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors and assigns.

ARTICLE 24 CONFIDENTIALITY

(a) All information regarding a Party (the "Disclosing Party") that is furnished directly or indirectly to the other Party (the "Recipient") pursuant to this Agreement and marked "Confidential" shall be deemed "Confidential Information". Notwithstanding the foregoing, Confidential Information does not include information that (i) is rightfully received by Recipient from a third party not having an obligation of confidence to the Disclosing Party, (ii) is or becomes in the public domain through no action on Recipient's part in violation of this Agreement, (iii) is already known by Recipient as of the date hereof, or (iv) is developed by Recipient independently of any Confidential Information of the Disclosing Party. Information that is specific as to certain data shall not be deemed to be in the public domain merely because such information is embraced by more general disclosure in the public domain.

(b) Recipient shall keep the Confidential Information strictly confidential and shall not (except as required by applicable law, regulation or legal process and then only after compliance with paragraph (c) below), without any prior written consent, disclose any Confidential Information in any manner whatsoever to any third party for a period of two years from the date the Confidential Information was received by Recipient, except as otherwise provided herein; provided, however, that Recipient may disclose the Confidential Information to its and its Affiliates' respective directors, trustees, officers, employees, consultants, advisors and agents who need to know the Confidential Information for the purpose of assisting Recipient with respect to its obligations under this Agreement. Recipient shall inform all such parties, in advance, of the confidential nature of the Confidential Information. Recipient shall use reasonable efforts to cause such parties to observe the terms of this Agreement and shall be responsible for any breach of this Agreement by any such parties.

(c) If Recipient is requested pursuant to, or required by, applicable law, regulation or legal process to disclose any of the

Confidential Information (including pursuant to the rules or regulations of the NYPP, ISO or FERC), Recipient will notify the Disclosing Party promptly so that the Disclosing Party may seek a protective order or other appropriate remedy. In the absence of a protective order, or other appropriate remedy Recipient will furnish only that portion of the Confidential Information which its legal counsel advises Recipient is legally required and Recipient will exercise all

reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Confidential Information so furnished.

(d) Recipient shall promptly return to the Disclosing Party all items containing or constituting Confidential Information, together with all copies, extracts, or summaries thereof, upon the earlier of (i) the Disclosing Party's request, or (ii) four years after the termination or expiration of this Agreement.

(e) The obligations set forth in this Article 24 shall extend for a period of four years after termination or expiration of this Agreement.

ARTICLE 25 INDEPENDENT CONTRACTOR STATUS

Nothing in this Agreement is intended to create an association, trust, partnership or joint venture between the Parties, or to impose a trust, partnership, or fiduciary duty, obligation or liability on or with respect to either Party, and nothing in this Agreement shall be construed as creating any relationship between Con Edison and AK Power other than that of independent contractors.

ARTICLE 26 JURISDICTION

Each of the Parties irrevocably submits to the exclusive jurisdiction of (i) the Supreme Court of the State of New York, New York County and (ii) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or, if such suit, action or proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of the Parties further agrees that service of process, summons, notice or document by hand delivery or U.S. registered mail at the address specified for such Party in

Article 28 (or such other address specified by such Party from time to time pursuant to Article 28 shall be effective service of process for any action, suit or proceeding brought against such Party in any such court. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the Supreme Court of the State of New York, New York County, or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

ARTICLE 27 CONFLICTS

Can Edison and AK Power agree that, except as expressly otherwise provided herein or therein, in the event of any conflict or inconsistency between the terms of this Agreement and the terms of the APSA or the APSA Amendment, the terms of this Agreement shall prevail.

ARTICLE 28 NOTICES

Unless otherwise specified herein, all notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a telecopied communication, of confirmation), if delivered personally, telecopies (which is confirmed) or sent by overnight courier (providing proof of delivery) to the parties at the following addresses (or at such other addresses for a Party as shall be

specified by like notice):

If to Con Edison, to:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Telecopy No.: (212) 677-0601
Attention: General Counsel

If to AK Power to:

Arthur Kill Power LLC
1221 Nicollet Mall, Suite 700
Minneapolis, Minnesota,55403
Telecopy No.: (612) 373- 5392
Attention: President

With a copy to:

Arthur Kill Power LLC
1221 Nicollet Mall, Suite 700
Minneapolis, Minnesota, 55403
Telecopy No.: (612) 373-5340
Attention: Commercial Asset Manager

IN WITNESS WHEREOF, the Parties hereto have caused this' Agreement to be duly executed as of the date and year first above written.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

By:/s/ Joan S. Freilich

Name: Joan S. Freilich
Title: Executive Vice President and CFO

ARTHUR KILL POWER LLC

By:/s/ Craig A. Mataczynski

Name: Craig A. Mataczynski
Title: President

EXHIBIT 10.23

TRANSITION ENERGY SALES AGREEMENT

BETWEEN

ASTORIA GAS TURBINE POWER LLC

AND

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

Dated as of June 1, 1999

TABLE OF CONTENTS

PAGE

ARTICLE 1 DEFINITIONS...2

ARTICLE 2 TERM..5

ARTICLE 3 ENERGY PURCHASES AND PAYMENTS......................................6

(a) Energy Conversion Payments..7

(b) Equivalent Forced Outage Penalty And Incentive Payments................8

ARTICLE 4 SCHEDULING..9

ARTICLE 5 FUEL...12

ARTICLE 6 ENVIRONMENTAL..13

6.1 Use of NOx Allowances..13

6.2 Fuel Oil Spills..14

ARTICLE 7 BILLING AND PAYMENT PROCEDURES 14

7.1 Billing and Payments...14

7.2 Billing Disputes...16

7.3 Survival...17

ARTICLE 8 INDEMNIFICATION 17

8.1 Indemnification..17

8.2 Third Party Claims Procedure...19

8.3 Survival...20

ARTICLE 9 LIMITATION OF LIABILITY.......................................21

ARTICLE 10 FORCE MAJEURE..21

ARTICLE 11 DEFAULT AND TERMINATION......................................22

ARTICLE 12 ADDITIONAL REMEDIES..23

ARTICLE 13 DISPUTES...23

ARTICLE 14 REPRESENTATIONS AND WARRANTIES...............................23

14.1 Representations and Warranties of Con Edison..........................23

14.2 Representations and Warranties of Astoria Power.......................24

ARTICLE 15 ASSIGNMENT; NO THIRD PARTY BENEFICIARIES.......................26

ARTICLE 16 EXTENSION; WAIVER...27

ARTICLE 17 COUNTERPARTS..27

ARTICLE 18 GOVERNING LAW...27

ARTICLE 19 SEVERABILITY..27

ARTICLE 20 AMENDMENT...28

ARTICLE 21 ENTIRE AGREEMENT..28

ARTICLE 22 FURTHER ASSURANCES..28

ARTICLE 23 INTERPRETATION..28

ARTICLE 24 CONFIDENTIALITY...29

ARTICLE 25 INDEPENDENT CONTRACTOR STATUS.................................30

ARTICLE 26 JURISDICTION..31

ARTICLE 27 CONFLICTS 31

ARTICLE 28 NOTICES 31

TRANSITION ENERGY SALES AGREEMENT BETWEEN
ASTORIA GAS TURBINE POWER LLC AND
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

This Agreement is made and entered into as of June 1, 1999 between Astoria Gas Turbine Power LLC ("Astoria Power"), a Delaware limited liability company having its principal place of business at 1221 Nicollet Mall, Minneapolis, Minnesota 55403, and Consolidated Edison Company of New York, Inc. ("Con Edison"), a New York corporation having its principal place of business at 4 Irving Place, New York, New York 10003. Astoria Power and Con Edison shall each be referred to as a "Party", and shall be referred to collectively as the "Parties."

WHEREAS, Con Edison offered for sale by auction certain electric generating facilities located at the Arthur Kill Generating Station and the Astoria Gas Turbine site and certain other assets primarily related thereto ("Auctioned Assets");

WHEREAS, NRG Energy, Inc. ("NRG Energy") and Con Edison have entered into the Generating Plant and Gas Turbine Asset Purchase and Sale Agreement ("APSA"), dated January 27,1999, and NRG Energy will assign prior to the Closing Date (as defined below) its rights and obligations under the APSA relating to the purchase from Con Edison of the Gas Turbines (as defined below) and certain other assets primarily related thereto in accordance with the terms and conditions of the APSA, and NRG Energy will assign to Arthur Kill Power LLC ("AK Power") prior to the Closing Date its rights and obligations under the APSA relating to the purchase from Con Edison of the Generating Plant (as defined below) and certain other assets primarily relating thereto in accordance with the terms and conditions of the APSA;

WHEREAS, the rights and obligations of Astoria Power and Con Edison relating to generators of electric generating capacity, energy, transmission and ancillary services may be modified by a proposal (the "Proposal") currently pending before the Federal Energy Regulatory Commission ("FERC") to restructure the New York Power Pool, which contemplates the formation of the New York Independent System Operator ("ISO") and the implementation of the ISO Tariff filed on December 19, 1997, as approved by FERC in FERC Docket Nos. ER97-1523-000, OA97-470-000 and ER97-4234-000, as such tariff may be amended from time to time;

WHEREAS, FERC may approve, accept, modify, or reject the Proposal, and its actions may affect the Parties' rights and obligations under this Agreement;

WHEREAS, FERC has accepted for filing certain market power mitigation measures applicable to sales of capacity, energy and certain other services from specified electric generating units in New York City in FERC Docket No. ER98-3169-000 (such measures, as may be modified from time to time, and any other applicable market power mitigation measures that may be imposed by FERC, ISO or the New York Public Service Commission ("PSC"), the "Mitigation Measures");

WHEREAS, sales of capacity, energy and certain other services from the Auctioned Assets will be subject to, and the rights and obligations of the Parties under this Agreement may be affected by, the Mitigation Measures;

WHEREAS, in recognition of Con Edison's requirements to provide Energy to its firm customers, Astoria Power and Con Edison agree to enter into this Transition Energy Sales Agreement, whereby Con Edison will purchase from Astoria Power and Astoria Power will sell to Con Edison various amounts of Energy for the term of this Agreement.

NOW THEREFORE, in consideration of the mutual agreements and commitments contained herein, Astoria Power and Con Edison hereby agree as follows:

ARTICLE 1 DEFINITIONS

The following terms shall have the meanings set forth below. Any term used in this Agreement that is not defined herein shall have the meaning that is in the APSA or, if the term is not defined in the APSA, then the term shall have the meaning customarily attributed to it by the electric utility industry.

"Agreement" shall mean this Transition Energy Sales Agreement between Astoria Power and Con Edison, as it may be amended from time to time.

"Business Day" shall mean any day other than Saturday, Sunday or any day on which banking institutions in the State of New York are authorized by law or other governmental action to close.

"Closing Date" shall mean the date and time at which the closing of the transactions contemplated by the APSA actually occurs.

"Continuing Site Agreement" means the Astoria Gas Turbine Continuing Site Agreement between Con Edison and NRG Energy, dated January 27, 1999.

"Energy" shall mean the amount of energy in megawatt hours ("MWH") that Astoria Power will generate in the Gas Turbines and deliver to Con Edison.

"Energy Control Center" shall mean the headquarters of Con Edison's electric transmission and distribution operations.

"FERC" shall mean the Federal Energy Regulatory Commission or its successor.

"Firm Commitment" shall mean Con Edison's designation of a Unit for dispatch during a Week, which designation is communicated in writing to Astoria Power by 5 p.m. on the Thursday preceding the Week.

"FOF" shall mean the forced outage factor set forth in Appendix A hereto.

"Fuel" shall mean the fuels commonly burned in the Gas Turbines, including natural gas and kerosene.

"Fuel Oil" shall mean kerosene.

"Gas Turbines" means the gas turbine units GT2 through GT5 and GT7 through GT13 located at the Astoria Gas Turbine site.

"Generating Plant" means the units 2 and 3 steam-powered generating facilities and gas turbine unit GT 1 located at the Arthur Kill Generating Station.

"Good Utility Practices" mean any of the practices, methods or acts engaged in or approved by a significant portion of the electric utility industry with respect to similar facilities during the relevant time period which in each case, in the exercise of reasonable judgment in light of

the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, law, regulation, environmental protection, and expedition. Good Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather to delineate the acceptable practices, methods or acts generally accepted in such industry.

"Holiday" shall mean any day which is a day on which banking institutions in the State of Now York are authorized by law or other governmental action to close.

"ISO" shall mean the New York Independent System Operator, as described in the Supplemental Filing, or its successors.

"ISO Commencement Date" shall mean the date on which the ISO officially commences operations of a spot market for energy, spinning and non-spinning reserves and automatic generator control, as signified by the first day that resources such as the Gas Turbines are allowed to bid into each market on a non-trial or non-experimental basis.

"ISO Tariff" shall mean the tariff described in the Supplemental Filing, as it may be amended from time to time.

"Maintenance Outage Schedule" shall mean a timetable detailing Astoria Power's schedule for removal (full or partial) from service of one or more of the Units for inspection, maintenance or repair.

"Month" shall mean calendar month, and not a specific 30 day time period.

"Metering Point" shall mean the Point of Interconnection (as defined in the Continuing Site Agreement), which is the point to which the Revenue Meters installed pursuant to Section 3.05 of the Continuing Site Agreement measure the Energy.

"NERC" shall mean the North American Electric Reliability Council or its successors.

"NYPP" shall mean the New York Power Pool or its successors.

"Summer Capability Period" shall have the meaning provided by the NYPP, or its successor(s), as may be modified from time to time. Summer Capability Period is currently May 1 through October 31 of each year.

"Supplemental Filing" shall mean the December 19, 1997 Supplemental Filing to the Comprehensive Proposal to Restructure the New York Wholesale Electric Market in FERC Docket Nos. ER97-1523-000, OA97-470-000, and ER97-4234-000.

"Time Period" shall mean the period from 10:00 a.m. to 6:00 p.m. on each of the days from Monday through Friday of each week, excluding Holidays.

"Unit" shall mean any of the Gas Turbines.

"Week" shall mean the period from any Monday at 12:00 a.m. to the immediately following Sunday at 11:59 p.m.

"Winter Capability Period" shall have the meaning provided by the NYPP, or its successor(s), as may be modified from time to time. Winter Capability Period is currently each November 1 through April 30 of the following calendar year.

ARTICLE 2 TERM

(a) The obligations of the Parties under this Agreement shall commence on the Closing Date and continue until the ISO Commencement Date; provided, however, that (i) if, within 30 days after the ISO Commencement Date or the ISO Resumption Date (as defined below) the ISO suspends operations for any reason, the parties' obligations under this Agreement shall recommence and continue until the ISO resumes operation (the "ISO Resumption Date"); and (ii) in the event that the ISO Commencement Date does not occur by March 1, 2000, either Party may request the other Party to renegotiate in good faith the terms and conditions, including payment terms, for Energy purchases under this Agreement. If, upon such request by either Party, the Parties are unable to reach agreement on such revised terms and conditions, Astoria Power shall file tariffs governing such purchases with the appropriate regulatory agency or agencies, to become effective as of June 1, 2000, and, upon the effectiveness of such tariffs, as may be modified by such regulatory agency or agencies, the terms and

conditions contained in the approved tariffs shall be binding upon the Parties and shall govern the purchases of Energy under this Agreement; provided, however, that Con Edison shall have the right to protest the tariffs filed by Astoria Power to such regulatory agency or agencies.

(b) This Agreement is subject to all necessary regulatory authorizations without any modifications or conditions. If any regulatory agency having jurisdiction over this Agreement requires any modification to, or imposes any condition of acceptance or approval of, this Agreement, then the Parties shall engage in good faith negotiations for a period of 30 days following the issuance of that modified or conditional acceptance or approval in order to agree to revisions to this Agreement to satisfy, or otherwise address, such modification or condition. If the Parties fail to agree mutually to such changes, then Astoria Power may make a unilateral filing to such regulatory agency to satisfy the modification or condition, which filing shall attempt to satisfy the intent of the Parties under this Agreement; provided, however, that Con Edison shall have the right to protest the manner in which Astoria Power has proposed to satisfy such modification or condition.

(c) Astoria Power shall file this Agreement with FERC prior to commencement of services with a request that it be accepted for filing to be effective no later than the Closing Date. Notwithstanding the foregoing, the Parties agree that the effectiveness of clause (ii) of paragraph (a) of this Article shall not be contingent upon FERC approval.

(d) This Agreement is further conditioned upon FERC not modifying or rejecting Articles 2(a) and 3 of the First Amendment to the APSA ("APSA Amendment"), dated as of June 1, 1999, between Con Edison and NRG Energy; provided, however, that in the event that FERC modifies the APSA Amendment, the Parties will, if and to the extent necessary, modify this Agreement to conform it to the modified APSA Amendment under the procedures set forth in paragraph (b) of this Article. Notwithstanding the foregoing, the Parties agree that the effectiveness of Article 2(b) of the APSA Amendment shall not be contingent upon FERC approval.

ARTICLE 3 ENERGY PURCHASES AND PAYMENTS

Con Edison shall receive and purchase from Astoria Power, and Astoria Power shall deliver and sell to Con Edison, Energy at the

Metering Point during the term of, and in accordance with the terms and conditions of, this Agreement. The Energy to be delivered by Astoria Power to Con Edison shall be generated at the Gas Turbines. Astoria Power shall operate the Gas Turbines in accordance with Good Utility Practices.

(a) Energy Conversion Payments

1. Con Edison shall pay Astoria Power an Energy Conversion Payment ("ECP") of $1/MWH multiplied by the average net electrical output of each Unit sold to Con Edison on an hourly basis. For purposes of this Agreement, the net electrical output sold to Con Edison shall mean, on a monthly basis, the Energy generated by the Gas Turbines minus the auxiliary power consumed by the Gas Turbines and other related Auctioned Assets assigned by NRG Energy to Astoria Power, each measured by Con Edison at their associated Metering Points, less Energy generated by Astoria Power for delivery to third parties.

2. Within 30 days after each consecutive 12-Month period after the Closing Date, (i) Con Edison shall pay Astoria Power $4/MWH, in addition to the $1/MWH required by Article 3(a)(1) which is paid monthly in accordance with Article 7, for the amount by which the net electric output of the Gas Turbines sold to Con Edison (excluding Energy generated by Astoria Power for delivery to third parties) during such 12-Month period exceeded 110% of the average annual output of the Gas Turbines in the years 1996 through 1998, or (ii) Astoria Power shall pay Con Edison $2.5/MWH for the amount by which the net electric output of the Gas Turbines sold to Con Edison (excluding Energy generated by Astoria Power for delivery to third parties) during such 12-Month period was less than 90% the average annual output of the Gas Turbines in the years 1996 through 1998; provided, however, that Con Edison shall be excused from making payments to Astoria Power in excess of $2.5/MWH under clause (i) of this paragraph (a)(2) to the extent that Con Edison cannot recover such payments from its customers under a ruling by the PSC. Payments under this paragraph for a period less than 12 Months following the termination of this Agreement shall be due within 30 days of such termination and shall be based on the electric net output of the Gas Turbines in such period as compared to the average output during comparable periods in the years 1996 through 1998.

(b) Equivalent Forced Outage Penalty And Incentive Payments

Con Edison shall either pay to Astoria Power an Incentive Payment or Astoria Power shall pay to Con Edison a Penalty Payment, as determined below, based on the availability of the Gas Turbines subject to a Firm Commitment relative to the historical FOF of the Gas Turbines as set forth in Appendix A. Penalty and Incentive Payments shall be based on performance of the Gas Turbines only during the Time Period. Calculation of the Penalty and Incentive Payments shall exclude (i) the performance of any Unit scheduled for maintenance during the applicable Time Period in accordance with a Maintenance Outage Schedule, a maintenance outage request or a load limitation request approved by Con Edison in accordance with Article 4(f), and (ii) Astoria Power's inability to comply with the Firm Commitment due to Con Edison's failure to provide Fuel in accordance with Article 5, Con Edison's inability to accept Energy generated by the Gas Turbines into its transmission system or a Force Majeure Event specified in Article 10. The formulas for computing such Penalty and Incentive Payments are set forth below and illustrative computations are included in Appendix C hereto.

Penalty and Incentive Payments based on the performance of the Gas Turbines shall be calculated as follows:

1. The number of MWs as committed by Con Edison in the Firm Commitment;
2. The historic FOF, expressed as a decimal, set forth on Appendix A hereto;
3. Penalty Payment Rate is equal to $10/MWh;
4. Incentive Payment Rate is equal to Penalty Payment Rate times historic FOF, divided by 1 minus historic FOF;
5. For each hour in the Time Period when Gas Turbines on an aggregate basis are dispatched, the Penalty Payment is equal to the number of MWs not available for dispatch times the Penalty Payment Rate;
6. For each hour in the Time Period when Gas Turbines on an aggregate basis are dispatched, the Incentive Payment is equal to the number of MWs dispatched times the Incentive Payment Rate;
7. At the end of the month, hourly Penalty Payments and Incentive Payments are summed;
8. For the month, if the total Incentive Payments less the total Penalty Payments is a positive value (net Incentive Payment), Con Edison will pay the net Incentive Payment to Astoria Power. If the difference is

a negative value (not Penalty Payment), Astoria Power will pay the net Penalty Payments to Con Edison.

(c) Billing and payment of the ECP and Incentive and Penalty Payments shall be made in accordance with Article 7. Con Edison shall reimburse Astoria Power for all taxes, surcharges, adjustments or other assessments imposed by law, rule or regulation, other than those based on income (such as federal income taxes), which are of general applicability and imposed on the sales of Energy hereunder.

(d) Except as otherwise provided in this Agreement, Con Edison shall make no other payment to Astoria Power for Energy actually provided under this Agreement.

(e) Notwithstanding anything in the foregoing to the contrary, calculations of Penalty and Incentive Payments shall also be based upon the performance of the Gas Turbines during the entire 64-hour period beginning at 6

p.m. on Friday, December 31, 1999 and ending on 10 a.m. on Monday, January 3, 2000, which performance shall not be excused by a Year 2000 (Y2K) computer error, malfunction, or problem.

ARTICLE 4 SCHEDULING

(a) Astoria Power and Con Edison shall comply in all material respects with the applicable Energy scheduling requirements under NYPP rules and regulations. Unless otherwise provided for under NYPP rules and regulations, Con Edison shall have the sole authority to dispatch any of the Gas Turbines specified in the Firm Commitments, up to their full capability, from Con Edison's Energy Control Center. The Gas Turbine Unit(s) specified in the Firm Commitments must be available for dispatch for the entire Monday through Sunday period starting at 12:01 a.m. Monday morning of the applicable Week. The full capability and minimum run time of each Unit is specified in Appendix B.

(b) Con Edison shall specify Firm Commitments for each Week by 5 p.m. on the Thursday preceding the Week. If at any time after receipt of Con Edison's Firm Commitment, Astoria Power determines that it cannot comply with such Firm Commitment with respect to any Unit, Astoria Power shall immediately notify Con Edison of such determination,

(c) Astoria Power shall have the right to enter into a bilateral

contract for the sale of Energy generated by a Unit not subject to a Firm Commitment to a third party. Con Edison shall provide transmission service under Con Edison's Open Access Transmission Tariff ("OATT") to Astoria Power for sales to third parties within and outside Con Edison's service area. In the event and to the extent that undergeneration by Astoria Power during a bilateral sale is covered and provided by Con Edison, Astoria Power shall reimburse Con Edison for the amount of such undergeneration based upon Con Edison's incremental power costs coincident with the undergeneration period, as determined by Con Edison. When Con Edison provides Astoria Power with transmission service for deliveries to third parties outside Con Edison's service area, the transmission service will be provided up to the interconnection point between Con Edison's transmission system and the transmission system of the third party or the transmission system of an intervening party through which such deliveries are to be made. Astoria Power shall notify Con Edison of bilateral transactions made with third parties and shall reserve and pay for Con Edison OATT transmission services required to support these sales. If Astoria Power does not enter into a bilateral contract for the sale of Energy from a Unit not subject to a Firm Commitment, Con Edison shall have the right to commit and dispatch that Unit on a real-time basis. For the purpose of the Penalty and Incentive calculations as described in Article 3(b), such real-time commitment and dispatch shall be considered a Firm Commitment.

