

New Additions to NRG Thermal Team

As most of our readers may know, NRG Energy Center San Francisco is part of a larger group of district energy providers. Within the past year, NRG Thermal LLC, which owns NRG Energy Center San Francisco, has announced new additions: **NRG Energy Center Phoenix LLC** and **NRG Energy Center Princeton LLC**.

NRG Thermal acquired three significant district energy operations in Arizona from APS Energy Services Company Inc., a subsidiary of Pinnacle West Capital Corp. Now known as NRG Energy Center Phoenix, the former Northwind Phoenix properties include the Phoenix district cooling business unit, the Tucson district energy business unit, and the operations and maintenance of a combined heat and power (CHP) plant at Arizona State University. The Phoenix system provides chilled water to nearly 30 buildings downtown Phoenix, including Chase Field, home of the Arizona Diamondbacks.

In addition, Princeton HealthCare System selected NRG Thermal to provide the continuous energy supply it needs to ensure uninterrupted high-quality medical care at its new 630,000-square-foot University Medical Center of Princeton at Plainsboro, New Jersey.

NRG Energy Center Princeton LLC will design, build, own, operate and maintain a combined heat and power plant—CHP+NRG®—to supply electricity, steam and chilled water to the new medical center scheduled to open in early 2012. NRG Thermal has significant hospital and CHP experience in Minneapolis, Pittsburgh and Harrisburg, which has provided insight on the Princeton project.

NRG Thermal also owns and operates a district energy system in San Diego. The San Francisco system has been a part of NRG since 1999.



Welcome!



Steve Whitcomb,
Plant Manager

Stephen Whitcomb was named Plant Manager of NRG Energy Center San Francisco LLC in November. He is responsible for maintaining safe, reliable and efficient operation of the company's 410,000 lb/hr steam district heating plant; writing

operating and safety procedures; implementing the preventative maintenance program; training operations staff; and complying with licensing and permit requirements. He comes to NRG San Francisco from his position as Chief Engineer at Market Center in downtown San Francisco, where he served for 10 years. Earlier, he was Chief Engineer of the cogeneration plant at the University of California San Francisco Parnassus Heights campus and a field service engineer at Babcock and Wilcox. He graduated from North Dakota State University with a bachelor of science in mechanical engineering. Steve may be reached at stephen.whitcomb@nrgenergy.com, 415.644.9784. Welcome aboard, Steve!



In 2001 Chase Field was the first customer of what was then Northwind Phoenix. Today's NRG Energy Center Phoenix cools the ballpark and nearby downtown buildings using 13,000 tons of chillers at the stadium plus an adjacent 36,000-ton-hr ice-storage plant, shown here. Another cooling plant—located at the Phoenix Convention Center—also helps serve downtown customers.



Courtesy The California Center

Iconic Building Stays on Cutting Edge

From the top of its iconic twin spires to its polished wood and granite lobby, the 50-story California Center building at 345 California Street is a model of quality and efficiency in San Francisco's Financial District. The five-star Mandarin Oriental Hotel graces the building's upper floors, while the lower 35 stories consist of Class 1A office space, retail businesses as well as the hotel's reception area and meetings rooms.

As the third-tallest building in the city, The California Center encompasses nearly 1 million square feet of space held by two separate owners—the building owner holds 83% of the structure; the hotel, 17%. The entire space is heated by steam from NRG Energy Center San Francisco.

Cushman & Wakefield, property manager for the building's office and retail space, is charged with maintaining the highest-possible level of quality for its tenants and guests. "We have a detailed long-term plan for ongoing building enhancements," says Tim Danz, Chief Engineer at The California Center. "Our goal is to ensure that tenants are satisfied with everything from the building's exterior, to our cleaning services, to our

management team, to our parking facility. There are always multiple projects underway. One of our top priorities right now is energy efficiency."

With a rating of 90 out of a possible 100 points, the building already holds an Energy Star label from the U.S. Environmental Protection Agency and U.S. Department of Energy. It received its first Energy Star label in 2008.

"We are constantly looking at current and emerging technology to become more intelligent and efficient with regard to energy consumption," says Chief Engineer Danz. "We've upgraded many of our automation controls, resulting in a significant decrease in our energy use. New controls and program logic implemented in late September 2010 reduced steam consumption by more than 45% for the fourth quarter when compared to the same period in 2009. Heating degree-day totals were virtually the same for the two quarters, so we know our efforts are paying off in a tangible and measurable way."

