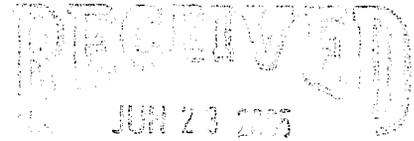




NRG Energy, Inc.
PO Box 1001
1866 Middletown Road
Middletown, CT 06457

June 21, 2005



CONNECTICUT
SITING COUNCIL

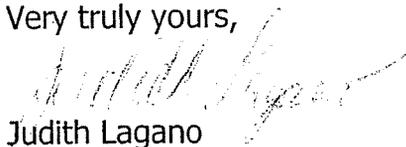
Mr. Joel Rinebold
Connecticut Center for Advanced Technology, Inc.
111 Founders Plaza
Suite 1002
East Hartford, CT 06106

RE: Docket No. F-2005 Connecticut Siting Council Review of the Ten-Year
Forecast of Connecticut Electric Loads and Resources

Dear Mr. Rinebold:

Enclosed are the responses to your request dated June 7, 2005.

Very truly yours,


Judith Lagano
Director, Regional Affairs

JL/dls

cc: ~~Service List~~
Ray Long
Steve Corneli

1. What was the rationale for the retirement of Devon Units 7 and 8? Is Middletown Unit #2 similar to Devon Units #7 and #8 in that it is over forty years old; has approximately the same rating and fuel use?

Devon 7 and 8 were deactivated in June and October 2004 upon the termination of their Reliability Agreement with ISO-New England. The agreement provided compensation for reliability services sufficient to cover the costs of owning and operating the Devon 7 and 8 facilities. The Devon 7 & 8 agreement terminated, according to ISO-NE, because transmission constraints associated with transmission serving the Devon area prevented the simultaneous operation of all the Devon units and the newer Milford generating units, and the ISO-NE appears to believe that the Milford units offer more reliability and other benefits than Devon 7 & 8, despite the much higher cost of the Milford units. Regardless of the reason for termination, absent the agreement, the wholesale market currently provides insufficient revenue to justify continued operation of the units. Middletown 2, although of similar age, rating and fuel use as Devon 7 and 8, does not face transmission limitations such as those at Milford, and is currently operating under a Reliability Must Run (RMR) Agreement with ISO-New England which expires on December 31, 2005 corresponding with the implementation of the locational installed capacity market (LICAP). The characteristics of the LICAP market will factor heavily on the future viability of the NRG owned Connecticut based generating resources.

2. Are there plans to retire Middletown Unit # 2, Montville #5, Norwalk #1 and #2, or any other units owned or operated by NRG in Connecticut within the forecast period? If so, what units would be retired and what is the anticipated retirement date? Are there plans and/or a conceptual schedule for the repowering of any generating units?

Similar to Middletown # 2, the Montville and Norwalk units operate under RMR agreements or peaking unit safe harbor bidding arrangements which expire either at the end of this year or with the implementation of LICAP. As stated in the response to question 1, the characteristics of the LICAP market will determine whether there is sufficient revenue to justify continued operation of these units without additional RMR agreements or other contractual arrangements.

ISO-New England's "Connecticut Energy Plan Framework" includes the repowering of existing older generation facilities among its key recommendations for resolving the State of Connecticut's reliability challenges. NRG believes significant repowering of existing generation sites

can be technically feasible prior to the completion of planned transmission upgrades throughout Connecticut; however the current market provides - little incentive for electric distribution companies and load serving entities to seek long-term contracts with Connecticut generators.

3. Does NRG have any plans or conceptual schedules for the development of new generation including distributed generation that could be strategically sited to alleviate constrained circuits and/or mitigate FMCC?

NRG recently filed two system impact study applications for the redevelopment and expansion of the Norwalk Harbor and Cos Cob sites. Limited details and status of the applications are posted on OASIS. The redevelopment of the existing generation with state of the art, efficient technologies in Southwest Connecticut should result in the reduction of fuel costs and operating reserve credit costs, both of which contribute to FMCCs in that area.

4. Please outline the advantages and disadvantages of mechanisms to provide enhanced generator availability, including but not limited to, fuel diversity standards, resource diversity standards, and/or firm fuel supply contracts.

Well-designed capacity markets will provide incentives for developing diverse types of resources, including peakers, intermediate and base load. Siting and risk factors associated with coal and nuclear, however, will continue to create a bias towards gas resources without explicit means to address those risks and costs.

Gas pipeline capacity, storage, and coordination with the electricity market all need to be improved.

5. Have the generators and/or the utilities come to any agreement over the identification of the most appropriate technical mix of resources for conservation, demand response, generation, distributed generation, and transmission, or is there support for this mix to be driven entirely by the market?

NRG is not aware of any such agreement between the generators and/or the utilities over the identification of the appropriate mix of resources. In general, a competitive market that sends price signals that will cover the cost of needed new resources should provide incentives for market forces to develop and deploy an efficient mix of resources. However, until the wholesale market operates under a design that can send appropriate price signals to investors, customers, and suppliers, there may be a need for

support for certain resources through non-market or market-supplementing means, such as special contracts and RFPs for competitive resources.

Transmission must be planned in a manner that recognizes the contribution that can be made by competitive generation and demand response.

Until the retail market allows customers to receive price signals that signal the true resource cost of their consumption, efficient demand response is unlikely to arise.

6. Have the generators and/or the utilities come to any agreement over the identification of the most appropriate public and/or ratepayer funding levels for conservation, demand response, and renewable/clean generation?

NRG is not aware of any such agreement between the generators and/or the utilities that identifies funding for conservation, demand response, and renewables.

In general, public or retail funding at the state level should be used to support competitively procured resources in order to avoid the inefficiency of long-term cost of service regulation