(d) On a real-time basis, Con Edison shall dispatch a Unit from the Con Edison Energy Control Center using signals from the NYPP or modified NYPP signals based on Con Edison's transmission control area regulation requirements or local reliability rules. Con Edison shall commit or dispatch a Unit to respond to system conditions, including, but not limited to: storm watch, maximum generation levels, minimum oil burn and remote start.

(e) Whenever the Units are committed or dispatched by Con Edison, the Units shall provide Energy and ancillary services on a real time dispatch basis (including appropriate levels of 10 minute spinning, 10 minute non-spinning, and 30 minute operating reserves as required by the NYPP, voltage support such as supplying or absorbing Volt Ampere-Reactive (VARS) power, frequency control and automatic generation control) as required by Con Edison. Astoria Power shall receive no additional payment for any such ancillary services.

(f) Within 14 days of the Closing Date, Astoria Power shall provide to Con Edison a Maintenance Outage Schedule relating to the Gas Turbines for the first year following Closing. Astoria Power shall provide subsequent Maintenance Outage Schedules to Con Edison one year from the Closing Date, and annually thereafter, until this Agreement is terminated. All Maintenance Outage Schedules shall be subject to Con Edison's approval within 30 days of receipt by Con Edison, such approval not to be unreasonably withheld; provided, however, that Con Edison may require Astoria Power to subsequently amend an approved Maintenance Outage Schedule with respect to any Unit, at any time prior to the date that the Unit is scheduled to be removed from service, due to Con Edison's concerns with the reliability of the electric system, unless the planned maintenance cannot be delayed pursuant to Good Utility Practices. As necessary, Astoria Power shall provide Con Edison with maintenance outage requests and load limitation requests in order to perform necessary maintenance that is not indicated on a Maintenance Outage Schedule. If necessary, such request shall be renewed by Astoria Power on a weekly basis in accordance with the Firm Commitment. All such changes to the Maintenance Outage Schedules shall be subject to Con Edison's approval, such approval not to be unreasonably withheld.

(g) If Astoria Power enters into a bilateral transaction with a third party as provided by Article 4(c), such transactions must be scheduled in advance with Con Edison. These transactions must conform to all NYPP scheduling requirements, including NERC tagging requirements. All bilateral transactions must be scheduled with Con Edison on a daily basis as soon as they are finalized, but no later than noon of the day prior to the day the transaction will occur. Intra-day transactions between Astoria Power and a third party will be scheduled by Con Edison provided that they do not conflict with or otherwise reduce Con Edison's electric system reliability. Notwithstanding the foregoing, Con Edison reserves the right to curtail all bilateral transactions that may jeopardize system reliability in accordance with NYPP standards.

(h) Astoria Power shall immediately notify Con Edison of any change in the availability and/or capability of any Unit and the expected duration of any outage or derating.

ARTICLE 5 FUEL

(a) Con Edison shall, at its own cost, procure and supply all Fuel required by the Gas Turbines to operate for Energy sales to Con Edison. All such Fuel shall meet Con Edison's specifications in effect as of the Closing Date. Con Edison shall provide and be responsible for all costs for all services associated with the delivery of Fuel, including but not limited to natural gas balancing and all local gas transportation costs associated with the supply of natural gas to the Gas Turbines.

(b) Con Edison shall also procure and supply all Fuel Oil required by the Gas Turbines for Energy sales to third parties by Astoria Power. Astoria Power shall reimburse Con Edison for Fuel Oil used for such Astoria Power third-party sales, based on Con Edison's cost of fuel. Astoria Power shall procure and supply all the natural gas required to support a bilateral sale to a third party and shall be responsible for all incremental costs associated with such natural gas supply incurred by Con Edison, including but not limited to balancing the natural gas supply and all incremental local transportation costs associated with Astoria Power's bilateral sales incurred by Con Edison. Upon reasonable request by Astoria Power, Con Edison shall make available daily information on gas balancing and nomination.

(c) Con Edison shall procure, manage and pay all costs associated with transportation of Fuel Oil to the site. Fuel Oil deliveries shall be scheduled during normal business hours, unless otherwise required by conditions outside the reasonable control of the either Party, with 24-hours advance notification.

(d) Astoria Power shall be responsible for all on-site storage, equipment related thereto and handling of the Fuel Oil, including receiving all Fuel Oil from the Fuel Oil delivery barges and Fuel Oil metering and measurement, Con Edison shall be responsible for all required Fuel sampling and shall provide copies of sample results to Astoria Power.

(e) Con Edison shall have sole discretion in determining which Fuels are to be burned in each Unit and will specify the fuel mix to Astoria Power as appropriate; provided, however, that, to the extent feasible, Con Edison shall use natural gas as the primary fuel to be burned in the Gas Turbine units GT2 through GT4; and, provided, further, that in all instances, Fuel selected to be burned will be

compliant with all applicable Environmental Laws,

ARTICLE 6 ENVIRONMENTAL

6.1 Use of NOx Allowances

(a) All nitrogen oxide (NOx) allowances allocated to the Gas Turbines by the Department of Environmental Conservation (DEC) under 6 NYCRR Part 227-3.5 (a) may be used by Con Edison for NOx emissions from either the Ravenswood Generating Station or Ravenswood Gas Turbines, or Arthur Kill and Astoria Generating Stations or Narrows, Gowanus or Astoria Gas Turbines (hereinafter collectively referred to as "Generators"); provided, however, that such allowances may be so used at the Generators other than the Astoria Gas Turbines only to the extent that NOx emissions exceed allowances allocated to those Generators under 6 NYCRR Part 227-3.5(a), and only to the extent that NOx allowances from those Generators are also made available to Con Edison for similar use. Astoria Power shall provide NOx allowances for its bilateral transactions with third parties pursuant to Article 4(c).

(b) At the end of each ozone season (May 1 through September 30), Con Edison shall determine the number of tons of NOx emissions that were emitted from the Generators. This amount shall be subtracted from the NOx allowances allocated to the Generators under 6 NYCRR Part 227-3.5 (a) to determine if any of these Part 227-3.5(a) NOx allowances remain. Only to the extent that such NOx allowances remain, Con Edison shall have the right to direct the reallocation by November 15 of each year of these NOx allowances on a pro-rata basis in relation to the total NOx allowances allocated to the Generator under 6 NYCRR Part 227 - 3.5 (a); provided, however, that such allocation may be proportionately increased or decreased by Con Edison based on the performance of the Generators for which NOx emission performance criteria have been established. At the end of each ozone season, Astoria Power shall transfer the Part 227-3.5(a) NOx allowances in the Astoria Gas Turbines account to the Generators as determined by Con Edison pursuant to this paragraph, provided that the owners of the other Generators similarly make such transfers as determined by Con Edison. If the NOx allowances allocated to the Generators under 6 NYCRR Part 227-3.5 (a) are not sufficient to satisfy the NOx emissions from the Generators during the ozone season, then Con Edison shall be

responsible for the allowance deficiency except to the extent that such deficiency is due to operation of Generators for which NOx emission performance criteria have been established.

(c) Con Edison shall include the Gas Turbines in its NOx RACT System-wide Averaging Program ("Program") and shall be responsible for meeting the 24-hour allowable system-wide NOx average for all generators included in the Program. Con Edison shall monitor the operation of the Gas Turbines and apply the applicable NOx emission rate. Con Edison shall prepare and file with DEC the quarterly NOx RACT Report an the system-wide averaging. In the event of a forced outage of a Unit, Con Edison shall prepare, with the support of Astoria Power, the documentation required by the DEC regulations (6 NYCRR Section 227-2.5(b)(1). Con Edison shall provide to Astoria Power bi-weekly reports on NOx allowances estimated usage by all Generators. Con Edison has the right to curtail any third-party bilateral transaction that may, in its sole opinion, jeopardize the 24-hour allowable system wide NOx average.

(d) Con Edison shall be responsible for the preparation for Astoria Power's approval, and Astoria Power shall submit, the quarterly electronic data report to the U.S. Environmental Protection Agency as required by the DEC NOx Budget Rule.

(e) In the event that the DEC does not approve the inclusion of the Gas Turbines in Con Edison's NOx RACT System-wide Averaging Program, the Parties shall renegotiate the provisions of this Article 6 to otherwise carry out the intent of this Article 6 and other pertinent provisions.

6.2 Fuel Oil Spills

Astoria Power shall take all appropriate notification and other actions with respect to Fuel Oil spills as required by law and regulation.

ARTICLE 7 BILLING AND PAYMENT PROCEDURES

7.1 Billing and Payments

(a) In respect of each Month ending after the Closing Date, Astoria Power shall, on or prior to the twentieth day of the following Month prepare and render an invoice to Con Edison for the ECP, less

any Penalty Payments or plus any Incentive Payments as described in Article 3, due from Con Edison to Astoria Power for the preceding Month, calculated in accordance with Article 3. The Payments owed, shall be due and payable 10 Business Days after Con Edison receives an invoice. All payments due under this Agreement shall be made in immediately available funds by wire transfer to accounts designated by the Parties.

(b) If any payment falls due on a day that is not a Business Day, then the payment shall be made on the next Business Day.

(c) Interest on unpaid amounts, payments received after the due date or payments in dispute that are held in escrow shall accrue at a rate equal to the prime commercial lending rate established from time to time by Chase Manhattan Bank, N.A., New York, New York, or its successor, from the due date until the date upon which payment is made.

(d) All billings to Con Edison shall be sent to:

Consolidated Edison Company of New York, Inc.

4 Irving Place
New York, New York 10003
Attention: (To Be Specified By Con Edison Prior To The Closing Date)

All billings to Astoria Power shall be sent to:

Astoria Gas Turbine Power LLC
1221 Nicollet Mail; Suite 700
Minneapolis, Minnesota, 55403
Attention: (To Be Specified By Astoria Power Prior To The Closing Date)

(e) Any payments owed directly by Astoria Power to the NYPP, shall be made pursuant to the procedures established by the NYPP, Astoria Power shall be responsible for its share of the NYPP Control Performance System payments or penalties, as the case may be, as applied to Con Edison based on the performance of the Gas Turbines. Con Edison shall determine the allocation of NYPP Control Performance System payments or penalties to the Gas Turbines. Invoices for such

payments or penalties shall be submitted by Con Edison to Astoria Power, and payments by Astoria Power shall be made to Con Edison, in accordance with the timeframe set forth in Article 7.1 (a).

(f) Any other payments due under this Agreement shall be invoiced and paid in accordance with the timeframe set forth in Article 7. 1 (a). To the extent the auxiliary power consumed by the Gas Turbines and other related Auctioned Assets owned by Astoria Power is not fully offset in any month by Energy generated by the Gas Turbines, as contemplated in Article 3(a)(1), such remaining auxiliary power shall be carried forward to be so offset by Energy generated by the Gas Turbines in the next month, and Astoria Power shall reimburse Con Edison for any remaining auxiliary power at the termination of this Agreement based upon the payments for Energy made by Con Edison in the last month prior to the termination of this Agreement.

(g) The Parties shall maintain records, accounts and other documents sufficient to reflect accurately all transactions hereunder for a period of four years from the time of the transactions. Each Party shall, at its own expense, have the right to audit such records, accounts and other documents of the other Party during such four-year period upon reasonable prior notice to the other Party, subject to Article 24.

7.2 Billing Disputes

If a Party contests the amount billed in accordance with Article 7.1 before such amount is due, the contesting Party shall pay the undisputed billed amount when due and promptly provide written notice to the other Party of the disputed amount, identifying the reason for the dispute. If neither Party disputes a bill within six Months after the due date of such bill, such bill shall be deemed correct. The Parties shall engage in good faith negotiations to resolve any disputed amounts within 30 days, after receipt of the written notice identifying the dispute. If the Parties are unable to resolve a dispute within such period, the disputed amounts shall, if requested by the billing party, be paid into an escrow account within 30 days of such request pending resolution of the dispute. Thereafter, either Party may exercise such remedies as may be available under this Agreement, at law or in equity. However, such billing dispute under this Section 7.2 shall not constitute an Event of Default as that term is defined in Article 9(c) and such remedies do not include the temporary or long-term cessation of the supply of Energy from Astoria Power to Con Edison in accordance with

the terms of this Agreement. Interest at the rate specified in Section 7.1 (c) shall accrue on any amount due hereunder, if any, that is refunded or credited to the contesting Party or that is released from escrow to the non-contending Party, when the contested amount is resolved.

7.3 Survival

The provisions of this Agreement shall survive termination, expiration, cancellation, suspension, or completion of this Agreement to the extent necessary to allow for final billing and payment.

ARTICLE 8 INDEMNIFICATION

8.1 Indemnification

(a) Astoria Power shall indemnify and hold harmless Con Edison and its Affiliates and their respective officers, directors, trustees, employees and agents (collectively with Con Edison and its Affiliates, the "Con Edison Indemnitees") from and against any and all claims, demands, liabilities, costs, losses, judgments, damages, obligations, payments and expenses (including reasonable legal fees and expenses and including costs and expenses incurred in connection with investigations and settlement proceedings) (each, an "Indemnifiable Loss"), as incurred, asserted against or suffered by any Con Edison Indemnitee relating to, resulting from or arising out of (A) damage to property or (B) injury to or death of any person, including Con Edison Indemnitees, Astoria Power's Indemnitees (as defined below), or any third parties, in each case, to the extent caused by the gross negligence or willful misconduct of Astoria Power, its Affiliates or their respective officers, directors, trustees, employees, agents, subcontractors and successors and arising out of or in connection with this Agreement and not caused by the negligence or willful misconduct of such Con Edison Indemnitee, or (C) any breach by Astoria Power of any covenant or agreement by Astoria Power, or representation or warranty of Astoria Power that survives Closing pursuant to Article 14-3. contained in this Agreement,

(b) Con Edison shall indemnify and hold harmless Astoria Power and its Affiliates and their respective officers, directors, trustees, employees and agents from and against (collectively with Astoria Power and its Affiliates, the 'Astoria Power Indemnitees") any and all

Indemnifiable Losses, as incurred, asserted against or suffered by any Astoria Power Indemnitee relating to, resulting from or arising out of (A) damage to property, or (B) injury to or death of any person, including Astoria Power Indemnitees, Con Edison's Indemnitees or any third parties, in each case, to the extent caused by the gross negligence or willful misconduct of Con Edison, its Affiliates or its their respective officers, directors, trustees, employees, agents, subcontractors and successors and arising out of or connected with this Agreement and not caused by the negligence or willful misconduct of such Astoria Power Indemnitee, or (C) any breach by Con Edison of any covenant or agreement by Con Edison, or representation or warranty of Con Edison that survives Closing pursuant to Article 14.3, contained in this Agreement.

(c) The amount of any Indemnifiable Loss shall be reduced to the extent that the relevant Astoria Power Indemnitee or Con Edison Indemnitee

(each, an "Indemnitee") receives any insurance proceeds with respect to an Indemnifiable Loss. If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect thereof, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other person, the amount of such reduction, less any costs, expenses or premiums incurred in connection therewith, will promptly be repaid by the Indemnitee to the Party required to provide indemnification hereunder (the "Indemnifying Part") with respect to such Indemnifiable Loss.

(d) To the fullest extent permitted by law, neither Party nor any Astoria Power Indemnitee or any Con Edison Indemnitee shall be liable to the other Party or any other Astoria Power Indemnitee or Con Edison Indemnitee for any claims, demands or suits for consequential, incidental, special, exemplary, punitive, indirect or multiple damages connected with or resulting from any breach of this Agreement, or any actions undertaken in connection with or related hereto, including any such damages which are based upon breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, statute, operation of law or any other theory of recovery.

(e) The rights and remedies of Con Edison and Astoria Power under this Article 8 are, solely as between Con Edison and Astoria Power, exclusive and in lieu of any and all other rights and remedies

which Con Edison and Astoria Power may have under this Agreement or otherwise for monetary relief with respect to (i) any breach of, or failure to perform, any covenant or agreement set forth in this Agreement by Con Edison or Astoria Power or (ii) any breach of any representation or warranty by Con Edison or Astoria Power. Each Party agrees that the previous sentence shall not limit or otherwise affect any non-monetary right or remedy which either Party may have under this Agreement or otherwise limit or affect either Party's right to seek equitable relief, including the remedy of specific performance.

(f) Astoria Power and Con Edison agree that, notwithstanding Section 8.1 (e), each Party shall retain, subject to the other provisions of this Agreement, including Sections 8.1 (d), all remedies at law or in equity with respect to fraud or willful or intentional breaches of this Agreement.

8.2 Third Party Claims Procedures

(a) If any Indemnitee receives notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any person who is not a Party or an Affiliate of a Party (a "Third Party claim") with respect to which indemnification is to be sought from an Indemnifying Party, the Indemnitee will give such Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 20 Business Days after the Indemnity's receipt of notice of such Third Party Claim; provided, however, that a failure to give timely notice will not affect the rights or obligations of any Indemnitee except if, and only to the extent that, as a result of such failure, the Indemnifying Party was actually prejudiced. Such notice shall describe the nature of the Third Party Claim in reasonable detail and will indicate the estimated amount, if practicable, of the Indemnifiable Loss that has been or may be sustained by the Indemnitee.

(b) If a Third Party Claim is made against an Indemnitee, the Indemnifying Party will be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the Indemnifying Party; provided, however, that such counsel is not reasonably objected to by the Indemnitee; and provided further that the Indemnifying Party first admits in writing its liability to the Indemnitee with respect to all

material elements of such claim. Should the Indemnifying Party elect to assume the defense of a Third

Party Claim, the Indemnifying Party will not be liable to the Indemnitee for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof. If the Indemnifying Party elects to assume the defense of a Third Party Claim, the Indemnitee will (i) cooperate in all reasonable respects with the Indemnifying Party in connection with such defense, (ii) not admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the Indemnifying Party's prior written consent and (iii) agree to any settlement, compromise or discharge of a Third Party Claim which the Indemnifying Party may recommend and which by its terms obligates the Indemnifying Party to pay the full amount of the liability in connection with such Third Party Claim and releases the Indemnitee completely in connection with such Third Party Claim. In the event the Indemnifying Party shall assume the defense of any Third Party Claim, the Indemnitee shall be entitled to participate in (but not control) such defense with its own counsel at its own expense. If the Indemnifying Party does not assume the defense of any such Third Party Claim, the Indemnitee may defend the same in such manner as it may deem appropriate, including settling such claim or litigation after giving notice to the Indemnifying Party of the terms of the proposed settlement and the Indemnifying Party will promptly reimburse the Indemnitee upon written request. Anything contained in this Agreement to the contrary notwithstanding, no Indemnifying Party shall be entitled to assume the defense of any Third Party Claim if such Third Party Claim seeks an order, injunction or other equitable relief or relief for other than monetary damages against the Indemnitee which, if successful, would materially adversely affect the business of the Indemnitee.

8.3 Survival

The indemnification obligations of each Party under this Article 8 shall become effective upon the occurrence of the Closing Date, and, for acts and occurrences prior to expiration, termination, completion, suspension or cancellation of this Agreement, shall continue in full force and effect regardless of whether this Agreement expires, terminates, or is suspended, completed or canceled. Such obligations shall not be limited in any way by any limitation on insurance or by any compensation or benefits payable by the Parties under workers' compensation acts, disability benefit acts or other employee acts, or otherwise.

ARTICLE 9 LIMITATION OF LIABILITY

(a) Subject to indemnity obligations set forth in Article 8, upon an Event of Default by Con Edison under this Agreement, which Event of Default is not excusable due to a Force Majeure Event or due to an Event of Default by Astoria Power under this Agreement, Con Edison's liability to Astoria Power shall be limited to Astoria Power's direct damages incurred by Astoria Power as a result of such Event of Default by Con Edison.

(b) Subject to indemnity obligations set forth in Article 8, upon an Event of Default by Astoria Power under this Agreement, which Event of Default is not excusable due to a Force Majeure Event or due to an Event of Default by Con Edison under this Agreement, Astoria Power's liability to Con Edison shall be limited to Con Edison's direct damages incurred by Con Edison as a result of such Event of Default by Astoria Power.

(c) Unless excused by a Force Majoure Event, or an Event of Default by the other Party, each of the following events individually shall constitute an "Event of Default" by a Party hereunder: failure by such Party, in any material respect, to comply with, observe, or perform any covenant, warranty or obligation under this Agreement, if such failure is not cured or rectified within 30 days after receipt of written notice of such failure from the other Party or such longer period as may be reasonably required provided, however, that the defaulting Party diligently attempts to cure such Event of Default.

(d) The provisions of this Article 9 shall survive termination, cancellation, suspension, completion, or expiration of this Agreement.

ARTICLE 10 FORCE MAJEURE

(a) Notwithstanding anything in this Agreement to the contrary, neither Party shall have any liability or be otherwise responsible to the other for its failure to carry out its obligations, with the exception of any obligation to pay money, under this Agreement if and only to the extent that it becomes impossible for either Party to so perform as a result of any occurrence or event which is beyond the reasonable control, and does not result from any negligence, of the Party affected (each, a "Force Majeure Event"), including any act of God, strike or any other labor disturbance, act of a public enemy, war,

act of terrorism, riot, any other civil disturbance, fire, storm, lightning, flood, earthquake, any other natural disasters, explosion, any order or regulation or restriction imposed by any Governmental Authority, failure of a contractor or subcontractor caused by a Force Majeure Event and transportation delays or stoppages.

(b) Nothing contained in this Article 10 shall relieve any Party of the obligation to make payments when due pursuant to this Agreement.

(c) If a Party shall rely on the occurrence of a Force Majeure Event as a basis for being excused from performance of its obligations under this Agreement, then the Party relying on such occurrence shall (i) provide prompt written notice of such Force Majeure Event to the other Party giving an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) exercise its reasonable best efforts to continue to perform its obligations under this Agreement; (iii) reasonably and expeditiously take action to correct or cure the Force Majeure Event, provided, however, that settlement of strikes or any other labor disturbance will be completely within the sole discretion of the Party affected by such strike or labor dispute; (iv) exercise its reasonable best efforts to mitigate or limit damages to the other Party; and (v) provide prompt written notice to the other Party of the cessation of the Force Majeure Event.

(d) The provisions of this Article 10 shall survive termination, cancellation, suspension, completion or expiration of this Agreement.

ARTICLE 11 DEFAULT AND TERMINATION

(a) This Agreement shall automatically terminate if the APSA is terminated.

(b) Con Edison and Astoria Power agree that, notwithstanding any other provision of this Agreement or in the APSA, this Agreement may not be terminated prior to its expiration by either Party under any circumstances, including as a result of a breach, whether or not material, by the other Party, except pursuant to an agreement in writing executed by each Party.

ARTICLE 12 ADDI11ONAL REMEDIES

The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, the non-defaulting Party may pursue any remedies and may begin proceedings at the FERC to terminate this Agreement by giving at least ten days advance written notice to the defaulting Party, such termination to be effective as of the date specified in such notice, subject to the approval of the FERC, in accordance with FERC regulations.

ARTICLE 13 DISPUTES

Any disputes between Con Edison and Astoria Power as to their rights and obligations under this Agreement shall first be addressed by the Parties. If representatives of the Parties are unable in good faith to satisfactorily resolve their disagreement, the Parties shall refer the matter to their respective senior management. If after using their reasonable best efforts to try to resolve the dispute, senior management cannot resolve the dispute within 30 days, either Party may exercise any right or remedy available pursuant to this Agreement.

ARTICLE 14 REPRESENTATIONS AND WARRANTIES

14.1 Representations and Warranties of Con Edison

Con Edison represents and warrants to Astoria Power as follows:

(a) Organization. Con Edison is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and Con Edison has all requisite corporate power and authority to carry on its business as currently conducted.

(b) Authority Relative to this Agreement. Con Edison has all necessary corporate power and authority to execute and deliver this Agreement and, subject to the procurement of applicable regulatory

approvals, to perform its obligations under this Agreement. To the extent necessary, the execution and delivery by Con Edison of this Agreement and the performance by Con Edison of its obligations hereunder have been duly and validly authorized by the Board of Trustees of Con Edison or by a committee thereof to whom such authority has been delegated and no other corporate proceedings on the part of Con Edison are necessary to authorize this Agreement or the performance of its obligations hereunder. This Agreement has been duly and validly executed and delivered by Con Edison and, assuming that this Agreement constitutes a valid and binding agreement of Astoria Power, constitutes a valid and binding agreement of Con Edison, enforceable against Con Edison in accordance with its terms.