The California Center management and engineering teams have gathered and analyzed operations data and submitted The California Center for LEED® (Leadership in Energy and Environmental Design) Gold certification. NRG Energy Center San Francisco is pleased to serve this important structure and wishes Danz and the 345 team well in the LEED review process.

An Engineer in the Big City

Born in New York City, Tim Danz was used to large cities and bright lights. But when he nabbed a summer internship with the engineering department at the iconic Chrysler Building in the Big Apple right after high school, his own light bulb went on. He knew he wanted a career operating big buildings with big systems.

"When I completed my internship at the Chrysler Building, I told the Chief Engineer that I absolutely wanted a career in high-rise engineering and operations and asked if I could stay on full time," says Danz, Chief Engineer at The California Center, an NRG San Francisco customer. "He made a spot for me—a 19-year-old kid. I'm grateful to him—and to Cushman & Wakefield

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Courtesy The California Center

Tim Danz, Chief Engineer at The California Center, was four stories up in the basket of a 60-foot boom lift to help replace the building's entry logo spotlights. The four existing fixtures were 500 watts each or 2000 total watts; the new ones pictured here are just 39 watts (154 watts total) each and do a better job, according to Danz.



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who managed that building—for taking me in and providing a range of great opportunities for career growth and development. There is an incredible amount you can learn in a building of that stature and magnitude.”

Danz soaked up as much about the profession as he could and stepped up to every opportunity. He went to night school to get his Journeyman Operating Engineer license and later found himself taking a position of increased responsibility at a new building in Lower Manhattan. By the age of 25 he was asked to join the engineering team to open and commission a 41-story, 600,000-square-foot building in San Francisco. Danz made the move.

At 27, Danz was named Chief Engineer at 456 California Plaza. In 1994 he became Chief Engineer at

Union Bank at 350 California Street, prior to moving on to The California Center late in 2006.

“I’ve learned so much from every position I’ve had,” says Danz. “I can leverage that collective knowledge and really make a difference now, especially when it comes to energy efficiency. That’s where my passion lies—saving as much energy as possible no matter the budget or challenges and doing it in a way that provides for tenant comfort, satisfaction and high standards.”

One way Danz’s personal life reflects his work commitment is that he bikes to and from work every day, combining a desire to reduce carbon footprint and to stay fit for the challenges ahead.

Introducing Our New GM



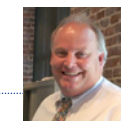
NRG Energy Center San Francisco is pleased to announce that Gordon Judd has been named General Manager. Gordon has extensive experience with NRG’s San Francisco operation. Previously,

Gordon served the company as Director of Business Development from 2009 to 2010, General Manager from 2005 to 2007, and Plant Manager from 1993 to 1997 and 2001 to 2004. Prior to returning to San Francisco in 2009, Judd was on a two-year assignment managing renewable energy development for NRG in San Diego. He holds a bachelor of science in mechanical engineering from California Polytechnic State University, San Luis Obispo, and an MBA from Golden Gate University. Earlier, Judd served in the U.S. Navy as a nuclear qualified officer on submarines.



Looking Back and Ahead

Gordon Judd
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A number of significant accomplishments in 2010 put us on track for a good year ahead.

Efficiencies in 2010. We continued to improve the efficiency of the central steam plant and the distribution system. We finished installing another leg of condensate return piping, which means that nearly 20% of steam condensate is now returned to the central plant. It takes about 10% less natural gas to create the steam from the returned condensate than if we started with cold makeup water. Using less fuel saves money and translates into an annual greenhouse gas savings equivalent to taking 240 cars off the road. Recovering condensate also saves water, which lowers the water and sewer costs associated with steam production. And lowering costs helps reduce rates for our customers. We will continue to look for ways to expand the condensate return system to further improve efficiency. In 2010 we also added variable-frequency drives to our highest-use electric motors to reduce electricity costs.

Unique Year-End Challenge. Last summer’s San Bruno gas explosion left the PG&E gas transmission system with diminished capacity for the winter heating season. PG&E notified NRG Energy Center San Francisco and all of its other non-core natural gas customers that winter gas curtailments might be required if San Francisco experiences unusually cold weather. One of the benefits of a district energy system is the ability to burn multiple fuels. If there is

a curtailment, we should be able to burn fuel oil as a backup. We are also evaluating our ability to expand our fuel oil use if circumstances warrant. In all cases, we are committed to delivering steam to our customers safely, reliably and efficiently.