(c) Regulatory Approval. Con Edison has obtained or made, as the case may be, or will obtain or make, as the case may be, by the Closing Date any and all declarations, filings, registrations, notices, authorizations, consents or approvals of or to any public authority that are required for Con Edison to execute and deliver this Agreement and to perform its obligations hereunder,

other than such declarations filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made, would not, individually or in the aggregate, create a material adverse effect in respect of the performance by Con Edison of its obligations under this Agreement.

(d) Compliance With Law. Con Edison is in compliance with all applicable laws, statutes, orders, rules, regulations, ordinances or judgments of any Federal, state, or local governmental authority other than such failures to be in compliance with such applicable laws, statutes, orders, rules, regulations, ordinances or judgments which would not, individually or in the aggregate, create a material adverse effect in respect of the performance by Con Edison of its obligations under this Agreement. Con Edison has not received any written notification that it is in violation of any of such laws, statutes, orders, rules, regulations, ordinances or judgments, except for notification of violations which would not, individually or in the aggregate, create a material adverse effect in respect of the performance by Con Edison of its obligations under this Agreement.

14.2 Representations and Warranties of Astoria Power

Astoria Power represents and warrants to Con Edison as follows:

(a) Organization. Astoria Power is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and Astoria Power has all requisite power and authority to carry on its business as is now being conducted.

(b) Authority Relative to this Agreement. Astoria Power has all necessary power and authority to execute and deliver this Agreement and, subject to the procurement of applicable regulatory approvals, to perform its obligations under this Agreement. To the extent necessary, the execution and delivery of this Agreement and the performance by Astoria Power of its obligations hereunder have been duly and validly authorized by the Executive Committee of Astoria Power or by a committee thereof to whom such authority has been delegated and no other proceedings on the part of Astoria Power are necessary to authorize this Agreement or the performance of its obligations hereunder. This Agreement has been duly and validly executed and delivered by Astoria Power and, assuming that this Agreement constitutes a valid and binding agreement of Con Edison, constitutes a valid and binding agreement of Astoria Power, enforceable against Astoria Power in accordance with its terms.

(c) Regulatory Approval. Astoria Power has obtained or made, as the case may be, or will obtain or make, as the case may be, by the Closing Date any and all declarations, filings, registrations, notices, authorizations, consents or approvals of or to any public authority that are required for it to execute and deliver this Agreement and to perform its obligations hereunder, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made, would not, individually or in the aggregate, create a material adverse effect in respect of the performance by Astoria Power of its obligations under this Agreement.

(d) Compliance With Law. Astoria Power is in compliance with all applicable laws, statutes, orders, rules, regulations, ordinances or judgments of any Federal, state, or local governmental authority, other than such failures to be in compliance with such applicable laws, statutes, orders, rules, regulations, ordinances or judgments which would not, individually or in the aggregate, create a material adverse effect in respect of the performance by Astoria Power of its obligations under this Agreement. Astoria Power has not received any written notification that it is in violation of any of such laws, statutes, orders, rules, regulations, ordinances or judgments, except for notifications of

violations which would not, individually or in the aggregate, create a material adverse effect in respect of the performance by Astoria Power of its obligations under this Agreement.

14.3 The representations and warranties in this Article 14 (except as set forth in Articles 14.1 (d) and 14.2(d)) shall survive the Closing and continue in full force and effect for the term of this Agreement.

ARTICLE 15 ASSIGNMENT; NO THIRD PARTY BENEFICIARIES

(a) This Agreement and all of the provisions hereof shall be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either Party, including by operation of law, without the prior written consent of the other Party, except (i) in the case of Con Edison, to an Affiliate of Con Edison or a third party that has a contractual or statutory obligation to supply Energy to Con Edison's retail customers; (ii) in the case of Astoria Power, to an Affiliate of Astoria Power; and (iii) in the case of either Party, to a lending institution or trustee in connection with a pledge or granting of a security interest in the Auctioned Assets and/or this Agreement; provided, however, that no assignment or transfer of rights or obligations by either Party shall relieve it from the full liabilities and the full financial responsibility, as provided for under this Agreement, unless and until the transferee or assignee shall agree in writing to assume such obligations and duties and the other Party has consented in writing to such assumption. For purposes of this Agreement, the term "Affiliate" shall have the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

(b) Nothing in this Agreement is intended to confer upon any other person except the Parties any rights or remedies hereunder or shall create any other party beneficiary rights in any person.

(c) Notwithstanding anything herein to the contrary, this Agreement shall not constitute a consent by Con Edison to any assignment by NRG Energy pursuant to Section 12.05 of the APSA.

ARTICLE 16 EXTENSION; WAIVER

Either Party may (a) extend the time for the performance of any of the obligations or other acts of the other Party or (b) waive compliance by the other Party with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party. The failure of a Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights. Notwithstanding anything herein to the contrary, to the extent that either Party fails, in any particular instance, to take affirmative steps to exercise its rights to witness, inspect, observe or approve the activities of the other Party, such rights shall, solely with respect to such instance, be deemed waived in respect of such activity.

ARTICLE 17 COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together shall constitute one

and the same instrument.

ARTICLE 18 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of New York (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

ARTICLE 19 SEVERABILITY

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

ARTICLE 20 AMENDMENT

This Agreement may be amended, modified, or supplemented only by an instrument in writing signed on behalf of each of the Parties. If the applicable rules or procedures of the NYPP relating to the transactions contemplated by this Agreement or otherwise affecting the implementation of this Agreement are changed materially, the Parties shall endeavor in good faith to make conforming changes to this Agreement with the intent to fulfill the purposes of this Agreement; provided, however, that in no event shall such changes modify the pricing provisions. Any such conforming change to this Agreement shall be subject to all necessary regulatory authorizations, which the Parties shall request or support, as applicable.

ARTICLE 21 ENTIRE AGREEMENT

This Agreement embodies the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to herein or therein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transaction contemplated by this Agreement.

ARTICLE 22 FURTHER ASSURANCES

The Parties agree to, from time to time upon the reasonable request of either Party, negotiate in good faith and execute and deliver amendments to this Agreement, including in response to regulatory, technological, operational or other changes affecting the Auctioned Assets or the electric power industry generally, or such other documents or instruments as may be necessary, in order to effectuate the transactions contemplated hereby.

ARTICLE 23 INTERPRETATION

When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including"

are used in this Agreement, they shall be deemed to be followed by the words "without limitation" or equivalent words. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument, statute, regulation, rule or order defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument, statute, regulation, rule or order as from time to time amended, modified of supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes, regulations, rules or orders) by succession of comparable successor statutes, regulations, rules or orders and references to all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors and assigns.

ARTICLE 24 CONFIDENTIALITY

(a) All information regarding a Party (the "Disclosing Party") that is furnished directly or indirectly to the other Party (the "Recipient") pursuant to this Agreement and marked "Confidential" shall be deemed "Confidential Information". Notwithstanding the foregoing, Confidential Information does not include information that (i) is rightfully received by Recipient from a third party not having an obligation of confidence to the Disclosing Party, (ii) is or becomes in the public domain through no action on Recipient's part in violation of this Agreement, (iii) is already known by Recipient as of the date hereof, or (iv) is developed by Recipient independently of any Confidential Information of the Disclosing Party. Information that is specific as to certain data shall not be deemed to be in the public domain merely because such information is embraced by more general disclosure in the public domain.

(b) Recipient shall keep the Confidential Information strictly confidential and shall not (except as required by applicable law, regulation or legal process and then only after compliance with paragraph (c) below), without any prior written consent, disclose any Confidential Information in any manner whatsoever to any third party for

a period of two years from the date the Confidential Information was received by Recipient, except as otherwise provided herein; provided, however, that Recipient may disclose the Confidential Information to its and its Affiliates' respective directors, trustees, officers, employees, consultants, advisors and agents who need to know the Confidential Information for the purpose of assisting Recipient with respect to its obligations under this Agreement. Recipient shall inform all such parties, in advance, of the confidential nature of the Confidential Information. Recipient shall use reasonable efforts to cause such parties to observe the terms of this Agreement and shall be responsible for any breach of this Agreement by any such parties.

(c) If Recipient is requested pursuant to, or required by, applicable law, regulation or legal process to disclose any of the Confidential Information (including pursuant to the rules or regulations of the NYPP, ISO or FERC), Recipient will notify the Disclosing Party promptly so that the Disclosing Party may seek a protective order or other appropriate remedy. In the absence of a protective order, or other appropriate remedy Recipient will furnish only that portion of the Confidential Information which its legal counsel advises Recipient is legally required and Recipient will exercise all reasonable efforts

to obtain reliable assurance that confidential treatment will be accorded the Confidential Information so furnished.

(d) Recipient shall promptly return to the Disclosing Party all items containing or constituting Confidential Information, together with all copies, extracts, or summaries thereof, upon the earlier of (i) the Disclosing Party's request, or (ii) four years after the termination or expiration of this Agreement.

(e) The obligations set forth in this Article 24 shall extend for a period of four years after termination or expiration of this Agreement.

ARTICLE 25 INDEPENDENT CONTRACTOR STATUS

Nothing in this Agreement is intended to create an association, trust, partnership or joint venture between the Parties, or to impose a trust, partnership, or fiduciary duty, obligation or liability on or with respect to either Party, and nothing in this Agreement shall be construed as creating any relationship between Con Edison and Astoria Power other than that of independent contractors.

ARTICLE 26 JURISDICTION

Each of the Parties irrevocably submits to the exclusive jurisdiction of (i) the Supreme Court of the State of New York, New York County and (ii) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or, if such suit, action or proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of the Parties further agrees that service of process, summons, notice or document by hand delivery or U.S. registered mail at the address specified for such Party in Article 28 (or such other address specified by such Party from time to time pursuant to Article 28 shall be effective service of process for any action, suit or proceeding brought against such Party in any such court. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the Supreme Court of the State of New York, New York County, or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

ARTICLE 27 CONFLICTS

Con Edison and Astoria Power agree that, except as expressly otherwise provided herein or therein, in the event of any conflict or inconsistency between the terms of this Agreement and the terms of the APSA or the APSA Amendment, the terms of this Agreement shall prevail.

ARTICLE 28 NOTICES

Unless otherwise specified herein, all notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a telecopied communication, of confirmation), if delivered personally, telecopies (which is confirmed) or sent by overnight courier (providing proof of delivery) to the parties at

the following addresses (or at such other addresses for a Party as shall be specified by like notice):

If to Con Edison, to:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Telecopy No.: (212) 677-0601
Attention: General Counsel

If to Astoria Power to:

Astoria Gas Turbine Power LLC
1221 Nicollet Mail, Suite 700
Minneapolis, Minnesota,55403
Telecopy No.: (612) 373- 5392
Attention: President

With a copy to:

Astoria Gas Turbine Power LLC
1221 Nicollet Mall, Suite 700
Minneapolis, Minnesota, 55403
Telecopy No.: (612) 373-5340
Attention: Commercial Asset Manager

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date and year first above written.

Consolidated Edison Company
of New York, Inc.

By: /s/ Joan S. Freilich
Name: Joan S. Freilich
Title: Exec. VP & CFO

Astoria Gas Turbine Power LLC

By: /s/ Craig A. Mataczynski
Name: Craig A. Mataczynski
Title: President

Exhibit 10.24

TRANSITION POWER PURCHASE AGREEMENT
(HUNTLEY - CALL OPTION - PRE-ISO, PRE INVESTMENT GRADE)

This Transition Power Purchase Agreement (the "Agreement") is entered into as of this 11th day of June, 1999 between Niagara Mohawk Power Corporation ("Niagara Mohawk"), a New York corporation, and Huntley Power LLC, a Delaware limited liability company ("Producer") (each individually a "Party", or collectively the "Parties").

WHEREAS in November 1997 and on March 6, 1998 Niagara Mohawk filed its Plan for Divestiture of its Non-Nuclear Electric Generating Facilities (the "Plan") with the New York State Public Service Commission;

WHEREAS on May 6, 1998 the New York State Public Service Commission approved the Plan subject to certain conditions;

WHEREAS Niagara Mohawk has conducted a Non-Nuclear Generation Divestiture Auction ("Auction") to divest itself of its non-nuclear electrical generating facilities, including its Huntley and Dunkirk generating facilities;

WHEREAS Producer or its affiliate has entered into an agreement ("Asset Sales Agreement, or ASA") to acquire certain facilities from Niagara Mohawk, facilities, including its Huntley generating facility;

WHEREAS Producer, entered into a certain interconnection agreement with Niagara Mohawk in April, 1999 for the interconnection of the Huntley facility; and

WHEREAS pursuant to the ASA, Niagara Mohawk and Producer agreed to enter into Transition Power Purchase Agreements pursuant to which; for a certain period of time, Niagara Mohawk is to purchase from Producer certain quantities of electricity generated by the facility.

NOW THEREFORE, in consideration of the mutual representations, covenants and agreements set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1.
DEFINITIONS

Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified or referred to in this Article 1.

"Agreement" means this Transition Power Purchase Agreement (Huntley - Call Option - Pre-ISO, Pre Investment Grade) dated as of the Closing Date, between, Niagara Mohawk Power Corporation and Producer including all attached

schedules.

"Asset Sales Agreement" or "ASA" means the Asset Sales Agreement dated as of December 23, 1998, between Niagara Mohawk Power Corporation and NRG Energy, Inc.

"Business Day" means any day other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in New York City are authorized by law or other governmental action to close; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Standard (or Daylight) time.

"Closing" means the closing of the transactions contemplated by the ASA.

"Closing Date" means the date and time at which the Closing actually occurs.

"Decline Quantity Cap" means the Maximum Capacity set forth in Schedule A times the hours that make up the previous six Scheduled Quantity Months (adjusted for leap year) times the Equivalent Forced Outage Rate ("EFOR") set forth in Schedule A. The declined quantity shall be calculated on a rolling interval basis during the previous six-Scheduled Quantity Months (for example, hour ending 1400 on February 15, last year through hour ending 1300 February 15, this year including all of the Scheduled Quantity Months). Furthermore, it is understood that on the Closing Date, it shall be deemed that the previous six-Scheduled Quantity Months have an EFOR as listed in Schedule A.

"Delivery Point" means the point at which the interconnection facility is connected to the transmission system as is indicated on a one-line diagram included as part of Exhibit A of the Interconnection Agreement.

"Effective Date" means the Closing Date, as such term is defined in the Asset Sales Agreement between Niagara Mohawk and NRG Energy Inc.

"Energy Management System" means the computer system Niagara Mohawk utilizes to control the operations of the bulk power system in the Company's control area.

"Force Majeure" means (with respect to Firm Transactions) an event not anticipated as of the Effective Date which is not within the reasonable control of the Party claiming Force Majeure (the "Claiming Party"), and which, by the exercise of reasonable due diligence, the Claiming Party, is unable to overcome or avoid or cause to be avoided. Force Majeure includes, but is not restricted to: acts of God; fire; civil disturbance; labor dispute; labor or material shortage; sabotage; action or restraint by court order to public or governmental authority (so long as the Claiming Party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); provided, however, that an event of Force Majeure shall not include (i) the loss of Niagara Mohawk's power markets; (ii) Niagara Mohawk's inability economically to use or resell Power purchased hereunder, (iii) the loss or failure of Producer's Power supply; and (iv) Producer's ability to sell Power to a market at a more advantageous price. A party's year 2000 computer compliance failure shall not constitute Force Majeure.

"Interconnection Agreement" means a separate Interconnection Agreement between Niagara Mohawk Power Corporation and Huntley Power LLC.

"Interest Rate" means, for any date, the prime rate of Citibank as may from time to time be published in The Wall Street Journal under "Money Rates".

"New York Independent System Operator" or "NYISO" means an organization formed in accordance with orders of the Federal Energy Regulatory Commission to administer the operation of the transmission system of New York State, to provide equal access to the bulk power-transmission system and to maintain the reliability of the transmission system of New York State.

"New York Power Pool" or "NYPP" means an organization established by agreement ("the New York Power Pool Agreement") made as of July 21, 1966, and amended as of July 16, 1991, by and among Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Lighting Company, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and the Power Authority of the State of New York.

"Power" means electric capacity as measured in MW or KW and/or energy as measured in MWh or KWh. Energy purchased hereunder will include

applicable reserves (operating capacity), unless the Parties expressly agree otherwise.

"Price" means the price to be paid per unit as specified by Niagara Mohawk to Producer for the purchase of Power, including the energy price, demand charges, and any other charges pursuant to Article 2.

"Quantity" means that quantity of Power that Producer is required to make available or sell and deliver, or cause to be delivered, to Niagara Mohawk, and that Niagara Mohawk agrees to purchase and receive, or cause to be received, from Producer pursuant to Article 3.

"Replacement Price" means, prior to the commencement of the NYISO, Niagara Mohawk's weighted average purchases and sales in the NYPP for each hour as found in the Niagara Mohawk's Energy Management System log line 6033-19, and on or after the commencement of the NYISO, the real time locational based market price ("LBMP") paid to Producers for energy for each hour, at the Unit's bus bar or the region in which the Unit's bus bar is located, specified and published by the NYISO.

"Scheduled Quantity Month" means any calendar month in which a Call Quantity is pre-scheduled pursuant to Schedule D; specifically the calendar months of June, July, August, December, January, February, and the month of March during the year 1999, and 2000 for Huntley, but excluding the month of December during the year 2002 for Dunkirk.

"Scheduling" or "Schedule" means the acts of Producer, Niagara Mohawk and/or their designated representatives, of notifying, requesting and confirming to each other the quantity and type of Power to be delivered on a given hour, day or days at a specified Delivery Point.

"Settlement Date" means the last day of each calendar month during the Term of this Agreement.

"Settlement Period" means with respect to each Settlement Date the period from (but excluding) the immediately preceding Settlement Date (or, in the case of the first Settlement Date, from and including the Effective Date) to (and including) such Settlement Date (or, in the case of the last Settlement

Date, to and including the end of the Term of this Agreement).

"Transmission Providers" means the entity or entities transmitting or transporting the Power on behalf of Producer or Niagara Mohawk from the Delivery Point.

ARTICLE 2.
TRANSACTIONS

2.1. Term of Agreement. The term of this Agreement will begin upon the Closing Date of the ASA (the Effective Date) and will terminate upon the earlier of (i) the fourth anniversary of the Closing Date, or (ii) last day of the month in which the later of (i) the NYISO goes into operation, or (ii) Niagara Mohawk's senior notes of the series having the longest maturity then outstanding have been rated investment grade by (a) S&P and Moody's or (b) S&P or Moody's and at least one other rating agency.

2.2. Compensation. For each month during the term, Niagara Mohawk shall pay Producer one-twelfth of the Call Fee - Stage 1 as set forth in Schedule C. In addition to the foregoing, if Niagara Mohawk has exercised the Call Option (as defined in Article 3.1), for a given hour, Niagara Mohawk shall pay Producer the sum of (A) the product of the hourly Call Quantity multiplied by the Fixed Price ("Pc") as set forth in Schedule C for such hour plus (B) the aggregate Call Fee-Stage 2 as set forth in Schedule C for each such hour, provided that (x) a warm start Call Fee - Stage 2 shall apply and a cold start Call Fee shall not apply with respect to an hour if the respective Unit has been off-line for the preceding 1 hour, but was on-line during any time in the preceding 10 hours, and (y) a cold start Call Fee - Stage 2 shall apply, and a warm start Call Fee - Stage 2 shall not apply, if the Unit has been off-line for the preceding 10 hours. Notwithstanding the provision of (x) and (y), a Call Fee - Stage 2 shall not apply if the Unit was on-line in the preceding hour.

2.3. Compensation Adjustment. Compensation as provided by Article 2.2 shall be offset by Niagara Mohawk's Replacement Power Price less the Fixed Price ("Pc") (as set forth in schedule C) multiplied by the quantity of electricity not delivered in excess of the EFOR targets under Article 3.1. Specifically, in the event the Call Option is exercised and Producer declines and/or fails to deliver and such decline and/or failure of non-delivery quantities exceeds the Decline Quantity Cap, then this Compensation Adjustment shall be made.

2.4. Delivery. Producer will make all of the capacity, energy, and ancillary services of the Units available to Niagara Mohawk at the Delivery Point.

2.5. Installed Capacity. Niagara Mohawk shall retain the right to claim the Capacity, and Producer must provide such Capacity, for Niagara Mohawk's capacity requirements to the NYPP or the NYISO up to the Maximum Capacity set forth in Schedule A. In the event the Producer is unable to provide Capacity acceptable to the NYPP or NYISO in the amount claimed by Niagara Mohawk from its (Producer's) own sources, the Producer must procure the Capacity from the market and provide it to Niagara Mohawk at no cost to Niagara Mohawk. In

the event the Producer fails to provide such Capacity, Producer shall be charged a penalty equivalent to the greater of (i) the penalty rate assessed by the NYPP or NYISO, or (ii) the capacity rate component of Niagara Mohawk's Service Classification Number 6 Tariff.

ARTICLE 3.
NIAGARA MOHAWK'S CALL OPTION

3.1 Scheduling and Commitment. Schedule D shall be deemed to be the Call Quantity. Niagara Mohawk shall have the right ("the Call Option") to require Producer to commit, schedule, and generate electrical output by the Units up to the Call Quantity Cap as set forth in Schedule B not to exceed the Maximum Capacity in Schedule A for any hour. Notwithstanding the foregoing, Producer shall retain the right to refuse a portion of a Call Quantity for a Unit if the Unit is unavailable or derated sufficiently to be unable to fulfill a portion of the Call Quantity. Any such refusal with respect to a Call Quantity, for each Settlement Period, shall be limited to the Decline Quantity Cap. In the event the Decline Quantity Cap is reached during a Settlement Period, Producer shall compensate Niagara Mohawk in accordance with Article 2.3. Producer shall immediately notify Niagara Mohawk of any such refusal, the reason for such refusal and the Call Quantity refused. At the request of Niagara Mohawk, Producer shall provide evidence of such Unit unavailability or derate. Any Call Option exercised by Niagara Mohawk which is refused by Producer in accordance herewith shall be deemed not to have been exercised.

For any exercised Call Option refused by Producer, Niagara Mohawk shall have the right to make up such quantities.

3.2 Exercise of Call Option. Niagara Mohawk may exercise the Call Option with respect to any Interval by delivery of an exercise notice to Producer (which may be delivered orally, including by telephone). Any such notice shall specify the relevant Interval and Call Quantity (in MWh), and shall be given prior Friday at 5:00 PM (EST) for the following week.

If any notice is delivered orally, Niagara Mohawk will execute and deliver a written confirmation confirming the substance of that notice within two Business Days of that notice. Failure to provide that written confirmation will not affect the validity of that oral notice.

3.3 Ancillary Service. Niagara Mohawk may request and, subject to unit availability, Producer must commit Unit(s) to be utilized for ancillary services to the NYPP or NYISO or Niagara Mohawk. Niagara Mohawk may utilize the full operating capacity available from the units it commits for its contribution to

operating capacity and reserve obligations to the NYPP or NYISO, subject to unit availability as determined by Producer in its sale discretion. Niagara Mohawk shall have the right during the term of the Agreement to commit, schedule, and designate for dispatch (if the Unit is capable of receiving base points from the NYPP or NYISO) any and all of the Units. Niagara Mohawk shall have the right to require Unit(s) be available for economic dispatch for purposes of providing ancillary services to the NYPP or NYISO and may rely on Unit(s) to provide voltage support, load following, regulation, reserves, and other similar ancillary services. Changes in the quantity that result from this Article 3.3 shall apply to the Call Quantity.

3.4 Scheduling and Commitment Limitations. Call Quantities shall be subject to the following limitations: (i) no individual Unit Call Quantity nomination schedule can change by more than its response rate (set forth in Schedule A hereto); and (ii) Minimum Capacity and Minimum Down Time (set forth in Schedule A hereto), must be adhered to in the nomination of Call Quantities (e.g. to adhere to the Minimum Down Time, if a Call Quantity is scheduled to zero, the Call Quantity cannot exceed zero again until the Minimum Down Time is met.

ARTICLE 4.
PAYMENT

4.1 Payment. Producer shall provide Niagara Mohawk with an invoice setting forth the quantity of power which was delivered to Niagara Mohawk during the preceding calendar month, the total amount due from Niagara Mohawk, and any applicable supporting documentation. Niagara Mohawk shall remit the amount due by wire transfer, or as otherwise agreed, pursuant to Producer's invoice instructions, on the later of fifteen days from receipt of Producer's invoice or the twenty-fifth (25th) day of the calendar month in which the invoice is rendered.

4.2 Overdue Payments. Overdue payment shall accrue interest at the Interest Rate from, and including, the due date to, but excluding, the date of payment.

4.3 Billing Dispute. If Niagara Mohawk, in good faith, disputes an invoice, then Niagara Mohawk shall immediately notify Producer of the basis for the dispute and pay the portion of such statement conceded to be correct no later than the due date. If any amount withheld under dispute by Niagara Mohawk is ultimately determined (under the terms herein) to be due to Producer, then the disputed amount shall be paid within one (1) day of such determination along with interest accrued at the Interest Rate until the date paid. Inadvertent overpayments shall be returned by Producer upon request or deducted by Producer from subsequent payments, with interest accrued at the Interest Rate until the date paid or deducted.

ARTICLE 5.
FORCE MAJEURE

5.1 Performance Excused. If either Party is rendered unable by an event of Force Majeure to carry out, in whole or part, its obligations under the Agreement, then, for only the pendency of such Force Majeure, the Party affected by the event (other than the obligation to make payments then due or becoming due with respect to performance which occurred prior to the event) shall be temporarily relieved of its obligations insofar as they are affected by Force Majeure but for no longer period. The Party affected by an event of Force Majeure shall provide the other Party with written notice setting forth the full details thereof within two (2) business days after the occurrence of such event and shall take all reasonable measures to mitigate or minimize the effects of such event of Force Majeure; provided, however, that this provision shall not require Producer to deliver, or Niagara Mohawk to receive, Power at points other than the Delivery Point.

ARTICLE 6.
TITLE TRANSFER; LIABILITY

6.1 Title and Risk of Loss. Title to and risk of loss related to the Quantity shall transfer from Producer to Niagara Mohawk at the Delivery Point. Producer warrants that it will deliver to Niagara Mohawk the Quantity free and clear of all liens, claims and encumbrances arising prior to the Delivery Point.

6.2 Indemnity. Each Party shall indemnify, defend and hold harmless the other Party from any Claims arising from any act or incident occurring during the

period when control and title to Power is vested, as between the Parties as provided in Article 6.1, in the indemnifying Party. "Claims" means all third party claims or actions, threatened or filed and, whether groundless, false or fraudulent, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, reasonable attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

6.3 Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants and that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

ARTICLE 7.
LAW

7.1 Governing Law and Jurisdiction. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. Any lawsuits arising under this AGREEMENT shall be instituted in the Federal or State courts of New York located in the City of Syracuse and each Party hereby irrevocably submits to the in personam jurisdiction of such courts. Each Party herein waives its respective right to a jury trial with respect to any litigation arising under or in connection with this Agreement or any Transaction.

ARTICLE 8.
MISCELLANEOUS

8.1 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness is not materially different than that of such Party, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party; provided, however, that in each such case, any such assignee shall agree in writing, to be bound by the terms and conditions hereof and creditworthiness is not materially different than that of such Party.

8.2 Notices. All Notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a telecopied communication, as of confirmation), if delivered personally, if sent by telecopy (which is confirmed) or if sent by overnight courier (providing proof of delivery) to the Parties at the following addresses (or at such other addresses for a Party as shall be specified by like Notice). Scheduling and dispatching Notices can be given orally as outlined in Article 3.

TO NIAGARA MOHAWK:

NOTICES & CORRESPONDENCE:
Niagara Mohawk Power Corporation
Supply Services - HCB#3
300 Erie Boulevard West
Syracuse, New York 13202-4250
Phone: (315) 460-2341

Phone: (315) 460-2271
Fax: (315) 460-2660

SCHEDULING:
(315) 460-2468
(315) 460-2425
Fax - (315) 460-2122

DISPATCHERS:
(315) 460-2120
(315) 460-2130
Fax - (315) 460-2197

INVOICES:
Niagara Mohawk Power Corporation
Power Scheduling and Billing - HCB#3
300 Erie Boulevard West
Syracuse, New York 13202-4250
Phone: (315) 460-2190
Fax: (315) 460-2494

CHECK PAYMENTS:
Niagara Mohawk Power Corp.
Misc. Accounts Receivable C-3
300 Erie Boulevard West
Syracuse, New York 13202-4250

PAYMENTS BY WIRE:
Citibank New York
Account#: 40662754
ABA #: 021000089
Credit To: Niagara Mohawk Power Corporation

TO PRODUCER:

NOTICES & CORRESPONDENCE:
Huntley Power LLC
1221 Nicollet Mall
Minneapolis, MN 55403
Attn: President
Fax No.: (612) 373-5430
Phone No.: (612) 373-8864

PAYMENTS:
LaSalle National Bank, Chicago
ABA #: 071 000 505
Account #: 58 000 768 52
Beneficiary: NRG Energy, Inc.

INVOICES:
Attn: Dan Hudson
Fax No.: (612) 373-5430
Phone No.: (612) 373-8864

SCHEDULING:
Attn: Dan Hudson
Fax No.: (612) 373-5430
Phone No.: (612) 373-8864

8.3. General. This Agreement (including the Schedules attached hereto) constitutes the entire agreement between the Parties with respect to the subject matter contemplated by this Agreement. The Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution

hereof. No amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties. This Agreement shall not impact any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). No waiver by a Party of any default by the other Party shall be construed as a waiver of any other default. Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining lawful obligations that arise under this Agreement. The term "including" when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only. All indemnity and audit rights shall survive the termination of this Agreement for six years.

8.4. Audit. If requested, a Party shall provide to the other Party statements evidencing the quantities of Power delivered at the Delivery Point. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of one (1) year from the rendition thereof.

TRANSITION POWER PURCHASE AGREEMENT
(HUNTLEY - CALL OPTION - PRE-ISO, PRE INVESTMENT GRADE)

The Parties have executed this Agreement in multiple counterparts to be construed as one effective as of the Effective Date.

HUNTLEY POWER LLC

By: /s/ Michael O'Sullivan

Name: Michael O'Sullivan
Title: Vice President
Date: 6/11/99

NIAGRA MOHAWK POWER CORPORATION

By: /s/ Clement E. Nadeau

Name: Clement E. Nadeau
Title: Vice President
Electric Delivery
Date: 6/8/99

EXHIBIT 10.25

TRANSITION POWER PURCHASE AGREEMENT
(DUNKIRK - CALL OPTION - PRE-ISO, PRE INVESTMENT GRADE)

This Transition Power Purchase Agreement (the "Agreement") is entered into as of this 11th day of June, 1999 between Niagara Mohawk Power Corporation ("Niagara Mohawk"), a New York corporation, and Dunkirk Power LLC, a Delaware limited liability company ("Producer") (each individually a "Party", or collectively the "Parties").

WHEREAS in November 1997 and on March 6,1998 Niagara Mohawk filed its Plan for Divestiture of its Non-Nuclear Electric Generating Facilities (the "Plan") with the New York State Public Service Commission;

WHEREAS on May 6, 1998 the New York State Public Service Commission approved the Plan subject to certain conditions;

WHEREAS Niagara Mohawk has conducted a Non-Nuclear Generation Divestiture Auction ("Auction") to divest itself of its non-nuclear electrical generating facilities, including its Huntley and Dunkirk generating facilities;

WHEREAS Producer or its affiliate has entered into an agreement ("Asset Sales Agreement, or ASA") to acquire certain facilities from Niagara Mohawk, facilities, including its Dunkirk generating facility;

WHEREAS Producer, entered into a certain interconnection agreement with Niagara Mohawk in April, 1999 for the interconnection of the Dunkirk facility; and

WHEREAS pursuant to the ASA, Niagara Mohawk and Producer agreed to enter into Transition Power Purchase Agreements pursuant to which; for a certain period of time, Niagara Mohawk is to purchase from Producer certain quantities of electricity generated by the facility.

NOW THEREFORE, in consideration of the mutual representations, covenants and agreements set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1.
DEFINITIONS

Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified or referred to in this Article 1.

"Agreement" means this Transition Power Purchase Agreement (Dunkirk - Call Option - Pre-ISO, Pre Investment Grade) dated as of the Closing Date, between Niagara Mohawk Power Corporation and Producer including all attached schedules.

"Asset Sales Agreement" or "ASA" means the Asset Sales Agreement dated as of December 23, 1998, between Niagara Mohawk Power Corporation and NRG Energy, Inc.

"Business Day" means any day other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in New York City are authorized by law or other governmental action to close; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Standard (or Daylight) time.

"Closing" means the closing of the transactions contemplated by the ASA.

"Closing Date" means the date and time at which the Closing actually occurs.

"Decline Quantity Cap" means the Maximum Capacity set forth in Schedule A times the hours that make up the previous six Scheduled Quantity Months (adjusted for leap year) times the Equivalent Forced Outage Rate ("EFOR") set forth in Schedule A. The declined quantity shall be calculated on a rolling Interval basis during the previous six-Scheduled Quantity Months (for example, hour ending 1400 on February 15, last year through hour ending 1300 February 15, this year including all of the Scheduled Quantity Months). Furthermore, it is understood that on the Closing Date, it shall be deemed that the previous six-Scheduled Quantity Months have an EFOR as listed in Schedule A.

"Delivery Point" means the point at which the interconnection facility is connected to the transmission system as is indicated on a one-line diagram included as part of Exhibit A of the Interconnection Agreement.

"Effective Date" means the Closing Date, as such term is defined in the Asset Sales Agreement between Niagara Mohawk and NRG Energy Inc.

"Energy Management System" means the computer system Niagara Mohawk utilizes to control the operations of the bulk power system in the Company's control area.

"Force Majeure" means (with respect to Firm Transactions) an event not anticipated as of the Effective Date which is not within the reasonable control of the Party claiming Force Majeure (the "Claiming Party"), and which, by the exercise, of reasonable due diligence, the Claiming Party, is unable to overcome or avoid or cause to be avoided. Force Majeure includes, but is not restricted to: acts of God; fire; civil disturbance; labor dispute; labor or material shortage; sabotage; action or restraint by court order to public or governmental authority (so long as the Claiming Party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action); provided, however, that an event of Force Majeure shall not include (i) the loss of Niagara Mohawk's power markets; (ii) Niagara Mohawk's inability economically to use or resell Power purchased hereunder, (iii) the loss or failure of Producer's Power supply; and (iv) Producer's ability to sell Power to a market at a more advantageous price. A party's year 2000 computer compliance failure shall not constitute Force Majeure.

"Interconnection Agreement" means a separate Interconnection Agreement between Niagara Mohawk Power Corporation and Dunkirk Power LLC.

"Interest Rate" means, for any date, the prime rate of Citibank as may from time to time be published in The Wall Street Journal under "Money Rates".

"New York Independent System Operator" or "NYISO" means an organization formed in accordance with orders of the Federal Energy Regulatory Commission to administer the operation of the transmission system of New York State, to provide equal access to the bulk power-transmission system and to maintain the reliability of the transmission system of New York State.

"New York Power Pool" or "NYPP" means an organization established by agreement ("the New York Power Pool Agreement") made as of July 21, 1966, and amended as of July 16, 1991, by and among Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Lighting Company, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and the Power Authority of the State of New York.

"Power" means electric capacity as measured in MW or KW and/or energy as measured in MWh or KWh. Energy purchased hereunder will include

applicable reserves (operating capacity), unless the Parties expressly agree otherwise.

"Price" means the price to be paid per unit as specified by Niagara Mohawk to Producer for the purchase of Power, including the energy price, demand charges, and any other charges pursuant to Article 2.

"Quantity" means that quantity of Power that Producer is required to make available or sell and deliver, or cause to be delivered, to Niagara Mohawk, and that Niagara Mohawk agrees to purchase and receive, or cause to be received, from Producer pursuant to Article 3.

"Replacement Price" means, prior to the commencement of the NYISO, Niagara Mohawk's weighted average purchases and sales in the NYPP for each hour as found in the Niagara Mohawk's Energy Management System log line 6033-19, and on or after the commencement of the NYISO, the real time locational based market price ("LBMP") paid to Producers for energy for each hour, at the Unit's bus bar or the region in which the Unit's bus bar is located, specified and published by the NYISO.

"Scheduled Quantity Month" means any calendar month in which a Call Quantity is pre-scheduled pursuant to Schedule D; specifically the calendar months of June, July, August, December, January, February, and the month of March during the year 1999, and 2000 for Huntley, but excluding the month of December during the year 2002 for Dunkirk.

"Scheduling" or "Schedule" means the acts of Producer, Niagara Mohawk and/or their designated representatives, of notifying, requesting and confirming to each other the quantity and type of Power to be delivered on a given hour, day or days at a specified Delivery Point.

"Settlement Date" means the last day of each calendar month during the Term of this Agreement.

"Settlement Period" means with respect to each Settlement Date the period from (but excluding) the immediately preceding Settlement Date (or, in the case of the first Settlement Date, from and including the Effective Date) to (and including) such Settlement Date (or, in the case of the last Settlement Date, to and including the end of the Term of this Agreement).

"Transmission Providers" means the entity or entities transmitting or transporting the Power on behalf of Producer or Niagara Mohawk from the Delivery Point.

ARTICLE 2.
TRANSACTIONS

2.1. Term of Agreement. The term of this Agreement will begin upon the Closing Date of the ASA (the Effective Date) and will terminate upon the earlier of (i) the fourth anniversary of the Closing Date, or (ii) last day of the month in which the later of (i) the NYISO goes into operation, or (ii) Niagara Mohawk's senior notes of the series having the longest maturity then outstanding have been rated investment grade by (a) S&P and Moody's or (b) S&P or Moody's and at least one other rating agency.

2.2. Compensation. For each month during the term, Niagara Mohawk shall pay Producer one-twelfth of the Call Fee - Stage 1 as set forth in Schedule C. In addition to the foregoing, if Niagara Mohawk has exercised the Call Option (as defined in Article 3.1), for a given hour, Niagara Mohawk shall pay Producer the sum of (A) the product of the hourly Call Quantity multiplied by the Fixed Price ("Pc") as set forth in Schedule C for such hour plus (B) the aggregate Call Fee-Stage 2 as set forth in Schedule C for each such hour, provided that (x) a warm start Call Fee - Stage 2 shall apply and a cold start Call Fee shall not apply with respect to an hour if the respective Unit has been off-line for the preceding 1 hour, but was on-line during any time in the preceding 10 hours, and (y) a cold start Call Fee - Stage 2 shall apply, and a warm start Call Fee - Stage 2 shall not apply, if the Unit has been off-line for the preceding 10 hours. Notwithstanding the provision of (x) and (y), a Call Fee - Stage 2 shall not apply if the Unit was on-line in the preceding hour.

2.3. Compensation Adjustment. Compensation as provided by Article 2.2 shall be offset by Niagara Mohawk's Replacement Power Price less the Fixed Price ("Pc") (as set forth in Schedule C) multiplied by the quantity of electricity not delivered in excess of the EFOR targets under Article 3.1. Specifically, in the event the Call Option is exercised and Producer declines and/or fails to deliver and such decline and/or failure of non-delivery quantities exceeds the Decline Quantity Cap, then this Compensation Adjustment shall be made.

2.4. Delivery. Producer will make all of the capacity, energy, and ancillary services of the Units available to Niagara Mohawk at the Delivery Point.

2.5. Installed Capacity. Niagara Mohawk shall retain the right to claim the Capacity, and Producer must provide such Capacity, for Niagara Mohawk's capacity requirements to the NYPP or the NYISO up to the Maximum Capacity set forth in Schedule A. In the event the Producer is unable to provide Capacity acceptable to the NYPP or NYISO in the amount claimed by Niagara Mohawk from its (Producer's) own sources, the Producer must procure the Capacity from the market and provide it to Niagara Mohawk at no cost to Niagara Mohawk. In

the event the Producer fails to provide such Capacity, Producer shall be charged a penalty equivalent to the greater of (i) the penalty rate assessed by the NYPP or NYISO, or (ii) the capacity rate component of Niagara Mohawk's Service Classification Number 6 Tariff.

ARTICLE 3.
NIAGARA MOHAWK'S CALL OPTION

3.1 Scheduling and Commitment. Schedule D shall be deemed to be the Call Quantity. Niagara Mohawk shall have the right ("the Call Option") to require Producer to commit, schedule, and generate electrical output by the Units up to the Call Quantity Cap as set forth in Schedule B not to exceed the Maximum Capacity in Schedule A for any hour. Notwithstanding the foregoing, Producer shall retain the right to refuse a portion of a Call Quantity for a Unit if the Unit is unavailable or derated sufficiently to be unable to fulfill a portion of the Call Quantity. Any such refusal with respect to a Call Quantity, for each Settlement Period, shall be limited to the Decline Quantity Cap. In the event the Decline Quantity Cap is reached during a Settlement Period, Producer shall compensate Niagara Mohawk in accordance with Article 2.3. Producer shall immediately notify Niagara Mohawk of any such refusal, the reason for such refusal and the Call Quantity refused. At the request of Niagara Mohawk, Producer shall provide evidence Of such Unit unavailability or derate. Any Call Option exercised by Niagara Mohawk which is refused by Producer in accordance herewith shall be deemed not to have been exercised.

For any exercised Call Option refused by Producer, Niagara Mohawk shall have the right to make up such quantities.

3.2 Exercise of Call Option. Niagara Mohawk may exercise the Call Option with respect to any Interval by delivery of an exercise notice to Producer (which may be delivered orally, including by telephone). Any such notice shall specify the relevant Interval and Call Quantity (in MWh), and shall be given prior Friday at 5:00 PM (EST) for the following week.

If any notice is delivered orally, Niagara Mohawk will execute and deliver a written confirmation confirming the substance of that notice within two Business Days of that notice. Failure to provide that written confirmation will not affect the validity of that oral notice.

3.3 Ancillary Service. Niagara Mohawk may request and, subject to unit availability, Producer must commit Unit(s) to be utilized for ancillary services to the NYPP or NYISO or Niagara Mohawk. Niagara Mohawk may utilize the full operating capacity available from the units it commits for its contribution to

operating capacity and reserve obligations to the NYPP or NYISO, subject to unit availability as determined by Producer in its sale discretion. Niagara Mohawk shall have the right during the term of the Agreement to commit, schedule, and designate for dispatch (if the Unit is capable of receiving base points from the NYPP or NYISO) any and all of the Units. Niagara Mohawk shall have the right to require Unit(s) be available for economic dispatch for purposes of providing ancillary services to the NYPP or NYISO and may rely on Unit(s) to provide voltage support, load following, regulation, reserves, and other similar ancillary services. Changes in the quantity that result from this Article 3.3 shall apply to the Call Quantity.

3.4 Scheduling and Commitment Limitations. Call Quantities shall be subject to the following limitations: (i) no individual Unit Call Quantity nomination

schedule can change by more than its response rate (set forth in Schedule A hereto); and (ii) Minimum Capacity and Minimum Down Time (set forth in Schedule A hereto), must be adhered to in the nomination of Call Quantities (e.g. to adhere to the Minimum Down Time, if a Call Quantity is scheduled to zero, the Call Quantity cannot exceed zero again until the Minimum Down Time is met.

ARTICLE 4.
PAYMENT

4.1 Payment. Producer shall provide Niagara Mohawk with an invoice setting forth the quantity of power which was delivered to Niagara Mohawk during the preceding calendar month, the total amount due from Niagara Mohawk, and any applicable supporting documentation. Niagara Mohawk shall remit the amount due by wire transfer, or as otherwise agreed, pursuant to Producer's invoice instructions, on the later of fifteen days from receipt of Producer's invoice or the twenty-fifth (25th) day of the calendar month in which the invoice is rendered.

4.2 Overdue Payments. Overdue payment shall accrue interest at the Interest Rate from, and including, the due date to, but excluding, the date of payment.

4.3 Billing Dispute. If Niagara Mohawk, in good faith, disputes an invoice, then Niagara Mohawk shall immediately notify Producer of the basis for the dispute and pay the portion of such statement conceded to be correct no later than the due date. If any amount withheld under dispute by Niagara Mohawk is ultimately determined (under the terms herein) to be due to Producer, then the disputed amount shall be paid within one (1) day of such determination along with interest accrued at the Interest Rate until the date paid. Inadvertent overpayments shall be returned by Producer upon request or deducted by Producer from subsequent payments, with interest accrued at the Interest Rate until the date paid or deducted.

ARTICLE 5.
FORCE MAJEURE

5.1 Performance Excused. If either Party is rendered unable by an event of Force Majeure to carry out, in whole or part, its obligations under the Agreement, then, for only the pendency of such Force Majeure, the Party affected by the event (other than the obligation to make payments then due or becoming due with respect to performance which occurred prior to the event) shall be temporarily relieved of its obligations insofar as they are affected by Force Majeure but for no longer period. The Party affected by an event of Force Majeure shall provide the other Party with written notice setting forth the full details thereof within two (2) business days after the occurrence of such event and shall take all reasonable measures to mitigate or minimize the effects of such event of Force Majeure; provided, however, that this provision shall not require Producer to deliver, or Niagara Mohawk to receive, Power at points other than the Delivery Point.

ARTICLE 6.
TITLE TRANSFER; LIABILITY

6.1 Title and Risk of Loss. Title to and risk of loss related to the Quantity shall transfer from Producer to Niagara Mohawk at the Delivery Point. Producer warrants that it will deliver to Niagara Mohawk the Quantity free and clear of all liens, claims and encumbrances arising prior to the Delivery Point.

6.2 Indemnity. Each Party shall indemnify, defend and hold harmless the other Party from any Claims arising from any act or incident occurring during the period when control and title to Power is vested, as between the Parties as provided in Article 6.1, in the indemnifying Party. "Claims" means all third

party claims or actions, threatened or filed and, whether groundless, false or fraudulent, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, reasonable attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

6.3 Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants and that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

ARTICLE 7. LAW

7.1 Governing Law and Jurisdiction. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. Any lawsuits arising under this AGREEMENT shall be instituted in the Federal or State courts of New York located in the City of Syracuse and each Party hereby irrevocably submits to the in personam jurisdiction of such courts. Each Party herein waives its respective right to a jury trial with respect to any litigation arising under or in connection with this Agreement or any Transaction.

ARTICLE 8. MISCELLANEOUS

8.1 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness is not materially different than that of such Party, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party; provided, however, that in each such case, any such assignee shall agree in writing, to be bound by the terms and conditions hereof and creditworthiness is not materially different than that of such Party.

8.2 Notices. All Notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a telecopied communication, as of confirmation), if delivered personally, if sent by telecopy (which is confirmed) or if sent by overnight courier (providing proof of delivery) to the Parties at the following addresses (or at such other addresses for a Party as shall be specified by like Notice). Scheduling and dispatching Notices can be given orally as outlined in Article 3.

TO NIAGARA MOHAWK:

NOTICES & CORRESPONDENCE:
Niagara Mohawk Power Corporation
Supply Services - HCB#3
300 Erie Boulevard West
Syracuse, New York 13202-4250
Phone: (315) 460-2341

Phone: (315) 460-2271
Fax: (315) 460-2660

SCHEDULING:
(315) 460-2468
(315) 460-2425
Fax - (315) 460-2122

DISPATCHERS:
(315) 460-2120
(315) 460-2130
Fax - (315) 460-2197

INVOICES:
Niagara Mohawk Power Corporation
Power Scheduling and Billing - HCB#3
300 Erie Boulevard West
Syracuse, New York 13202-4250
Phone: (315) 460-2190
Fax: (315) 460-2494

CHECK PAYMENTS:
Niagara Mohawk Power Corp.
Misc. Accounts Receivable C-3
300 Erie Boulevard West
Syracuse, New York 13202-4250

PAYMENTS BY WIRE:
Citibank New York
Account #: 40662754
ABA #: 021000089
Credit To: Niagara Mohawk Power
Corporation

TO PRODUCER:

NOTICES & CORRESPONDENCE:
Dunkirk Power LLC
1221 Nicollet Mail
Minneapolis, MN 55403
Attn: President
Fax No.: (612) 373-5430
Phone No.: (612) 373-8864

PAYMENTS:
LaSalle National Bank, Chicago
ABA #: 071 000 505
Account #: 58 000 768 52
Beneficiary: NRG Energy, Inc.