Combined Heat and Power Opportunities. Moving into 2011, NRG San Francisco will be evaluating combined heat and power (CHP) opportunities—CHP+NRG®. Combined heat and power systems burn a fuel such as natural gas to produce electricity. The waste heat created during that process is captured and used to heat (or sometimes cool) a building or buildings. This two-for-one use of natural gas is more efficient than using boilers to solely produce steam or hot water. Using less fuel translates to lower costs and lower greenhouse gas emissions. (For more, see www.nrgthermal.com/chp.htm and www.epa.gov/chp/basic/index.html.)

Recent developments—such as the proposed settlement between investor-owned utilities (IOUs) and the California Public Utilities Commission—are likely to further improve CHP’s economics and expand where this technology can be installed. The proposed settlement is scheduled to take effect early this year. One element sets targets for the amount of CHP-produced electricity that IOUs would need to procure in the coming years and provides a method to sell excess electricity to the grid, making many CHP projects more attractive.

CHP systems can be small or large. A small system at our current plant would likely generate up to several megawatts (MW) of electricity to be used within our plant, while the waste heat from those units could be used to help generate steam to distribute to customer buildings.

A large CHP system would entail installing a combustion turbine at our central plant to generate 15-25 MW of electricity that would be used within our plant and sold to the grid. The waste heat would generate the majority of steam for our customers while the existing boilers would be used for peaking and standby. This would bring efficiency and environmental quality gains, as combustion turbines have lower emissions than traditional boilers.

NRG San Francisco also could build, own, operate and maintain a small CHP system right in a customer’s building to supply some onsite electricity and a portion of the building’s thermal needs, again more efficiently than separate steam and electric systems. These onsite CHP systems are very site-specific and work best when there are 24/7 heating and electric loads.

We are excited about these CHP opportunities and look forward to their potential efficiency and environmental benefits. If you think your building is a candidate for a CHP system, give me a call at **415.644.9666** and let’s check out the possibilities.

Helping Keep Light Rail on Track



Mike Furkus
Distribution Manager: mike.eurkus@nrgenergy.com

Work is under way on the San Francisco Municipal Transportation Agency’s Central Subway Project—Phase 2 of the Third Street Light Rail Project. Slated to open to the public in 2018, Phase 2 will link Little Hollywood and Visitación Valley with SoMa (South of Market), Moscone Center, Union Square and Chinatown.

Utility relocation to accommodate the Central Subway began in January 2010. NRG San Francisco was required to relocate its steam main on Ellis St. between Stockton St. and Powell St. that provides steam service to the historic Flood Building. Without relocation, NRG would have faced losing this valued customer.

The Flood Building’s owners and managers, SFMTA project managers and NRG San Francisco engineers met several times and identified an alternate route to the building from Market St. The plan required routing the line through Anthropologie, the popular retail store located on the ground floor of the Flood Building.

With excellent cooperation and coordination from the management of Anthropologie and the Flood Building, NRG completed this portion of the project with minimal impact to the store and its operation. NRG sincerely thanks all those involved in keeping this important customer on line without interruption.

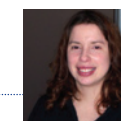


To accommodate the Central Subway project, NRG San Francisco rerouted one of its steam mains through Anthropologie in the ground floor of the Flood Building. The pipe and its placement were designed to integrate with the store’s ceiling for least-possible impact.

STRIVE

NRG’s Core Values

Wendy Gallegos
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At NRG, our Core Values provide a framework for all strategies, decisions and behavior. They are the standards by which we STRIVE to conduct our daily business, work with one another and interact within our communities. We are proud to share them with you here:

SAFETY At NRG safety always comes first. We embrace safety with an ultimate goal of zero injuries and a focus on preventative safety practices.

TEAMWORK In our complex business, it is essential that we work together as a team, harnessing the power of our combined skills, outlooks and efforts to address business opportunities and solve problems.

RESPECT FOR INDIVIDUALS, CUSTOMERS, COMMUNITY & THE ENVIRONMENT

We listen closely to one another and treat each other with respect. We create value for every customer. We respect our local communities and strive to be a good neighbor. We respect the environment and work continuously to improve it.

INTEGRITY We say what we mean and we honor our word. Integrity is central to our open and honest communications with colleagues, investors, regulators, customers and the communities in which we do business.

VALUE CREATION As individuals, as teams and as a Company, our goal is always to create value. The Company’s capital resources, our physical assets and our professional expertise, must be applied in the manner that creates maximum value.

EXEMPLARY LEADERSHIP Regardless of our positions within the Company, we are all leaders at NRG. We exercise leadership by developing well thought out plans, effectively communicating to all who would be affected and then acting decisively to implement them.