INVOICES:
Attn: Dan Hudson
Fax No.: (612) 373-5430
Phone No.: (612) 373-8864

SCHEDULING:
Attn: Dan Hudson
Fax No.: (612) 373-5430
Phone No.: (612) 373-8864

8.3. General. This Agreement (including the Schedules attached hereto) constitutes the entire agreement between the Parties with respect to the subject matter contemplated by this Agreement. The Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. No amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties. This Agreement shall not

impact any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). No waiver by a Party of any default by the other Party shall be construed as a waiver of any other default. Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining lawful obligations that arise under this Agreement. The term "including" when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only. All indemnity and audit rights shall survive the termination of this Agreement for six years.

8.4. Audit. If requested, a Party shall provide to the other Party statements evidencing the quantities of Power delivered at the Delivery Point. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of one (1) year from the rendition thereof.

TRANSITION POWER PURCHASE AGREEMENT
(DUNKIRK - CALL OPTION -- PRO-ISO, PRE INVESTMENT GRADE)

The Parties have executed this Agreement in multiple counterparts to be construed as one effective as of the Effective Date.

DUNKIRK POWER LLC	NIAGRA MOHAWK POWER CORPORATION
By: /s/ Michael O'Sullivan	By: /s/ Clement E. Nadeau
Name: Michael O'Sullivan	Name: Clement E. Nadeau
Title: Vice President	Title: Vice President Electric Delivery
Date: 6/11/99	Date: 6/4/99

EXHIBIT 10.26

TRANSITION POWER PURCHASE AGREEMENT
(DUNKIRK - EXCESS POWER FROM NYPP SCD)

This Power Purchase Agreement (the "Agreement") is entered into as of this 11th day of June, 1999 between Niagara Mohawk Power Corporation ("Niagara Mohawk"), a New York corporation, and Dunkirk Power LLC, a Delaware limited liability company ("Producer") (each individually a "Party", or collectively the "Parties").

WHEREAS in November 1997 and on March 6, 1998 Niagara Mohawk filed its Plan for Divestiture of it's Non-Nuclear Electric Generating Facilities (the "Plan") with the New York State Public Service Commission;

WHEREAS on May 6, 1998 the New York State Public Service Commission approved the Plan subject to certain conditions;

WHEREAS Niagara Mohawk has conducted a Non-Nuclear Generation Divestiture Auction ("Auction") to divest itself of its non-nuclear electrical generating facilities, including its Huntley and Dunkirk generating facilities;

WHEREAS Producer has entered into an agreement ("Asset Sales Agreement, or ASA") to acquire certain facilities from Niagara Mohawk, facilities, including it's Dunkirk generating facility;

WHEREAS Producer, entered into an interconnection agreement with Niagara Mohawk in April, 1999 for the interconnection of the facility under this agreement; and

WHEREAS pursuant to the ASA Niagara Mohawk and Producer agreed to enter into Transition Power Purchase Agreements pursuant to which; for a certain period of time. Niagara Mohawk is to purchase from Producer certain quantities of electricity generated by the facility; and

WHEREAS Producer has entered into a Transaction Power Purchase Agreement (Dunkirk - Call Option - Pre-ISO, Pre Investment Grade) (the "TPPA") effective upon the Closing Date which provides for among other items, Article 3.3 of the TPPA which gives Niagara Mohawk the right to place specific Units at the Dunkirk site on economic dispatch to the NYPP or NYISO.

NOW THEREFORE, in consideration of the mutual representations, covenants and agreements set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1.
DEFINITIONS

The definitions within the TPPA shall be incorporated herein. Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified or referred to in this Article 1.

"Agreement" shall mean this Transition Power Purchase Agreement (Dunkirk - Excess Power from NYPP SCD) dated as of the Closing Date, between Niagara Mohawk Power Corporation and Dunkirk Power LLC and all attached

schedules.

"SCD Excess Power" means the quantity of electricity delivered by Producer to Niagara Mohawk, for a given hour that is in excess of the initial schedule notice from Niagara Mohawk (either Schedule D or week-ahead schedule notices of make-up quantities, each pursuant to the TPPA) for hours when Niagara Mohawk has exercised the Call Option of the TPPA and placed the Unit(s) on economic dispatch to the NYPP or NYISO.

ARTICLE 2.
TRANSACTIONS

2.1. Term of Agreement. Term of Agreement will begin upon the Closing Date of the ASA (the Effective Date) and will terminate upon the earlier of (i) the fourth anniversary of the Closing Date, or (ii) last day of the month in which the later of (i) the NYISO goes into operation, or (ii) Niagara Mohawk's senior notes of the series having the longest maturity then outstanding have been rated investment grade by (a) S&P and Moody's or (b) S&P or Moody's and at least one other rating agency.

2.2. Compensation. For each month during the term Niagara Mohawk shall pay Producer the accumulation of the product of the hourly SCD Excess Power multiplied by the Replacement Price.

2.3. Delivery. Producer will make all of the capacity, energy, and ancillary services of the Units available to Niagara Mohawk at the Delivery Point.

ARTICLE 3.
NIAGARA MOHAWK'S CALL OPTION

3.1 Scheduling and Commitment. Pursuant to Article 3.3 of the TPPA, During hours in Schedule D and/or hours in which Niagara Mohawk provides notice to Producer for make-up quantities, Niagara Mohawk may place such Unit(s) on economic dispatch to the NYPP or NYISO and producer shall respond to such based point signals, either electronic or telephone.

Producer shall provide Niagara Mohawk with applicable coefficients by unit to be used in the NYPP security constrained dispatch ("SCD") program. These coefficients shall include those historically used in economic dispatch.

Producer will be limited to one update per month for changes to unit efficiency coefficients (i.e. equation coefficients and dispatch operating factors) and one update per week for changes to cost coefficients (i.e. maintenance adder, delivered fuel cost, fuel handling cost, SOx cost and NOx cost). More frequent changes can be made if agreed to by Niagara Mohawk.

ARTICLE 4.
PAYMENT

4.1 Payment. Producer shall provide Niagara Mohawk with an invoice setting forth the quantity of power which was delivered to Niagara Mohawk, during the preceding calendar month, the total amount due from Niagara Mohawk, and any applicable supporting documentation. Niagara Mohawk shall remit the amount due by wire transfer, or as otherwise agreed, pursuant to Producer's invoice instructions, on the later of fifteen days from receipt of Producer's invoice or the twenty-fifth (25th) day of the calendar month in which the invoice is rendered,

4.2 Overdue Payments. Overdue payment shall accrue interest at the Interest Rate from, and including, the due date to, but excluding, the date of payment.

4.3 Billing Dispute. If Niagara Mohawk, in good faith, disputes an invoice, Niagara Mohawk shall immediately notify Producer of the Basis for the dispute and pay the portion of such statement conceded to be correct no later than the due date. If any amount withheld under dispute by Niagara Mohawk is ultimately determined (under the terms herein) to be due to Producer, it shall be paid within one (1) day of such determination along with interest accrued at the Interest Rate until the date paid. Inadvertent overpayments shall be returned by Producer upon request or deducted by Producer from subsequent payments, with interest accrued at the Interest Rate until the date paid or deducted.

ARTICLE 5.
FORCE MAJEURE

5.1 Performance Excused. If either Party is rendered unable by an event of Force Majeure to carry out, in whole or part, its obligations under the Agreement, then, for only the pendency of such Force Majeure, the Party affected by the event (other than the obligation to make payments then due or becoming due with respect to performance which occurred prior to the event) shall be temporarily relieved of its obligations insofar as they are affected by Force Majeure but for no longer period. The Party affected by an event of Force Majeure shall provide the

other Party with written notice setting forth the full details thereof within two (2) business days after the occurrence of such event and shall take all reasonable measures to mitigate or minimize the effects of such event of Force Majeure; provided, however, that this provision shall not require Producer to deliver, or Niagara Mohawk to receive, Power at points other then the Delivery Point.

ARTICLE 6.
TITLE TRANSFER; LIABILITY

6.1 Title and Risk of Loss. Title to and risk of loss related to the Quantity shall transfer from Producer to Niagara Mohawk at the Delivery Point. Producer warrants that it will deliver to Niagara Mohawk the Quantity free and clear of all liens, claims and encumbrances arising prior to the Delivery Point.

6.2 Indemnity. Each Party shall indemnify, defend and hold harmless the other Party from any Claims arising from any act or incident occurring during the period when control and title to Power is vested, as between the Parties as provided in Article 7.1, in the indemnifying Party. "Claims" means all claims or actions, threatened or filed and, whether groundless, false or fraudulent, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

6.3 Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants and that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

ARTICLE 7.

LAW

7.1 Governing Law and Jurisdiction. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. Except as provided in Article 9.2, any law suits arising under this AGREEMENT shall be instituted in the Federal or State courts of New York located in the City of Syracuse and each party hereby irrevocably submits to the in personam jurisdiction of such courts. Each Party herein waives its respective right to a jury trial with respect to any litigation arising under or in connection with this Agreement or any Transaction.

ARTICLE 8.
MISCELLANEOUS

8.1 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer. sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness is not materially different than that of such Party, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party; provided, however, that in each such case, any such assignee shall agree to in writing be bound by the terms and conditions hereof and creditworthiness is not materially different than that of such Party.

8.2 Notices. All Notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a telecopied communication. as of confirmation), if delivered personally, if sent by telecopy (which is confirmed) or if sent by overnight courier (providing proof of delivery) to the Parties at the following addresses (or at such other addresses for a Party as shall be specified by like Notice). Scheduling and dispatching Notices can be given orally as outlined in Article 3.

TO NIAGARA MOHAWK:

NOTICES & CORRESPONDENCE:
Niagara Mohawk Power Corporation
Supply Services - HCB#3
300 Erie Boulevard West
Syracuse, New York 13202-4250
Phone: (315) 460-2341
Phone: (315) 460-2271
Fax: (315) 460-2660

SCHEDULING:
(315) 460-2468
(315) 460-2425
Fax - (315) 460-2122

DISPATCHERS:
(315) 460-2120
(315) 460-2130
Fax - (315) 460-2197

INVOICES:
Niagara Mohawk Power Corporation
Power Scheduling and Billing - HCB#3
300 Erie Boulevard West
Syracuse, New York 13202-4250
Phone: (315) 460-2190
Fax: (315) 460-2494

CHECK PAYMENTS:
Niagara Mohawk Power Corp
Misc. Accounts Receivable C-3
300 Erie Boulevard West
Syracuse, New York 13202-4250

PAYMENTS BY WIRE:
Citibank New York
Account #: 40662754

ABA#:	021000089
Credit To:	NIAGARA MOHAWK POWER CORPORATION

TO PRODUCER:

NOTICES & CORRESPONDENCE:		PAYMENTS:	
Dunkirk Power LLC		LaSalle National Bank, Chicago	
1221 Nicollet Mall		ABA #:	071 000 505
Minneapolis, MN 55403		Account #:	58 000 768 52
Attn:	President	Beneficiary:	NRG Energy, Inc.
Fax No.:	(612) 373-5430		
Phone No.:	(612) 373-8864		

INVOICES:		SCHEDULING:	
Attn:	Dan Hudson	Attn:	Dan Hudson
Fax No.:	(612) 373-5430	Fax No.:	(612) 373-5430
Phone No.:	(612) 373-8864	Phone No.:	(612) 373-8864

8.3. General. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter contemplated by this Agreement. The Agreement shall be considered for all purposes as prepared through the joint efforts of the parties and shall not be construed against one party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. No amendment or modification to this Transition Power Agreement shall be enforceable unless reduced to writing and executed by both Parties. This Master Power Agreement shall not impact any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). No waiver by a Party of any default by the other Party shall be construed as a waiver of any other default. Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining lawful obligations that arise under this Agreement, The term "including" when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only. All indemnity and audit rights shall survive the termination of this Agreement for six years.

8.4. Audit. If requested, a Party shall provide to the other Party statements evidencing the quantities of Power delivered at the Delivery Point. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or

underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of one (1) year from the rendition thereof.

TRANSITION POWER PURCHASE AGREEMENT
(DUNKIRK - EXCESS POWER FROM NYPP SCD)

The Parties have executed this Master Power Agreement in multiple counterparts to be construed as one effective as of the Effective Date.

HUNTLEY POWER LLC	NIAGARA MOHAWK POWER CORPORATION
By: /s/ Michael O'Sullivan	By: /s/ Clement E. Nadeau
Name: Michael O'Sullivan	Name: Clement E. Nadeau
Title: Vice President	Title: Vice President Electric Delivery
Date: 6/11/99	Date: 6/8/99

EXHIBIT 10.27

TRANSITION POWER PURCHASE AGREEMENT
(HUNTLEY - EXCESS POWER FROM NYPP SCD)

This Power Purchase Agreement (the "Agreement") is entered into as of this 11th day of June, 1999 between Niagara Mohawk Power Corporation ("Niagara Mohawk"), a New York corporation, and Huntley Power LLC, a Delaware limited liability company ("Producer") (each individually a "Party", or collectively the "Parties").

WHEREAS in November 1997 and on March 6, 1998 Niagara Mohawk filed its Plan for Divestiture of it's Non-Nuclear Electric Generating Facilities (the "Plan") with the New York State Public Service Commission;

WHEREAS on May 6, 1998 the New York State Public Service Commission approved the Plan subject to certain conditions;

WHEREAS Niagara Mohawk has conducted a Non-Nuclear Generation Divestiture Auction ("Auction") to divest itself of its non-nuclear electrical generating facilities, including its Huntley and Dunkirk generating facilities;

WHEREAS Producer has entered into an agreement ("Asset Sales Agreement, or ASA") to acquire certain facilities from Niagara Mohawk, facilities, including it's Huntley generating facility;

WHEREAS Producer, entered into an interconnection agreement with Niagara Mohawk in April, 1999 for the interconnection of the facility under this agreement; and

WHEREAS pursuant to the ASA Niagara Mohawk and Producer agreed to enter into Transition Power Purchase Agreements pursuant to which; for a certain period of time, Niagara Mohawk is to purchase from Producer certain quantities of electricity generated by the facility, and

WHEREAS Producer has entered into a Transaction Power Purchase Agreement (Huntley - Call Option - Pre-ISO, Pre Investment Grade) (the "TPPA") effective upon the Closing Date which provides for among other items, Article 3.3 of the TPPA which gives Niagara Mohawk the right to place specific Units at the Huntley site on economic dispatch to the NYPP or NYISO.

NOW THEREFORE, in consideration of the mutual representations, covenants and agreements set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1.
DEFINITIONS

The definitions within the TPPA shall be incorporated herein. Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified or referred to in this Article 1.

"Agreement" shall mean this Transition Power Purchase Agreement (Huntley -- Excess Power from NYPP SCD) dated as of the Closing Date, between Niagara Mohawk Power Corporation and Huntley Power LLC and all attached schedules.

"SCD Excess Power" means the quantity of electricity delivered by Producer to Niagara Mohawk, for a given hour that is in excess of the initial schedule notice from Niagara Mohawk (either Schedule D or week-ahead schedule notices of make-up quantities, each pursuant to the TPPA) for hours when Niagara Mohawk has exercised the Call Option of the TPPA and placed the Unit(s) on economic dispatch to the NYPP or NYISO.

ARTICLE 2.
TRANSACTIONS

2.1. Term of Agreement. Term of Agreement will begin upon the Closing Date of the ASA (the Effective Date) and will terminate upon the earlier of (i) the fourth anniversary of the Closing Date, or (ii) last day of the month in which the later of (i) the NYISO goes into operation, or (ii) Niagara Mohawk's senior notes of the series having the longest maturity then outstanding have been rated investment grade by (a) S&P and Moody's or (b) S&P or Moody's and at least one other rating agency.

2.2. Compensation. For each month during the term Niagara Mohawk shall pay Producer the accumulation of the product of the hourly SCD Excess Power multiplied by the Replacement Price.

2.3. Delivery. Producer will make all of the capacity, energy, and ancillary services of the Units available to Niagara Mohawk at the Delivery Point.

ARTICLE 3.
NIAGARA MOHAWK'S CALL OPTION

3.1 Scheduling and Commitment. Pursuant to Article 3.3 of the TPPA, During hours in Schedule D and/or hours in which Niagara Mohawk provides notice to Producer for make-up quantities, Niagara Mohawk may place such Unit(s) on economic dispatch to the NYPP or NYISO and producer shall respond to such based point signals, either electronic or telephone.

Producer shall provide Niagara Mohawk with applicable coefficients by unit to be used in the NYPP security constrained dispatch ("SCD") program. These coefficients shall include those historically used in economic dispatch.

Producer will be limited to one update per month for changes to unit efficiency coefficients (i.e. equation coefficients and dispatch operating factors) and one update per week for changes to cost coefficients (i.e. maintenance adder, delivered fuel cost, fuel handling cost, SOx cost and NOx cost).
More frequent changes can be made if agreed to by Niagara Mohawk.

ARTICLE 4.
PAYMENT

4.1. Payment. Producer shall provide Niagara Mohawk with an invoice setting forth the quantity of power which was delivered to Niagara Mohawk, during the preceding calendar month, the total amount due from Niagara Mohawk, and any applicable supporting documentation. Niagara Mohawk shall remit the amount due by wire transfer, or as otherwise agreed, pursuant to Producer's invoice

instructions, on the later of fifteen days from receipt of Producer's invoice or the twenty-fifth (25th) day of the calendar month in which the invoice is rendered.

4.2 Overdue Payments. Overdue payment shall accrue interest at the Interest Rate from, and including, the due date to, but excluding, the date of payment.

4.3 Billing Dispute. If Niagara Mohawk, in good faith, disputes an invoice, Niagara Mohawk shall immediately notify Producer of the Basis for the dispute and pay the portion of such statement conceded to be correct no later than the due date. If any amount withheld under dispute by Niagara Mohawk is ultimately determined (under the terms herein) to be due to Producer, it shall be paid within one (1) day of such determination along with interest accrued at the Interest Rate until the date paid. Inadvertent overpayments shall be returned by Producer upon request or deducted by Producer from subsequent payments, with interest accrued at the Interest Rate until the date paid or deducted.

ARTICLE 5.
FORCE MAJEURE

5.1 Performance Excused. If either Party is rendered unable by an event of Force Majeure to carry out, in whole or part, its obligations under the Agreement, then, for only the pendency of such Force Majeure, the Party affected by the event (other than the obligation to make payments then due or becoming due with respect to performance which occurred prior to the event) shall be temporarily relieved of its obligations insofar as they are affected by Force Majeure but for no longer period. The Party affected by an event of Force Majeure shall provide the

other Party with written notice setting forth the full details thereof within two (2) business days after the occurrence of such event and shall take all reasonable measures to mitigate or minimize the effects of such event of Force Majeure; provided, however, that this provision shall not require Producer to deliver, or Niagara Mohawk to receive, Power at points other than the Delivery Point.

ARTICLE 6.
TITLE TRANSFER; LIABILITY

6.1 Title and Risk of Loss. Title to and risk of loss related to the Quantity shall transfer from Producer to Niagara Mohawk at the Delivery Point. Producer warrants that it will deliver to Niagara Mohawk the Quantity free and clear of all liens, claims and encumbrances arising prior to the Delivery Point.

6.2 Indemnity. Each Party shall indemnify, defend and hold harmless the other Party from any Claims arising from any act or incident occurring during the period when control and title to Power is vested, as between the Parties as provided in Article 7.1, in the indemnifying Party. "Claims" means all claims or actions, threatened or filed and, whether groundless, false or fraudulent, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

6.3 Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants and that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

ARTICLE 7.
LAW

7.1 Governing Law and Jurisdiction. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. Except as provided in Article 9.2, any law suits arising under this AGREEMENT shall be instituted in the Federal or State courts of New York located in the City of Syracuse and each party hereby irrevocably submits to the in personam jurisdiction of such courts. Each Party herein waives its respective right to a jury trial with respect to any litigation arising under or in connection with this Agreement or any Transaction.

ARTICLE 8.
MISCELLANEOUS

8.1 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness is not materially different than that of such Party, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party; provided, however, that in each such case, any such assignee shall agree to in writing be bound by the terms and conditions hereof and creditworthiness is not materially different than that of such Party.

8.2 Notices. All Notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a telecopied communication, as of confirmation), if delivered personally, if sent by telecopy (which is confirmed) or if sent by overnight courier (providing proof of delivery) to the Parties at the following addresses (or at such other addresses for a Party as shall be specified by like Notice). Scheduling and dispatching Notices can be given orally as outlined in Article 3.

TO NIAGARA MOHAWK.

NOTICES & CORRESPONDENCE:
Niagara Mohawk Power Corporation
Supply Services - HCB#3
300 Erie Boulevard West
Syracuse, New York 13202-4250
Phone: (315) 460-2341
Phone: (315) 460-2271
Fax: (315) 460-2660

SCHEDULING:
(315) 460-2468
(315) 460-2425
Fax - (315) 460-2122

DISPATCHERS:
(315) 460-2120
(315) 460-2130
Fax - (315) 460-2197

INVOICES:
Niagara Mohawk Power Corporation
Power Scheduling and Billing - HCB#3
300 Erie Boulevard West
Syracuse, New York 13202-4250
Phone: (315) 460-2190
Fax: (315) 460-2494

CHECK PAYMENTS:
Niagara Mohawk Power Corp
Misc. Accounts Receivable C-3
300 Erie Boulevard West
Syracuse, New York 13202-4250

PAYMENTS BY WIRE:
Citibank New York
Account #: 40662754

6

ABA#:	021000089
Credit To:	Niagara Mohawk Power Corporation

TO PRODUCER:

NOTICES & CORRESPONDENCE:
Huntley Power LLC
1221 Nicollet Mall
Minneapolis, MN 55403
Attn: President
Fax No.: (612) 373-5430
Phone No.: (612) 373-8864

PAYMENTS;
LaSalle National Bank, Chicago
ABA #: 071 000 505
Account #: 58 000 768 52
Beneficiary: NRG Energy, Inc.

INVOICES:
Attn: Dan Hudson
Fax No.: (612) 373-5430
Phone No.: (612) 373-8864

SCHEDULING:
Attn: Dan Hudson
Fax No.: (612) 373-5430
Phone No.: (612) 373-8864

8.3. General. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter contemplated by this Agreement. The Agreement shall be considered for all purposes as prepared through the joint efforts of the parties and shall not be construed against one party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. No amendment or modification to this Transition Power Agreement shall be enforceable unless reduced to writing and executed by both Parties. This Master Power Agreement shall not impact any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). No waiver by a Party of any default by the other Party shall be construed as a waiver of any other default. Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining lawful obligations that arise under this Agreement. The term "including" when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only. All indemnity and audit rights shall survive the termination of this Agreement for six years.

8.4. Audit. If requested, a Party shall provide to the other Party statements evidencing the quantities of Power delivered at the Delivery Point. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or

underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of one (1) year from the rendition thereof.

TRANSITION POWER PURCHASE AGREEMENT
(HUNTLEY - EXCESS POWER FROM NYPP SCD)

The Parties have executed this Master Power Agreement in multiple counterparts to be construed as one effective as of the Effective Date.

HUNTLEY POWER LLC	NIAGARA MOHAWK POWER CORPORATION
By: /s/ Michael O'Sullivan	By: /s/ Clement E. Nadeau
Name: Michael O'Sullivan	Name: Clement E. Nadeau
Title: Vice President	Title: Vice President Electric Delivery
Date: 6/11/99	Date: 6/8/99

EXHIBIT 10.28

AMENDMENT
TO THE
ASSET SALES AGREEMENT

This Amendment, dated as of June 11, 1999 (this "Amendment"), is by and between NIAGARA MOHAWK POWER CORPORATION, a New York corporation (the "Seller"), and NRG ENERGY, INC., a Delaware corporation (the "Buyer").

RECITALS

A. Seller and Buyer are parties to an Asset Sales Agreement dated as of December 23, 1998 (the "Asset Sales Agreement") pursuant to which the Buyer has agreed to purchase from Seller the Purchased Assets (as defined in the Asset Sales Agreement) upon the terms and conditions set forth in the Asset Sales Agreement.

B. Section 11.1 of the Asset Sales Agreement provides that the Asset Sales Agreement may be amended by written agreement of the Seller and the Buyer.

C. The parties desire to amend certain Sections of the Asset Sales Agreement as set forth below:

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions. All capitalized terms used in this Amendment that are not defined elsewhere in this Amendment shall have the meanings given to those terms in the Asset Sales Agreement.

2. Amendment of the Asset Sales Agreement. The Asset Sales Agreement is hereby amended as follows:

(a) Ancillary Agreements. Sections 1.1(a)(2) is hereby amended by deleting the language that is now in that Section and substituting the following language in its place:

(2) "Ancillary Agreements" means any and all transition or other power purchase agreements, the Site Agreement or any form thereof, the Interconnection Agreement, as amended, and the Swaption executed by the Seller and the Buyer or any Affiliate of the Buyer on or before the Closing Date relating to the post-Closing conduct of the Buyer or the Seller or any post-Closing Transactions between the Buyer and the Seller.

(b) Purchase Price Adjustments and Proration Amounts. The following Section 3.5 is added:

3.5 Purchase Price Adjustments and Proration Amounts. Notwithstanding any other provision in this Article III to the contrary, the Seller shall present to the Buyer on

or before the Closing Date a written statement setting forth (i) the estimated amount of all Purchase Price adjustments proposed to be made in accordance with Section 3.2, excluding any amounts relating to the fuel inventory, and (ii) the amounts to be paid by the Seller pursuant to the proration provisions of Section 3.4, all of which amounts shall be determined in good faith. The Buyer shall pay the amounts set forth in such statement within seven (7) days following receipt of such

notice, together with interest thereon from the Closing Date calculated at the rate of six percent (6%) per annum on the basis of a 360 day year. As soon as practicable after the Closing, the Seller shall deliver to the Buyer a written statement of the amount of the Maintenance and Capital Expenditure Amount. Within three (3) days following receipt of such statement, the Buyer shall pay such amount, less the amount of the Employee Transition Credit, without interest. The Buyer shall have thirty (30) days following the receipt of either of such statements to review and object in writing to the amount of any adjustment, proration or calculation set forth therein. If the Buyer does object to the amount of any such adjustment or proration, and the Buyer and the Seller have not settled the amount in dispute within twenty (20) days following such objection, then the resolution thereof shall be submitted to a firm of independent public accountants of nationally recognized reputation selected by the Buyer and the Seller, other than a firm representing either the Buyer or the Seller. The determination by such firm of any amount shall be final. The Buyer and the Seller shall each pay one-half of the cost of employing such firm.

(c) Collective Bargaining Agreement. Section 7.10(a) is hereby amended by deleting the language that is now in that Section and substituting the following language in its place:

(a) The Buyer and the Seller agree that the Buyer shall be a successor within the meaning of the Collective Bargaining Agreement. Each person who is included in the collective bargaining unit covered by the Collective Bargaining Agreement, who becomes employed by the Buyer or an Affiliate of the Buyer pursuant to this Section 7.10, and who transitions to employment with the Buyer in accordance with the requirements of the May 5, 1999 Memorandum of Agreement Between and Among the Buyer, the Seller, and Local 97 of the IBEW shall be referred to herein as an IBEW Employee. Each other person who becomes employed by the Buyer or an Affiliate of the Buyer pursuant to this Section 7.10 who is not included in the collective bargaining unit covered by the Collective Bargaining Agreement shall be referred to herein as a Non-Union Employee. IBEW Employees and Non-Union Employees shall collectively be referred to herein as Buyer Employees. The employment of IBEW Employees shall continue in accordance with the Collective Bargaining Agreement.

(d) Credit for Service. Section 7.10(e) is hereby amended by adding a proviso at the end of the third sentence, and by deleting the last sentence. As so amended, Section 7.10(e) shall read as follows:

(e) Non-Union Employees shall be given credit for all service with the Seller and its Affiliates under all employee benefit plans, programs, and fringe benefit plans, programs, and fringe benefit arrangements of the Buyer ("Buyer Benefit Plans") in which they become participants. The service credit given is for purposes of eligibility, vesting and service related level of benefits, but not benefit accrual (except as provided in the following sentence). For purposes of benefit accrual, Non-Union Employees shall be given credit for all service with the Seller and its Affiliates under all Buyer Benefit Plans, but the ultimate benefits provided under the Buyer Benefit Plans may be offset by the corresponding benefits previously provided by the Seller or benefit plans of the Seller, or by the corresponding benefits accrued under the benefit plans of the Seller or otherwise committed to be provided by the Seller in the future; provided, however, that such an offset shall not be permitted with respect to Buyer's Defined Benefit Plan described in Section 7.10(h).

(e) Trust-to-Trust Transfer. Section 7.10(f) is hereby amended by deleting the language that is now in that Section and substituting the following language in its place:

> (f) To the extent allowable by law, the Seller shall cause to be transferred to the Buyer's tax-qualified 401(k) plans and trusts in which any Buyer Employee participates after the Closing Date ("Buyer 401(k) Plans"), as soon as practicable following the Closing Date, assets representing the full account balances of all such Buyer Employees under the corresponding tax-qualified 401(k) plans and trusts maintained by the Seller for the benefit of the Seller's employees ("Seller 401(k) Plans"). The Buyer agrees that the assets so transferred may include promissory notes evidencing loans from the Seller 401(k) Plans to Buyer Employees that are outstanding as of the transfer date. Any assets in a Niagara Mohawk Stock Fund that a Buyer Employee has in a Seller 401(k) Plan will be transferred to a Niagara Mohawk Stock Fund in the applicable Buyer 401(k) Plan ("Buyer Niagara Mohawk Stock Fund"), subject to the following restrictions: the Buyer Employee will be able to transfer assets out of the Buyer Niagara Mohawk Stock Fund, but will not be able to make new contributions to, or transfer any assets into, the Buyer Niagara Mohawk Stock Fund. All transfers under this Section shall be made in accordance with applicable Code requirements, and Buyer agrees to include in the Buyer 401(k) Plans such protected benefits from the Seller 401(k) Plans as are required by the Code to allow such transfers to occur. The Buyer agrees that it shall submit each Buyer 401(k) Plan to the Internal Revenue Service for a determination letter on its tax-qualified status under Section 401(a) of the Code as soon as practicable after the Closing Date, and to make any amendment(s) that is, or are, determined by the Internal Revenue Service to be necessary in order for such a determination letter to be issued.

(f) Buyer's Defined Benefit Plan. Section 7.10(h) is hereby amended by deleting the language that is now in that Section and substituting the following language in its place:

> (h) Effective as of the Closing Date, the Buyer shall cause to be established a defined benefit pension plan for the benefit of the Buyer Employees (the "Buyer's Defined Benefit Plan"). The Buyer's Defined Benefit Plan shall have the same terms as the Niagara Mohawk Pension Plan as of the Closing Date, and Buyer agrees to maintain such terms for Non-Union Employees for a period of at least seven (7) years after the Closing Date; provided, however, that (i) if changes in the law require any such terms to be modified, the Buyer may change such terms to the extent necessary to comply with such laws, and (ii) if, after consolidating the financial results of NRG Dunkirk Operations, Inc., NRG Huntley Operations, Inc., and NRG Oswego Harbor Power Operations, Inc. (collectively, the "NRG Operating Companies"), the NRG Operating Companies have two or more consecutive full calendar years of "negative earnings" after the Closing Date, the Buyer shall have the option to modify the level of benefits for Non-Union Employees in the Buyer's Defined Benefit Plan in such manner as the Buyer deems appropriate and is permitted by applicable law (for purposes of this sentence, the term "negative earnings" means a consolidated net loss as reported on the audited income statements of the NRG Operating Companies, for a full calendar year before the inclusion of any one-time extraordinary items, one-time write-off adjustments, impairment write-offs, and other nonrecurring major adjustments booked to the income statements of the

NRG Operating Companies, as determined in accordance with generally accepted accounting principles). The Buyer Employees shall be given credit in the Buyer's Defined Benefit Plan for all service with and compensation from the Seller and its Affiliates as if it were service with and compensation from the Buyer for purposes of determining eligibility for benefits, the amount of any benefits or benefit accruals, vesting, and service related levels of benefits under the Buyer's Defined Benefit Plan.

In connection with the foregoing, the following actions shall be taken as of the Closing Date:

(1) At the time specified in subparagraph (4) below, the Seller shall cause to be transferred to the Buyer's Defined Benefit Plan assets equal to the Projected Benefit Obligation ("PBO"), as determined in accordance with the 1999 actuarial assumptions as set forth in the 1998 year-end disclosure of the Seller under Financial Accounting Standards Board Statement 87 and listed in Section 7.10(h)(6) below (the "Assumptions"), attributable to the Buyer Employees as of the Closing Date, together with interest at an annual rate that is equivalent to the discount rate set forth in the Assumptions for the period from the Closing Date to the date of the actual transfer of assets and adjusted for benefit payments under the Niagara Mohawk Pension Plan made pursuant to subparagraph (5) below; provided, however, that if the Seller is unable to transfer an amount equal to the PBO, then:

(A) the Seller shall transfer such amount as the Seller determines is appropriate to satisfy the requirements of Section 414(l) of the Code; and

(B) the Seller shall pay to the Buyer in cash the amount of the difference between (i) the PBO, together with interest at an annual rate that is equivalent to the discount rate set forth in the Assumptions for the period from the Closing Date to the date of the actual transfer of assets and adjusted for benefit payments under the Niagara Mohawk Pension Plan pursuant to subparagraph (5) below; and (ii) the amount actually transferred.

The transfer of the amount under this subparagraph (1) shall be made in accordance with Section 414(l) of the Code and Treasury Regulation Section 1.414(l)-1.

(2) The PBO shall be calculated in accordance with the Assumptions, and assuming that 75 percent of the Buyer Employees elect a lump sum upon retirement or withdrawal.

(3) All assets transferred under subparagraph (1) shall be transferred in cash, or in marketable securities that are reasonably acceptable to the Buyer.

(4) Within 45 days after the Closing Date, the Seller shall file or cause to be filed any Forms 5310-A that may be required to be submitted to the Internal Revenue Service ("IRS") in connection with the transfer described in

subparagraph (1). The transfer described in subparagraph (1) shall be made as soon as practicable following the determination of the amount described in subparagraph (1), but in no event prior to the thirtieth (30th) day following the filing of such Forms 5310-A with the IRS or, in the event that the IRS, the Pension Benefit Guaranty Corporation ("PBGC"), or any other governmental entity raises any objections to the transfer, the date as of which the IRS, the PBGC, or other governmental entity withdraws such objections or is satisfied that the terms of the transfer have been modified to the extent necessary to meet such objections.

(5) Upon completion of the transfer under subparagraph (1), all benefit payments from the Buyer's Defined Benefit Plan shall be the responsibility of the Buyer. Pending completion of the transfer under subparagraph (1), any benefits that are payable to the Buyer Employees under the Buyer's Defined Benefit Plan shall be paid or continue to be paid out of the Niagara Mohawk Pension Plan, and the amount to be transferred under subparagraph (1) shall be reduced by the amount of such payments. Pending the completion of such transfer, the Seller

will cooperate with the Buyer with respect to plan administration, including the disbursement of benefits.

(6) The Assumptions are as follows:

Discount Rate	6.75%
Salary Scale	2.5%, plus merit table
Interest Crediting Rate	5.2%
Lump Sum Conversion	5.2% and the 1983 GATT Mortality
Basis	Table
Mortality Table	1983 Interim GAM table projected to 1988 with scale H
Other Applicable Assumptions	The other 1999 actuarial assumptions described in the 1998 year-end disclosure of Seller under Financial Accounting Standards Board Statement 87

(7) The Buyer agrees that it shall submit the Buyer's Defined Benefit Plan to the Internal Revenue Service for a determination letter on its tax-qualified status under Section 401(a) of the Code as soon as practicable after the Closing Date, and to make any amendment(s) that is, or are, determined by the Internal Revenue Service to be necessary in order

for such a determination letter to be issued.

The Seller agrees that it shall use its reasonable best efforts to accomplish the transfer of assets described in subparagraph (1) of this Section 7.10(h); provided, however, that if Seller determines in good faith that it is unable to make such a transfer, then, notwithstanding the language in this Section 7.10(h), the Seller and the Buyer agree to negotiate a mutually agreeable resolution of the defined benefit issues in this Section 7.10(h).

(g) Allocation of Emissions Credits. Schedule 2.2(g) is hereby amended to provide as follows:

The Excluded Assets shall include 41/153rds of the NOx Emission Reduction Credits available to the Seller on the Closing Date that are attributable to any of the Purchased Assets. The remainder of such NOx Emission Reduction Credits, and all SOx

Emission Reduction Credits available to the Seller on the Closing Date that are attributable to any of the Purchased Assets, shall be included in the Purchased Assets.

(h) Huntley Real Property Lease. Section 1.1(36)(i) is hereby amended by adding the following language at the end of such Section:

, provided, however, that any provision of this Agreement to the contrary notwithstanding, until the conveyance of the Huntley Real Property by the Seller to the Buyer pursuant to the terms of the Lease Agreement dated the Closing Date between the Seller as lessor and Huntley Power LLC as lessee, the rights and obligations of the Buyer and Seller with respect to the Huntley Real Property shall be governed by the terms of such Lease Agreement, and for all other purposes of this Agreement, the Huntley Real Property shall be included in the Purchased Assets

3. Confirmation of the Asset Sales Agreement. Except as amended by this Amendment, all of the provisions of the Asset Sales Agreement remain in full force and effect from and after the date of this Amendment, and the parties hereby ratify and confirm the Asset Sales Agreement and each of its obligations. From and after the date of this Amendment, all references in the Asset Sales Agreement to "this Agreement", "hereof", "herein", or similar terms, shall mean and refer to the Asset Sales Agreement as amended by this Amendment.

4. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Seller and the Buyer have caused this Amendment to be signed by their respective duly authorized officers as of the date first above written.

NIAGARA MOHAWK POWER CORPORATION

By: /s/ Michael J. Kelleher

Name: Michael J. Kelleher
Title: Vice President Financial Planning

NRG ENERGY, INC.

By: /s/ James J. Bender

Name: James J. Bender
Title: Vice President and General Counsel

EXHIBIT 10.29

TRANSITION CAPACITY AGREEMENT

BETWEEN

ASTORIA GAS TURBINE POWER LLC

AND

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Dated as of June 25, 1999

TABLE OF CONTENTS

	Page
1. DEFINITIONS	3
2. EFFECTIVENESS, TERM AND TERMINATION	5
3. CAPABILITY AND AVAILABILITY REQUIREMENTS	6
4. INSTALLED CAPACITY PURCHASE, QUANTITY AND PAYMENTS	7
4.1 Capacity Purchase Quantity	7
4.2 Capacity Payments	7
4.3 Capacity Deficiency Payments	8
5. SCHEDULING	9
6. BILLING AND PAYMENT PROCEDURES	9
6.1 Billing and Payments	9
6.2 Billing Disputes	10
6.3 Survival	10
7. FORCE MAJEURE	10
8. ASSIGNMENT; NO THIRD PARTY BENEFICIARIES	11
9. EXTENSION; WAIVER	11
10. COUNTERPARTS	12
11. GOVERNING LAW	12
12. SEVERABILITY	12
13. AMENDMENT	12
14. ENTIRE AGREEMENT	13
15. FURTHER ASSURANCES	13
16. INDEPENDENT CONTRACTOR STATUS	13
17. NOTICES	13

18. INTERPRETATION	14
19. JURISDICTION AND ENFORCEMENT	15
20. CONFLICT	15

TRANSITION CAPACITY AGREEMENT BETWEEN
ASTORIA GAS TURBINE POWER LLC AND CONSOLIDATED
EDISON COMPANY OF NEW YORK, INC.

This Transition Capacity Agreement ("Agreement") is made and entered into as of this day of June 25, 1999, by and between Astoria Gas Turbine Power LLC ("ASTORIA POWER"), a Delaware limited liability company having its principal place of business at 1221 Nicollet Mall, Minneapolis, Minnesota 55403, and Consolidated Edison Company of New York, Inc. ("Con Edison"), a New York corporation. Astoria Power and Con Edison shall each be referred to as a "Party", and shall be referred to collectively as the "Parties."

WHEREAS, NRG Energy, Inc. ("NRG Energy") and Con Edison have entered into the Generating Plant and Gas Turbine Asset Purchase and Sale Agreement ("APA"), dated January 27, 1999, as amended, and certain other agreements specified in the APA relating to the purchase by NRG Energy of certain of Con Edison's generating assets comprised of generating facilities (collectively, the "Purchased Assets").

WHEREAS, NRG Energy will assign to Astoria Power on or prior to the Closing Date (as defined below) its rights and obligations under the APA relating to the purchase from Con Edison OF the Gas Turbines (as defined below) and certain other assets related thereto in accordance with the terms and conditions of the APA, and NRG Energy will assign to Arthur Kill Power LLC ("AK POWER") on or prior to the Closing Date its rights and obligations under the APA relating to the purchase from Con Edison of the Generating Plant (as defined below) and certain other assets relating thereto in accordance with the terms and conditions of the APA.

WHEREAS, the rights and obligations of buyers and providers of electric generating capacity, energy, transmission and ancillary services may be modified by a proposal (the "Proposal") currently pending before the Federal Energy Regulatory Commission ("FERC") to restructure the New York Power Pool, which Proposal contemplates, among other things, (i) the formation of the ISO (as defined) and (ii) the implementation of the ISO Tariff filed on December 19, 1997, in FERC Docket Nos. ER97-1523-000, OA97-470-000 and ER97-4234-000, as such filings may be amended from time-to-time;

WHEREAS, FERC may approve, accept, modify, or reject the Proposal, and its actions may affect the rights and obligations of the Parties under this Agreement;

WHEREAS, FERC has accepted for filing certain market power mitigation measures applicable to sales of capacity, energy and certain other services from specified electric generating units in New York City in FERC Docket No. ER98-3169-000 (such measures, as may be modified from time to time, and any other applicable market power mitigation measures that may be imposed by FERC, ISO or the New York State Public Service Commission ("PSC"), the "Mitigation Measures");

WHEREAS, SALES of capacity, energy and certain other services from the Gas Turbines will be subject to, and the rights and obligations of the Parties under this Agreement may be affected by, the Mitigation Measures; and

WHEREAS, in recognition of Con Edison's installed capacity requirements for its delivery service customers and its remaining native load

customers, Astoria Power and Con Edison are entering into this Agreement, whereby Astoria Power will maintain the electric generating capability and availability of the Gas Turbines at specified levels for the term of this Agreement and whereby, during certain periods, Con Edison will purchase from Astoria Power, and Astoria Power will sell to Con Edison, specified amounts of Installed Capacity (as defined herein).

NOW THEREFORE, in consideration of the mutual agreements and commitments contained herein, Astoria Power and Con Edison hereby agree as follows:

1. DEFINITIONS.

(a) The following terms shall have the meanings set forth below. Any term used in this Agreement that is not defined herein shall have the meaning customarily attributed to such term by the electric utility industry in New York.

"Ancillary Agreements" shall have the meaning ascribed thereto in the APA.

"Business Day" shall mean any day other than Saturday, Sunday or any day which is a legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Closing" shall mean the closing of the sale of the Purchased Assets and certain other assets as contemplated by the APA.

"Closing Date" shall mean the date and time at which the Closing actually occurs.

"Gas Turbines" means the gas turbine units GT2 through GT5 and GT7 through GT13 located at the Astoria Gas Turbine site.

"Generating Plant" means the units 2 and 3 steam-powered generating facilities and gas turbine unit GT 1 located at the Arthur Kill Generating Station.

"Government Authority" shall mean any court, administrative or regulatory agency or commission or other government entity or instrumentality or any department thereof.

"Installed Capacity" shall mean electric generating capacity of the Gas Turbines that satisfies all of the requirements applicable to installed capacity established by the NYPP or ISO, as the case may be, as such requirements apply to Con Edison.

"ISO" shall mean the New York Independent System Operator, as described in the Supplemental Filing, or its successors.

"ISO Commencement Date" shall mean the date on which the ISO officially commences operations of a spot market for energy, spinning and non-spinning reserves and automatic generator control, as signified by the first day that resources such as the Generating Plant or Gas Turbines are allowed to bid into each market on a non-trial or non-experimental basis.

"ISO Rules" shall mean the rules and procedures adopted by the ISO pursuant to the ISO Tariff from time to time in effect and the related ISO agreements.

"ISO Tariff" shall mean the tariff described in the Supplemental

Filing, as it may be amended from time to time.

"NERC" shall mean the North American Electric Reliability Council or its successors.

"NYPP" shall mean the New York Power Pool or its successors.

"NPCC" shall mean the Northwest Power Coordinating Council or its successors.

"NYPP Rules" shall mean the rules and procedures of the NYPP from time to time in effect.

"NYSRC" shall mean the New York State Reliability Council or its successor.

"Replacement Capacity" shall mean installed capacity from resources other than the Gas Turbines which resources are identified by Astoria Power and subsequently identified to the NYPP or ISO, as the case may be, as sources of installed capacity in Con Edison's periodic reports required under applicable procedures, provided that such installed capacity (i) is from resources that are located in New York City or directly interconnected to Con Edison's electric system in New York City, and (ii) would satisfy the installed capacity requirements applicable to Con Edison, including any applicable delivery requirements, established by the NYPP or ISO, as the case may be.

"Replacement Capacity Costs" shall mean the incremental costs and expenses for Replacement Capacity to the extent costs and expenses for Replacement Capacity exceed the payments for ICAP calculated in accordance with Section 4.2.

"Supplemental Filing" shall mean the December 19, 1997 Supplemental Filing to the Comprehensive Proposal to Restructure the New York Wholesale Electric Market in FERC Docket Nos. E-R97-1523-000, OA97-47000, and ER97-4234-000.

"Summer Capability Period" shall have the meaning provided by the NYPP or ISO, as the case may be, as may be modified from time to time. Summer Capability Period is currently May 1 through October 31 of each year.

"Winter Capability Period" shall have the meaning provided by the NYPP or ISO, as the case may be, as may be modified from time to time. Winter Capability Period is currently each November 1 through April 30 of the following calendar year.

(b) Each of the following terms has the meaning specified in the Section set forth opposite such term:

Term	Section
Astoria Power	Preamble
Affiliate	8(a)
Agreement	Preamble
APA	Recitals
Capacity Payment	4.2
Capacity Deficiency Payments	4.3
Con Edison	Preamble
Confidentiality Agreement	14
DMNC	3(a)
FERC	Recitals
Force Majeure Event	7(a)

ICAP	4.2
Mitigation Measures	Recitals
Party	Preamble
PSC	Recitals
Proposal	Recitals
Purchased Assets	Recitals
Required Net Capability	3(a)

2. EFFECTIVENESS, TERM AND TERMINATION.

2.1 This Agreement shall only become effective upon the consummation of the Closing. If the APA is terminated for any reason prior to the Closing, then this Agreement shall also terminate and be of no further force or effect.

2.2 This Agreement shall expire on the later of (a) the earlier of (i) December 31, 2002 or (ii) the date on which Astoria Power receives written notice from the ISO to the effect that none of the electric capacity of the Gas Turbines is required for meeting the installed capacity requirements in New York City as determined by the ISO, or (b) the end of the capability period immediately preceding the capability period covered by the first auction for capacity sponsored by the ISO that occurs after the Closing Date.

2.3 The Parties agree that, notwithstanding any other provision of this Agreement, the APA or any other Ancillary Agreement, this Agreement may not be terminated prior to its expiration by either Party under any circumstances, including as a result of a breach, whether

or not material, by the other Party, except pursuant to an agreement in writing executed by each Party.

2.4 If any Governmental Authority having jurisdiction over this Agreement requires any modification to, or imposes any condition on acceptance or approval of this Agreement, then the Parties shall engage in good faith negotiations in order to amend this agreement to satisfy, or otherwise address, such modification or condition. Notwithstanding the foregoing, the Parties acknowledge and agree that the effectiveness of Section 2.5 hereof is not contingent upon FERC approval.

2.5 In the event that the ISO Commencement Date does not occur by December 31, 2001, either Party may request the other Party to renegotiate in good faith the terms and conditions, including payment terms, for purchases of Installed Capacity under this Agreement. If, upon such request by either Party, the Parties are unable to reach agreement on such revised terms and conditions, Astoria Power shall file tariffs governing such purchases with the appropriate regulatory agency or agencies, to become effective as of April 1, 2002, and, upon the effectiveness of such tariffs, as may be modified by such regulatory agency or agencies, the terms and conditions contained in the approved tariffs shall be binding upon the Parties and shall govern the purchases of Installed Capacity under this Agreement; provided, however, that Con Edison shall have the right to protest the tariffs filed by Astoria Power to such regulatory agency or agencies.

3. CAPABILITY AND AVAILABILITY REQUIREMENTS.

(a) During the term of this Agreement, Astoria Power will use commercially reasonable efforts to maintain the electric generating capability and availability of the Gas Turbines (i) to provide 614 MWs of Installed Capacity, after any adjustment set forth in the ISO Rules to reflect the failure by the Gas Turbines to satisfy the minimum generator availability targets established by the ISO Rules applicable to the Gas Turbines (the "Required Net

Capability") and (ii) to satisfy all criteria, standards and requirements applicable to providers of installed capacity (including locational, seasonal and other performance requirements and compliance with all applicable tariffs, rules and practices) established by the NYSRC, NPCC, NERC and by the NYPP or the ISO, as applicable. Subject to Astoria Power's obligations under Section 4 below, the foregoing obligations shall not apply to any portion of the electric generating capacity of the Gas Turbines with respect to which Astoria Power receives a written notice from the ISO that such capacity is no longer required for meeting the installed capacity requirements in New York City as determined by the ISO.

(b) For each capability period in which Astoria Power fails to maintain the capability and availability of the Gas Turbines to provide an amount of Installed Capacity of no less than the Required Net Capability as required under Section 3(a)(i), as such amount of Installed Capacity is demonstrated by a DMNC test and adjusted, if necessary, in accordance with the ISO Rules to reflect the failure by the Gas Turbines to satisfy the applicable minimum generator availability targets, Astoria Power shall pay to Con Edison a deficiency charge equal to the product of (i) the amount (in MW) by which the Installed Capacity provided is deficient, less any Replacement Capacity purchased by Astoria Power for the applicable

capability period to the extent such Replacement Capacity is not otherwise required to meet the installed capacity requirements for New York City under applicable ISO Rules in such capability period, and (ii) the deficiency charge per MW applicable under the NYPP Rules or ISO Rules, as the case may be, for failure by providers of installed capacity to satisfy applicable installed capacity requirements. Payment of such deficiency charges shall be due at the end of the first month following the end of the capability period for which the deficiency charged is assessed.

(c) Following each capability period, and at such other times as may reasonably be requested by Con Edison, Astoria Power shall provide Con Edison access to, or copies of, such relevant plant data and other documents and records reasonably requested by Con Edison as is necessary to verify the electric generating capability and availability of the Gas Turbines, and any deficiency in the amount of Installed Capacity provided, for such capability period or for another period as may be reasonably requested by Con Edison.

4. INSTALLED CAPACITY PURCHASE, QUANTITY AND PAYMENTS.

4.1 Capacity Purchase Quantity

(a) From the Closing Date until the later of (i) the end of the 1999 Summer Capability Period or (ii) the end of the capability period immediately preceding the capability period covered by the first auction for capacity for or including New York City sponsored by the ISO that occurs after the Closing Date, Astoria Power will sell to Con Edison and Con Edison will purchase from Astoria Power an amount of Installed Capacity equal to 100 percent of the Installed Capacity as demonstrated by the Gas Turbines during the most recent DMNC test, performed during the applicable capability period in accordance with applicable procedures of the NYPP or ISO, as the case may be, provided, however, that the amount of Installed Capacity to be provided under this Section 4.l(a) shall be no less than the Required Net Capability. Astoria Power shall notify Con Edison five days prior to the conduct of any DMNC test, and Con Edison shall have the right to observe such test.

(b) If the 1999-2000 Winter Capability Period is covered by an auction for capacity for or including New York City sponsored by the ISO, Astoria Power will sell to Con Edison and Con Edison will purchase from Astoria Power 191 MW of Installed Capacity during the 1999-2000 Winter Capability Period. Astoria Power shall identify to Con Edison in writing the specific generating units of the Gas Turbines that Astoria Power will use to supply such Installed Capacity

to Con Edison and the amount of Installed Capacity to be supplied from each such generating unit in accordance with Section 5.

(c) Subject to Astoria Power's obligations under Section 3(a), and to the extent permitted by NYPP Rules or ISO Rules, as the case may be, Astoria Power may use Replacement Capacity to supply the Installed Capacity required to be provided to Con Edison under this Section 4.1.

4.2 Capacity Payments

Subject to the provisions of Section 2.5, the monthly payment from Con Edison to Astoria Power for Installed Capacity ("Capacity Payment") shall equal the product of (a) the ICAP, (b) a daily per-MW rate which, on an annualized basis, is equivalent to $105/kW-Year and (c) the number of days in the applicable month (or portion thereof, if applicable). "ICAP" is the amount of Installed Capacity, in MW, including Replacement Capacity, that is actually provided by Astoria Power to Con Edison based upon the applicable summer period DMNC testing performed in accordance with applicable procedures of the NYPP or ISO, as the case may be adjusted, if necessary, in accordance with the ISO Rules to reflect the failure by the Gas Turbines to satisfy the applicable minimum generator availability targets established by the ISO Rules.

4.3 Capacity Deficiency Payments

(a) Whenever ICAP provided by Astoria Power to Con Edison is less than the amount of Installed Capacity that Astoria Power is required to sell to Con Edison under Section 4.1, Astoria Power shall pay to Con Edison deficiency payments ("Capacity Deficiency Payments"), which shall equal:

> The sum of (i) all installed capacity deficiency charges imposed by the NYPP or ISO, as the case may be, on Con Edison, to the extent the deficiency charges exceed payments for Installed Capacity, in respect of which a deficiency charge was imposed, that would have been due under Section 4-2; (ii) Con Edison's Replacement Capacity Costs that are reasonably incurred if, and to the extent that, Astoria Power fails to provide Replacement Capacity and Con Edison obtains such Replacement Capacity; (iii) all other directly related costs and expenses, to the extent not included in (i) and (ii), that are reasonably incurred by Con Edison as a direct result of Astoria Power's failure to provide Con Edison with the required amount of Installed Capacity; provided, however, that any Capacity Deficiency Payments will be credited against deficiency charges due to Con Edison under Section 3(b).

(b) If Con Edison incurs any reasonable costs and expenses described in Section 4.3(a) over a period greater than one calendar month, Con Edison shall, subject to Astoria Power's approval, which shall not be unreasonably withheld, allocate those costs on a monthly basis.

4.4 Billing and payments of the Capacity Payment due under Section 4.2 and the Capacity Deficiency Payments due under Section 4.3 shall be made in accordance with Section 6.

4.5 Subject to the terms and conditions set forth herein, Astoria Power shall satisfy all requirements applicable to suppliers of installed capacity established by the NYPP or ISO, as the case may be, including any applicable locational and seasonal requirements and compliance with and satisfaction of all applicable tariffs, rules and practices, so that Con Edison will receive the amount of Installed Capacity specified in Section 4.1.

4.6 Subject to the terms and conditions set forth herein, Con Edison shall satisfy all requirements applicable to purchasers of installed capacity established by the NYPP or ISO, as

the case may be. Notwithstanding the provisions of Section 4.3, Con Edison shall have no obligation to obtain Replacement Capacity if Astoria Power fails to supply all or part of the Installed Capacity required under Section 4.1 or to obtain Replacement Capacity for any shortfall in such Installed Capacity.

5. SCHEDULING.

Consistent with the procedures of the NYPP or ISO, as the case may be, and consistent with Astoria Power's obligations under Section 4.1 and 4.5, Astoria Power shall specify to Con Edison in writing, for each Summer Capability Period and for each Winter Capability Period, the generating units of the Gas Turbines that Astoria Power will use to supply Installed Capacity to Con Edison for such Summer Capability Period or Winter Capability Period, as the case may be, and the amount of Installed Capacity to be supplied from each generating unit, or any change thereto, at least 30 days before the date Con Edison is required to report such information, or any changes thereto, to the NYPP or ISO, as the case may be.

6. BILLING AND PAYMENT PROCEDURES.

6.1 Billing and Payments

(a) In respect of each calendar month ending after the Closing Date, Astoria Power shall, on or prior to the twentieth day of the following month, prepare and render an invoice to Con Edison for the Capacity Payment due from Con Edison to Astoria Power for the preceding calendar month, calculated in accordance with Section 4.2. The Capacity Payment owed shall be due and payable 10 Business Days after Con Edison receives an invoice.

(b) In respect of each calendar month ending after the Closing Date, Con Edison shall, on or prior to the twentieth day of the following month, prepare and render an invoice to Astoria Power for any Capacity Deficiency Payments due from Astoria Power to Con Edison for the preceding calendar month, calculated in accordance with Section 4.3. The Deficiency Capacity Payments owed shall be due and payable 10 Business Days after Astoria Power receives an invoice.

(c) Each Party may set off any undisputed amount owed to the other Party against any undisputed amount owed to such Party by the other Party pursuant to this Agreement or other arrangement(s) specifically agreed to between the Parties, including, without limitation, amounts owed by Astoria Power to Con Edison under Section 3(b).

(d) If any payment under Sections 3(b), 6.1(a) or 6.1(b) falls due on a day that is not a Business Day, then the payment shall be made on the next Business Day,

(e) Interest on unpaid amounts or payments received after the due date shall accrue at a rate equal to the prime commercial lending rate established from time to time by

Chase Manhattan Bank, N.A., New York, New York. or its successor, from the due date until the date upon which payment is made.

(f) Any payments owed directly by Astoria Power to the NYPP or ISO, as the case may be, shall be made pursuant to the procedures established by the NYPP or ISO, as the case may be. Astoria Power shall be solely responsible for making all such payments to the NYPP or ISO.

(g) The Parties shall maintain records, accounts and other documents sufficient to reflect accurately all transactions hereunder for a period of four years from the time of the transactions. Each Party shall, at its own expense, have the right to audit such records, accounts and other documents of the other Party during such four-year period upon reasonable prior notice to the other Party,

6.2 Billing Disputes

If a Party contests the amount billed in accordance with Sections 6.1 (a) or (b) before such amount is due, the contesting Party shall pay the undisputed billed amount when due and promptly provide written notice to the other Party of the disputed amount and identifying the reason for the dispute. If neither Party disputes a bill within six months after the due date of such bill, such bill shall be deemed correct. The Parties shall engage in good faith negotiations to resolve any disputed amounts within 30 days. If the Parties are unable to resolve a dispute within such period, disputed amounts shall, if requested by the billing Party, be paid into an escrow account within 30 days of such request pending resolution of the dispute, Thereafter, either Party may exercise such remedies as may be available under this Agreement, at law or in equity. In addition to any other remedies available to Astoria Power, in the event Con Edison fails to pay a disputed bill into such escrow account within 30 days of a request by Astoria Power pursuant to the previous sentence, Astoria Power may withhold Installed Capacity to be provided to Con Edison under Section 4.1 until such bill is paid into such escrow account, Interest at the rate specified in Section 5.l(e) shall accrue on any amount due hereunder, if any, that is refunded or credited to the contesting Party or that is released from escrow to the non-contesting Party, when the contested amount is resolved.

6.3 Survival

The provisions of Section 3, Section 4 and this Section 6 shall survive termination, expiration, cancellation, suspension, or completion of this Agreement to the extent necessary to allow for final billing and payment.

7. FORCE MAJEURE.

(a) Notwithstanding anything in this Agreement to the contrary, neither Party shall have any liability or be otherwise responsible to the other for its failure to carry out its obligations, with the exception of any obligation to pay money, under this Agreement if and only to the extent that it becomes impossible for either Party to so perform as a result of any occurrence or event which is beyond the reasonable control, and does not result from any fault

or negligence, of the Party affected (each, a "Force Majeure Event"), including any act of God, strike or any other labor disturbance, act of a public enemy, war, act of terrorism, riot, any other civil disturbance, fire, storm, lightning, flood, earthquake, any other natural disasters, explosion, materials shortage, breakage or accident involving facilities, equipment or systems, any order or regulation or restriction imposed by any Governmental Authority, failure of a contractor or subcontractor caused by a Force Majeure Event and transportation delays or stoppages.

(b) If a Party shall rely on the occurrence of a Force Majeure Event as a basis for being excused from performance of its obligations under this Agreement, then the Party relying on such occurrence shall (i) provide prompt

written notice of such Force Majeure Event to the other Party giving an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) exercise its reasonable best efforts to continue to perform its obligations under this Agreement; (iii) reasonably and expeditiously take action to correct or cure the Force Majeure Event, provided. however. that settlement of strikes or any other labor disturbance will be completely within the sole discretion of the Party affected by such strike or labor dispute; (iv) exercise its reasonable best efforts to mitigate or limit damages to the other Party, and (v) provide prompt written notice to the other Party of the cessation of the Force Majeure Event.

8. ASSIGNMENT, NO THIRD PARTY BENEFICIARIES.

(a) This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either Party, including by operation of law, without the prior written consent of the other Party, except (i) In the case of Con Edison, to an Affiliate of Con Edison or a third party that has a contractual or statutory obligation to supply Installed Capacity to Con Edison's retail customers; (ii) in the case of Astoria Power, to an Affiliate of Astoria Power or a third party in connection with the transfer of all of Astoria Power's right, title and interest in and to the Gas Turbines to such. Affiliate or third party, and (iii) in the case of either Party, to a lending institution or trustee in connection with a pledge or granting of a security interest in the Gas Turbines and/or this Agreement; provided, however, that no assignment or transfer of rights or obligations by either Party shall relieve it from the full liabilities and the full financial responsibility, as provided for under this Agreement, unless and until the transferee or assignee shall agree in writing to assume such obligations and duties and the other Party has consented in writing to such assumption. For purposes of this Agreement, the term "Affiliate" shall have the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

(b) Nothing in this Agreement is intended to confer upon any other person except the Parties any rights or remedies hereunder or shall create any third party beneficiary rights in any person.

9. EXTENSION, WAIVER.

Either Party may (a) extend the time for the performance of any of the obligations or other acts of the other Party or (b) waive compliance by the other Party with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed On behalf of such Party. The failure of a Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights. Notwithstanding anything herein to the contrary, to the extent that either Party fails, in any particular instance, to take affirmative steps to exercise its rights to witness, inspect, observe or approve the activities of the other Party, such rights shall, solely with respect to such instance, be deemed waived in respect of such activity.

10. COUNTERPARTS.

This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument.

11. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York (regardless of the laws that might otherwise

govern under applicable principles of conflicts of law).

12. SEVERABILITY.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

13. AMENDMENT.

This Agreement may be amended, modified or supplemented only by an instrument in writing signed on behalf of each of the Parties. If the applicable provisions of the NYPP Rules, or the applicable provisions of the ISO Tariff or ISO Rules, relating to installed capacity requirements applicable to this Agreement or the implementation of this Agreement are changed materially, the Parties shall endeavor in good faith to make conforming changes to this Agreement with the intent to fulfill the purposes of this Agreement, Provided, however that, except as provided for in Section 2.5, in no event shall such changes modify the price for

Installed Capacity set forth in Section 4.2 or excuse Astoria Power from paying, or otherwise modifying its obligations in respect of, Capacity Deficiency Payments under Section 4.3. Any such conforming change to this Agreement shall be subject to all necessary regulatory authorizations, which the Parties shall request or support, as applicable.

14. ENTIRE AGREEMENT.

This Agreement, the APA, the other Ancillary Agreements and the Confidentiality Agreement dated August 19, 1998 between Con Edison and NRG Energy (the "Confidentiality Agreement"), including the Exhibits, Schedules, documents, certificates and instruments referred to herein or therein and other contracts, agreements and instruments contemplated hereby or thereby embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to herein or therein. This Agreement, the APA and the other Ancillary Agreements supersede all prior agreements and understandings between the Parties with respect to the transaction contemplated by this Agreement other than the Confidentiality Agreement.

15. FURTHER ASSURANCES.

The Parties agree to, from time to time upon the reasonable request of either Party, negotiate in good faith and execute and deliver amendments to this Agreement, including in response to regulatory, technological, operational or other changes affecting the Gas Turbines or the electric power industry generally, or such other documents or instruments as may be necessary, in order to effectuate the transactions contemplated hereby,

16. INDEPENDENT CONTRACTOR STATUS.

Nothing in this Agreement is intended to create an association, trust, partnership or joint venture between the Parties, or to impose a trust, partnership, or fiduciary duty, obligation or liability on or with respect to either Party, and nothing in this Agreement shall be construed as creating any relationship between Con Edison and Astoria Power other than that of independent

contractors.

17. NOTICES.

Unless otherwise specified herein, all notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a telecopied communication, of confirmation) if delivered personally, telecopied (which is confirmed) or sent by overnight courier (providing proof of delivery) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice)

if to Con Edison, to:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, NY 10003
Telecopy No.: (212) 677-0601
Attention.- Senior Vice President & General Counsel

if to Astoria Power, to:

Astoria Gas Turbine Power LLC
c/o NRG Energy Inc.
1221 Nicollet Mill, Suite 700
Mnneapolis, Mrinesota, 55403-2445
Telecopy No.: (612) 373-5392
Attention: Vice-President and General Counsel

With a copy to:

Astoria Gas Turbine Power LLC
c/o NRG Energy Inc.
1221 Nicollet Mail, Suite 700
Minneapolis, Minnesota, 55403-2445
Telecopy No.: (612) 373-5340
Attention: Commercial Asset Manager

18. INTERPRETATION.

When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" or equivalent words. The words "hereof, "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement, instrument, statute, regulation, rule or order defined or referred to herein or in any agreementOTinstrument that is referred to herein means such agreement, instrument, statute, regulations, rule or order as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes, regulations, rules or orders) by succession of comparable successor

statutes, regulations, rules or orders and references to all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors and assigns.

19. JURISDICTION AND ENFORCEMENT.

(a) Each of the Parties irrevocably submits to the exclusive jurisdiction of (i) the Supreme Court of the State of New York, New York County and (ii) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or, if such suit, action or proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of the Parties further agrees that service of process, summons, notice or document by hand delivery or U.S. registered mail at the address specified for such Party in Section 17 (or such other address specified by such Party from time to time pursuant to Section 17 shall be effective service of process for any action, suit or proceeding brought against such Party in any such court. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the Supreme Court of the State of New York, New York County, or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which they are entitled at law or in equity.

20. CONFLICT.

Except as expressly otherwise provided herein or therein, in the event of any conflict or inconsistency between the terms of this Agreement and the terms of the APA or any other Ancillary Agreement, the terms of this Agreement shall prevail.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective duly authorized officers as of the date and year first above written.

ASTORIA GAS TURBINE POWER LLC

By: /s/ Michael O'Sullivan

Name: Michael O'Sullivan
Title: Vice President

CONSOLIDATED EDISON COMPANY OF NEW YORK INC.

By: /s/ Joan J. Freilich

Name: Joan J. Freilich

Title: Executive VP and CFO

EXHIBIT 10.30

TRANSITION CAPACITY AGREEMENT

BETWEEN

ARTHUR KILL POWER LLC

AND

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Dated as of June 25, 1999

TABLE OF CONTENTS

Page

1. DEFINITIONS 3

2. EFFECTIVENESS, TERM AND TERMINATION 5

3. CAPABILITY AND AVAILABILITY REQUIREMENTS 6

4. INSTALLED CAPACITY PURCHASE, QUANTITY AND PAYMENTS 7

    4.1 Capacity Purchase Quantity 7
    4.2 Capacity Payments 8
    4.3 Capacity Deficiency Payments 8

5. SCHEDULING 9

6. BILLING AND PAYMENT PROCEDURES 9

    6.1 Billing and Payments 9

6.2 Billing Disputes 10
6.3 Survival 11

7. FORCE MAJEURE 11

8. ASSIGNMENT; NO THIRD PARTY BENEFICIARIES 11

9. EXTENSION, WAIVER 12

10. COUNTERPARTS 12

11. GOVERNING LAW 12

12. SEVERABILITY 13

13. AMENDMENT 13

14. ENTIRE AGREEMENT 13

15. FURTHER ASSURANCES 14

16. INDEPENDENT CONTRACTOR STATUS 14

17. NOTICES 14

18. INTERPRETATION 15

19. JURISDICTION AND ENFORCEMENT 15

20. CONFLICT 16

TRANSITION CAPACITY AGREEMENT BETWEEN
ARTHUR KILL POWER LLC AND CONSOLIDATED EDISON
COMPANY OF NEW YORK, INC.

This Transition Capacity Agreement ("Agreement") is made and entered into as of this day of June 25, 1999, by and between Arthur Kill Power LLC ("AK POWER"), a Delaware limited liability company having its principal place of business at 1221 Nicollet Mail, Minneapolis, Minnesota 55403, and Consolidated Edison Company of New York, Inc. ("Cori Edison"), a New York corporation, AK POWER and Con Edison shall each be referred to as a "Party", and shall be referred to collectively as the "Parties."

WHEREAS, NRG Energy, Inc. ("NRG Energy") and Con Edison have entered into the Generating Plant and Gas Turbine Asset Purchase and Sale Agreement ("APA"), dated January 27, 1999, as amended, and certain other agreements specified in the APA relating to the purchase by NRG Energy of certain of Con Edison's generating assets comprised of generating facilities (collectively, the "Purchased Assets");

WHEREAS, NRG Energy will assign to AK POWER on or prior to the Closing Date (as defined below) its rights and obligations under the APA relating to the purchase from Con Edison of the Generating Plant (as defined below) and certain other assets related thereto in accordance with the terms and conditions of the APA, and NRG Energy will assign to Astoria Gas Turbine Power LLC ("Astoria Power") on or prior to the Closing Date its rights and obligations under the APA relating to the purchase from Con Edison of the Gas Turbines (as defined below) and certain other assets relating thereto in accordance with the terms and conditions of the APA;

WHEREAS, the rights and obligations of buyers and providers of electric generating capacity, energy, transmission and ancillary services may be modified by a proposal (the "Proposal") currently pending before the Federal Energy Regulatory Commission ("FERC") to restructure the New York Power Pool, which Proposal contemplates, among other things, (i) the formation of the ISO (as defined) and (ii) the implementation of the ISO Tariff filed on December 19, 1997, in FERC Docket Nos. ER97-1523-000, OA97-470-000 and ER97-4234-000, as such filings may be amended from time-to-time;

WHEREAS, FERC may approve, accept, modify, or reject the Proposal, and its actions may affect the rights and obligations of the Parties under this Agreement;

WHEREAS, FERC has accepted for filing certain market power mitigation measures applicable to sales of capacity, energy and certain other services from specified electric generating units in New York City in FERC Docket No. ER98-3169-000 (such measures, as may be modified from time to time, and any other applicable market power mitigation measures that may be imposed by FERC, ISO or the New York State Public Service Commission ("PSC"), the "Mitigation Measures");

WHEREAS, sales of capacity, energy and certain other services from the Generating Plant will be subject to, and the rights and obligations of the Parties under this Agreement may be affected by, the Mitigation Measures; and

WHEREAS, in recognition of Con Edison's installed capacity requirements for its delivery service customers and its remaining native load customers, AK POWER and Con Edison are entering into this Agreement, whereby AK POWER will maintain the electric generating capability and availability of the Generating Plant at specified levels for the term of this Agreement and whereby, during certain periods, Con Edison will purchase from AK POWER, and AK POWER will sell to Con Edison, specified amounts of Installed Capacity (as defined herein).

NOW THEREFORE, in consideration of the mutual agreements and commitments contained herein, AK POWER and Con Edison hereby agree as follows:

1. DEFINITIONS.

(a) The following terms shall have the meanings set forth below. Any term used in this Agreement that is not defined herein shall have the meaning customarily attributed to such term by the electric utility industry in New York.

"Ancillary Agreements" shall have the meaning ascribed thereto in the APA.

"Business Day" shall mean any day other than Saturday, Sunday or any day which is a legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Closing" shall mean the closing of the sale of the Purchased Assets and certain other assets as contemplated by the APA.

"Closing Date" shall mean the date and time at which the Closing actually occurs.

"Gas Turbines" means the gas turbine units GT2 through GT5 and GT7 through GT13 located at the Astoria Gas Turbine site.

"Generating Plant" means the units 2 and 3 steam-powered generating facilities and gas turbine unit GT 1 located at the Arthur Kill Generating Station.

"Government Authority" shall mean any court, administrative or regulatory agency or commission or other government entity or instrumentality or any department thereof.

"Installed Capacity" shall mean electric generating capacity of the Generating Plant that satisfies all of the requirements applicable to installed capacity established by the NYPP or ISO, as the case may be, as such requirements apply to Con Edison.

"ISO" shall mean the New York Independent System Operator, as described in the Supplemental Filing, or its successors.

"ISO Commencement Date" shall mean the date on which the ISO officially commences operations of a spot market for energy, spinning and non-spinning reserves and automatic generator control, as signified by the first day that resources such as the Generating Plant or Gas Turbines are allowed to bid into each market on a non-trial or non-experimental basis,

"ISO Rules" shall mean the rules and procedures adopted by the ISO pursuant to the ISO Tariff from time to time in effect and the related ISO agreements.

"ISO Tariff" shall mean the tariff described in the Supplemental Filing, as it may be amended from time to time.

"NERC" shall mean the North American Electric Reliability Council or its successors.

"NYPP" shall mean the New York Power Pool or its successors.

"NPCC" shall mean the Northwest Power Coordinating Council or its successors.

"NYPP Rules" shall mean the rules and procedures of the NYPP from time to time in effect.

"NYSRC" shall mean the New York State Reliability Council or its successor.

"Replacement Capacity" shall mean installed capacity from resources other than the Generating Plant which resources are identified by AK POWER and subsequently identified to the NYPP or ISO, as the case may be, as sources of installed capacity in Con Edison's periodic reports required under applicable procedures, provided that such installed capacity (i) is from resources that are located in New York City or directly interconnected to Con Edison's electric system in New York City, and (ii) would satisfy the installed capacity requirements applicable to Con Edison, including any applicable delivery requirements, established by the NYPP or ISO, as the case may be.

"Replacement Capacity Costs" shall mean the incremental costs and expenses for Replacement Capacity to the extent costs and expenses for Replacement Capacity exceed the payments for ICAP calculated in accordance with Section 4.2.

"Supplemental Filing" shall mean the December 19, 1997 Supplemental Filing to the Comprehensive Proposal to Restructure the New York Wholesale Electric Market in FERC Docket Nos. ER97-1523-000, OA97-47000, and ER97-4234-000.

"Summer Capability Period" shall have the meaning provided by the NYPP or ISO, as the case may be, as may be modified from time to time. Summer Capability Period is currently May 1 through October 31 of each year.

"Winter Capability Period" shall have the meaning provided by the NYPP or ISO, as the case may be, as may be modified from time to time. Winter Capability Period is currently each November 1 through April 30 of the following calendar year.

(b) Each of the following terms has the meaning specified in the Section set forth opposite such term:

Term	Section
AK POWER	Preamble
Affiliate	8(a)
Agreement	Preamble
APA	Recitals
Capacity Payment	4.2
Capacity Deficiency Payments	4.3
Con Edison	Preamble
Confidentiality Agreement	14
DMNC	3(a)
FERC	Recitals
Force Majeure Event	7(a)
ICAP	4.2
Mitigation Measures	Recitals
Party	Preamble
PSC	Recitals
Proposal	Recitals
Purchased Assets	Recitals
Required Net Capability	3(a)

2. EFFECTIVENESS, TERM AND TERMINATION.

2.1 This Agreement shall only become effective upon the consummation of the Closing. If the APA is terminated for any reason prior to the Closing, then this Agreement shall also terminate and be of no further force or effect.

2.2 This Agreement shall expire on the later of (a) the earlier of (i) December 31, 2002 or (ii) the date on which AK POWER receives written notice from the ISO to the effect that none of the electric capacity of the Generating Plant is required for meeting the installed capacity requirements in New York City as determined by the ISO, or (b) the end of the

capability period immediately preceding the capability period covered by the first auction for capacity sponsored by the ISO that occurs after the Closing Date.

2.3 The Parties agree that, notwithstanding any other provision of this Agreement, the APA or any other Ancillary Agreement, this Agreement may not be terminated prior to its expiration by either Party under any circumstances, including as a result of a breach, whether or not material, by the other Party, except pursuant to an agreement in writing executed by each Party.

2.4 If any Governmental Authority having jurisdiction over this Agreement requires any modification to, or imposes any condition on acceptance or approval of, this Agreement, then the Parties shall engage in good faith negotiations in order to amend this Agreement to satisfy, or otherwise address, such modification or condition. Notwithstanding the foregoing, the Parties acknowledge and agree that the effectiveness of Section 2.5 hereof is not contingent upon FERC approval.

2.5 In the event that the ISO Commencement Date does not occur by December 31, 2001, either Party may request the other Party to renegotiate in good faith the terms and conditions, including payment terms, for purchases of Installed Capacity under this Agreement. If, upon such request by either Party, the Parties are unable to reach agreement on such revised terms and conditions, AK POWER shall file tariffs governing such purchases with the appropriate regulatory agency or agencies, to become effective as of April 1, 2002, and, upon the effectiveness of such tariffs, as may be modified by such regulatory agency or agencies, the terms and conditions contained in the approved tariffs shall be binding upon the Parties and shall govern the purchases of Installed Capacity under this Agreement; provided, however, that Can Edison shall have the right to protest the tariffs filed by AK POWER to such regulatory agency or agencies.

3. CAPABILITY AND AVAILABILITY REQUIREMENTS.

(a) During the term of this Agreement, AK POWER will use commercially reasonable efforts to maintain the electric generating capability and availability of the Generating Plant (i) to provide 840 MWs of Installed Capacity, after any adjustment set forth in the ISO Rules to reflect the failure by the Generating Plant to satisfy the minimum generator availability targets established by the ISO Rules applicable to the Generating Plant (the "Required Net Capability") and (ii) to satisfy all criteria, standards and requirements applicable to providers of installed capacity (including locational, seasonal and other performance requirements and compliance with all applicable tariffs, rules and practices) established by the NYSRC, NPCC, NERC and by the NYPP or the ISO, as applicable. Subject to AK POWER's obligations under Section 4 below, the foregoing obligations shall not apply to any portion of the electric generating capacity of the Generating Plant with respect to which AK POWER receives a written notice from the ISO that such capacity is no longer required for meeting the installed capacity requirements in New York City as determined

by the ISO.

(b) For each capability period in which AK POWER fails to maintain the capability and availability of the Generating Plant to provide an amount of Installed Capacity of no less than the Required Net Capability as required under Section 3(a)(i), as such amount of Installed Capacity is demonstrated by a DMNC test and adjusted, if necessary, in accordance with the ISO Rules to reflect the failure by the Generating Plant to satisfy the applicable minimum generator availability targets, AK POWER shall pay to Con Edison a deficiency charge equal to the product of (i) the amount (in MW) by which the Installed Capacity provided is deficient, less any Replacement Capacity purchased by AK POWER for the applicable capability period, to the extent such Replacement Capacity is not otherwise required to meet the installed capacity requirements for New York City under applicable ISO Rules in such capability period, and (ii) the deficiency charge per MW applicable under the NYPP Rules or ISO Rules, as the case may be, for failure by providers of installed capacity to satisfy applicable installed capacity requirements. Payment of such deficiency charges shall be due at the end of the first month following the end of the capability period for which the deficiency charged is assessed.

(c) Following each capability period, and at such other times as may reasonably be requested by Con Edison, AK POWER shall provide Con Edison access to, or copies of, such relevant plant data and other documents and records reasonably requested by Con Edison as is necessary to verify the electric generating capability and availability of the Generating Plant, and any deficiency in the amount of Installed Capacity provided, for such capability period or for another period as may be reasonably requested by Con Edison.

4. INSTALLED CAPACITY PURCHASE, QUANTITY AND PAYMENTS

4.1 Capacity Purchase Quantity

(a) From the Closing Date until the later of (i) the end of the 1999 Summer Capability Period or (ii) the end of the capability period immediately preceding the capability period covered by the first auction for capacity for or including New York City sponsored by the ISO that occurs after the Closing Date, AK POWER will sell to Con Edison and Con Edison will purchase from AK POWER an amount of Installed Capacity equal to 100 percent of the Installed Capacity as demonstrated by the Generating Plant during the most recent DMNC test, performed during the applicable capability period in accordance with applicable procedures of the NYPP or ISO, as the case may be; provided, however, that the amount of Installed Capacity to be provided under this Section 4.1(a) shall be no less than the Required Net Capability. AK POWER shall notify Con Edison five days prior to the conduct of any DMNC test, and Con Edison shall have the right to observe such test.

(b) If the 1999-2000 Winter Capability Period is covered by an auction for capacity for or including New York City, sponsored by the ISO, AK POWER will sell to Con Edison and Con Edison will purchase from AK POWER 263 MW of Installed Capacity during the 1999-2000 Winter Capability Period. AK POWER shall identify to Con Edison in writing

the specific generating units of the Generating Plant that AK POWER will use to supply such Installed Capacity to Con Edison and the amount of Installed Capacity to be supplied from each such generating unit in accordance with Section 5.

(c) Subject to AK POWER's obligations under Section 3(a), and to the extent permitted by NYPP Rules or ISO Rules, as the case may be, AK POWER may use Replacement Capacity to supply the Installed Capacity required to be provided to Con Edison under this Section 4.1.

4.2 Capacity Payments

Subject to the provisions of Section 2.5, the monthly payment from Con Edison to AK POWER for Installed Capacity ("Capacity Payment") shall equal the product of (a) the ICAP, (b) a daily per-MW rate which, on an annualized basis, is equivalent to $105/kW-Year and (c) the number of days in the applicable month (or portion thereof, if applicable). "ICAP" is the amount of Installed Capacity in MW, including Replacement Capacity, that is actually provided by AK POWER to Con Edison based upon the applicable summer period DMNC testing performed in accordance with applicable procedures of the NYPP or ISO, as the case may be, adjusted, if necessary, in accordance with the ISO Rules to reflect the failure by the Generating Plant to satisfy the applicable minimum generator availability targets established by the ISO Rules.

4.3 Capacity Deficiency Payments

(a) Whenever ICAP provided by AK POWER to Con Edison is less than the amount of Installed Capacity that AK POWER is required to sell to Con Edison under Section 4.1, AK POWER shall pay to Con Edison deficiency payments ("Capacity Deficiency Payments"), which shall equal:

The sum of (i) all installed capacity deficiency charges imposed by the NYPP or ISO, as the case may be, on Con Edison, to the extent the deficiency charges exceed payments for Installed Capacity, in respect of which a deficiency charge was imposed, that would have been due under Section 4.2; (ii) Con Edison's Replacement Capacity Costs that are reasonably incurred if, and to the extent that, AK POWER fails to provide Replacement Capacity and Con Edison obtains such Replacement Capacity; (iii) all other directly related costs and expenses, to the extent not included in (i) and (ii), that are reasonably incurred by Con Edison as a direct result of AK POWER's failure to provide Con Edison with the required amount of Installed Capacity; provided, however, that any Capacity Deficiency Payments will be credited against deficiency charges due to Con Edison under Section 3(b),

(b) If Con Edison incurs any reasonable costs and expenses described in Section 4.3(a) over a period greater than one calendar month, Con Edison shall, subject to AK POWER's approval, which shall not be unreasonably withheld, allocate those costs on a monthly basis.

4.4 Billing and payments of the Capacity Payment due under Section 4.2 and the Capacity Deficiency Payments due under Section 4.3 shall be made in accordance with Section 6.

4.5 Subject to the terms and conditions set forth herein, AK POWER shall satisfy all requirements applicable to suppliers of installed capacity established by the NYPP or ISO, as the case may be, including any applicable locational and seasonal requirements and compliance with and satisfaction of all applicable tariffs, rules and practices, so that Con Edison will receive the amount of Installed Capacity specified in Section 4.1.

4.6 Subject to the terms and conditions set forth herein, Con Edison shall satisfy all requirements applicable to purchasers of installed capacity established by the NYPP or ISO, as the case may be. Notwithstanding the provisions of Section 4.3, Con Edison shall have no obligation to obtain Replacement Capacity if AK POWER fails to supply all or part of the Installed Capacity required under Section 4.1 or to obtain Replacement Capacity for any shortfall in such Installed Capacity.

5. SCHEDULING.

Consistent with the procedures of the NYPP or ISO, as the case may be, and consistent with AK POWER's obligations under Section 4.1 and 4.5, AK POWER shall specify to Con Edison in writing, for each Summer Capability Period and for each Winter Capability Period, the generating units of the Generating Plant that AK POWER will use to supply Installed Capacity to Con Edison for such Summer Capability Period or Winter Capability Period, as the case may be, and the amount of Installed Capacity to be supplied from each generating unit, or any change thereto, at least 30 days before the date Con Edison is required to report such information, or any changes thereto, to the NYPP or ISO, as the case may be,

6. BILLING AND PAYMENT PROCEDURES.

6.1 Billing and Payments

(a) In respect of each calendar month ending after the Closing Date, AK POWER shall, on or prior to the twentieth day of the following month, prepare and render an invoice to Con Edison for the Capacity Payment due from Con Edison to AK POWER for the preceding calendar month, calculated in accordance with Section 4.2. The Capacity Payment owed shall be due and payable 10 Business Days after Con Edison receives an invoice.

(b) In respect of each calendar month ending after the Closing Date, Con Edison shall, on or prior to the twentieth day of the following month, prepare and render an invoice to AK POWER for any Capacity Deficiency Payments due from AK POWER to Con Edison for the preceding calendar month, calculated in accordance with Section 4.3. The Deficiency

Capacity Payments owed shall be due and payable 10 Business Days after AK POWER receives an invoice.

(c) Each Party may set off any undisputed amount owed to the other Party against any undisputed amount owed to such Party by the other Party pursuant to this Agreement or other arrangement(s) specifically agreed to between the Parties, including, without limitation, amounts owed by AK POWER to Con Edison under Section 3(b).

(d) If any payment under Sections 3(b), 6.1(a) or 6.1(b) falls due on a day that is not a Business Day, then the payment shall be made on the next Business Day.

(e) Interest on unpaid amounts or payments received after the due date shall accrue at a rate equal to the prime commercial lending rate established from time to time by Chase Manhattan Bank, N.A., New York, New York, or its successor, from the due date until the date upon which payment is made.

(f) Any payments owed directly by AK POWER to the NYPP or ISO, as the case may be, shall be made pursuant to the procedures established by the NYPP or ISO, as the case may be. AK POWER shall be solely responsible for making all such payments to the NYPP or ISO.

(g) The Parties shall maintain records, accounts and other documents sufficient to reflect accurately all transactions hereunder for a period of four years from the time of the transactions. Each Party shall, at its own expense, have the right to audit such records, accounts and other documents of the other Party during, such four-year period upon reasonable prior notice to the other Party.

6.2 Billing Disputes

If a Party contests the amount billed in accordance with Sections 6.1(a) or (b) before such amount is due, the contesting Party shall pay the undisputed billed amount when due and promptly provide written notice to the other Party of the disputed amount and identifying the reason for the dispute. If neither Party disputes a bill within six months after the due date of such bill, such bill shall be deemed correct.. The Parties shall engage in good faith negotiations to resolve any disputed amounts within 30 days. If the Parties are unable to resolve a dispute within such period, disputed amounts shall, if requested by the billing Party, be paid into an escrow account within 30 days of such request pending resolution of the dispute. Thereafter, either Party may exercise such remedies as may be available under this Agreement, at law or in equity. In addition to any other remedies available to AK POWER, in the event Con Edison fails to pay a disputed bill into such escrow account within 30 days of a request by AK POWER pursuant to the previous sentence, AK POWER may withhold Installed Capacity to be provided to Con Edison under Section 4.1 until such bill is paid into such escrow account. Interest at the rate specified in Section 5.1(e) shall accrue on any amount due hereunder, if any, that is refunded or credited to the contesting Party or that is released from escrow to the non-contesting Party, when the contested amount is resolved.

6.3 Survival

The provisions of Section 3, Section 4 and this Section 6 shall survive termination, expiration, cancellation, suspension, or completion of this Agreement to the extent necessary to allow for final billing and payment.

7. FORCE MAJEURE

(a) Notwithstanding anything in this Agreement to the contrary, neither Party shall have any liability or be otherwise responsible to the other for its failure to carry out its obligations, with the exception of any obligation to pay money, under this Agreement if and only to the extent that it becomes impossible for either Party to so perform as a result of any occurrence or event which is beyond the reasonable control, and does not result from any fault or negligence, of the Party affected (each, a "Force Majeure Event"), including any act of God, strike or any other labor disturbance, act of a public enemy, war, act of terrorism, riot, any other civil disturbance, fire, storm, lightning, flood, earthquake, any other natural disasters, explosion, materials shortage, breakage or accident involving facilities, equipment or systems, any order or regulation or restriction imposed by any Governmental Authority, failure of a contractor or subcontractor caused by a Force Majeure Event and transportation delays or stoppages.

(b) If a Party shall rely on the occurrence of a Force Majeure Event as a basis for being excused from performance of its obligations under this Agreement, then the Party relying on such occurrence shall (i) provide prompt written notice of such Force Majeure Event to the other Party giving an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) exercise its reasonable best efforts to continue to perform its obligations under this Agreement; (iii) reasonably and expeditiously take action to correct or cure the Force Majeure Event, provided,

however, that settlement of strikes or any other labor disturbance will be completely within the sole discretion of the Party affected by such strike or labor dispute; (iv) exercise its reasonable best efforts to mitigate or limit damages to the other Party; and (v) provide prompt written notice to the other Party of the cessation of the Force Majeure Event.

9. ASSIGNMENT; NO THIRD PARTY BENEFICIARIES.

(a) This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either Party, including by operation of law, without the prior written consent of the other Party, except (i) in the case of Con Edison, to an Affiliate of Con Edison or a third party that has a contractual or statutory obligation to supply Installed Capacity to Con Edison's retail customers; (ii) in the case of AK POWER, to an Affiliate of AK POWER or a third party in

connection with the transfer of all of AK POWER's right, title and interest in and to the Generating Plant to such Affiliate or third party; and (iii) in the case of either Party, to a lending institution or trustee in connection with a pledge or granting of a security interest in the Generating Plant and/or this Agreement; provided, however, that no assignment or transfer of rights or obligations by either Party shall relieve it from the full liabilities and the full financial responsibility, as provided for under this Agreement, unless and until the transferee or assignee shall agree in writing to assume such obligations and duties and the other Party has consented in writing to such assumption. For purposes of this Agreement, the term "Affiliate" shall have the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

(b) Nothing in this Agreement is intended to confer upon any other person except the Parties any rights or remedies hereunder or shall create any third party beneficiary rights in any person.

9. EXTENSION; WAIVER.

Either Party may (a) extend the time for the performance of any of the obligations or other acts of the other Party or (b) waive compliance by the other Party with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party. The failure of a Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights. Notwithstanding anything herein to the contrary, to the extent that either Party fails, in any particular instance, to take affirmative steps to exercise its rights to witness, inspect, observe or approve the activities of the other Party, such rights shall, solely with respect to such instance, be deemed waived in respect of such activity.

10. COUNTERPARTS.

This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument.

11. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York (regardless of the laws that might otherwise

govern under applicable principles of conflicts of law).

12. SEVERABILITY.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

13. AMENDMENT.

This Agreement may be amended, modified or supplemented only by an instrument in writing signed on behalf of each of the Parties. If the applicable provisions of the NYPP Rules, or the applicable provisions of the ISO Tariff or ISO Rules, relating to installed capacity requirements applicable to this Agreement or the implementation of this Agreement are changed materially, the Parties shall endeavor in good faith to make conforming changes to this Agreement with the intent to fulfill the purposes of this Agreement; provided, however, that, except as provided for in Section 2.5, in no event shall such changes modify the price for Installed Capacity set forth in Section 4.2 or excuse AK POWER from paying, or otherwise modifying its obligations in respect of, Capacity Deficiency Payments under Section 4.3. Any such conforming change to this Agreement shall be subject to all necessary regulatory authorizations, which the Parties shall request or support, as applicable.

14. ENTIRE AGREEMENT

This Agreement, the APA, the other Ancillary Agreements and the Confidentiality Agreement dated August 19, 1998 between Con Edison and NRG Energy (the "Confidentiality Agreement"), including the Exhibits, Schedules, documents, certificates and instruments referred to herein or therein and other contracts, agreements and instruments contemplated hereby or thereby embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to herein or therein. This Agreement, the APA and the other Ancillary Agreements supersede all prior agreements and understandings between the Parties with respect to the transaction contemplated by this Agreement other than the Confidentiality Agreement.

15. FURTHER ASSURANCES.

The Parties agree to, from time to time upon the reasonable request of either Party, negotiate in good faith and execute and deliver amendments to this Agreement, including in response to regulatory, technological, operational or other changes affecting the Generating Plant or the electric power industry generally, or such other documents or instruments as may be necessary, in order to effectuate the transactions contemplated hereby.

16. INDEPENDENT CONTRACTOR STATUS.

Nothing in this Agreement is intended to create an association, trust, partnership or joint venture between the Parties, or to impose a trust, partnership, or fiduciary duty, obligation or liability on or with respect to either Party, and nothing in this Agreement shall be construed as creating any relationship between Con Edison and AK POWER other than that of independent contractors.

17. NOTICES.

Unless otherwise specified herein, all notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a telecopied communication, of confirmation) if delivered personally, telecopied (which is confirmed) or sent by overnight courier (providing proof of delivery) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice)

if to Con Edison, to:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, NY 10003,
Telecopy No.: (212) 677-0601
Attention: Senior Vice President & General Counsel

if to AK POWER, to
Arthur Kill Power LLC
c/o NRG Energy Inc.
1221 Nicollet Mall, Suite 700
Minneapolis, Minnesota, 55403-2445
Telecopy No.: (612) 373-5392
Attention: Vice-President and General Counsel

With a copy to:

Arthur Kill Power LLC
c/o NRG Energy Inc.
1221 Nicollet Mall, Suite 700
Minneapolis, Minnesota, 55403-2445
Telecopy No.: (612) 373-5340
Attention, Commercial Asset Manager

18. INTERPRETATION.

When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" or equivalent words. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well

as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement, instrument, statute, regulation, rule or order defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument, statute, regulations, rule or order as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes, regulations, rules or orders) by succession of comparable successor statutes, regulations, rules or orders and references to all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors and assigns.

19. JURISDICTION AND ENFORCEMENT.

(a) Each of the Parties irrevocably submits to the exclusive jurisdiction of (i) the Supreme Court of the State of New York, New York County and (ii) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or, if such suit, action or proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of the Parties further agrees that service of process, summons, notice or document by hand delivery or U.S registered mail at the address specified for such Party in Section 17 (or such other address specified by such Party

from time to time pursuant to Section 17 shall be effective service of process for any action, suit or proceeding brought against such Party in any such court. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the Supreme Court of the State of New York, New York County, or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which they are entitled at law or in equity.

20. CONFLICT.

Except as expressly otherwise provided herein or therein, in the event of any conflict or inconsistency between the terms of this Agreement and the terms of the APA or any other Ancillary Agreement, the terms of this Agreement shall prevail.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective duly authorized officers as of the date and year first above written.

ARTHUR KILL POWER LLC

By: /s/ Michael O'Sullivan

Name: Michael O'Sullivan
Title: Vice President

CONSOLIDATED EDISON COMPANY OF NEW YORK INC.

By: /s/ Joan J. Freilich

Name: Joan J. Freilich
Title: Executive Vice President and CFO

<ARTICLE> 5
<LEGEND>
This schedule contains summary financial information extracted from the June 30, 1999 Financial Statements included in the Company's Form 10-Q and is qualified in its entirety by reference to such Form 10-Q.
</LEGEND>
<MULTIPLIER> 1,000

<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	DEC-31-1999
<PERIOD-START>	JAN-01-1999
<PERIOD-END>	JUN-30-1999
<CASH>	65,962
<SECURITIES>	0
<RECEIVABLES>	39,432
<ALLOWANCES>	118
<INVENTORY>	48,028
<CURRENT-ASSETS>	209,529
<PP&E>	1,231,916
<DEPRECIATION>	104,713
<TOTAL-ASSETS>	2,401,762
<CURRENT-LIABILITIES>	853,294
<BONDS>	801,914
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	1
<OTHER-SE>	698,525
<TOTAL-LIABILITY-AND-EQUITY>	2,401,762
<SALES>	97,133
<TOTAL-REVENUES>	113,173
<CGS>	69,064
<TOTAL-COSTS>	112,362
<OTHER-EXPENSES>	24,694
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	26,847
<INCOME-PRETAX>	(23,883)
<INCOME-TAX>	(25,284)
<INCOME-CONTINUING>	1,401
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	1,401
<EPS-BASIC>	0
<EPS-DILUTED>	0