



Information in the Pipeline



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The Origin

In the 1890's, long after the gold-miners had left and Levi Strauss had sold his first pair of jeans, city engineers decided to construct a central steam plant on Jessie St. to generate steam and distribute it through an extensive underground network. Today, the Civic Center and more than 185 buildings in the Financial District receive steam from the NRG Energy Center at Jessie St. These buildings use the steam for spatial heating, domestic hot water and air conditioning.

So, why did the city engineers decide to build a central plant and a labyrinth of a distribution system? Well, aside from the fact that a centralized steam plant is far more energy-efficient than individual boilers and furnaces in each building, they had three primary concerns: safety, density and maintenance. During the late nineteenth century, boiler accidents occurred all over the country as safety devices such as safety relief valves were not yet commonplace in commercial boilers. The engineers at the time correctly realized that a central plant configuration would be safer for the building occupants than individual boilers. Moreover, the engineers valued space and had the foresight to plan for the increasing density of San Francisco. They realized that the city would continue to grow and the

resulting building boom would make space in the downtown corridor a valuable commodity. Using a central plant instead of installing individual boilers and associated equipment would free more space for tenant and commercial activities. Lastly, the city commission elected to put the civic center on the central steam plant because it relieved its engineers and staff from having to maintain boilers and associated equipment. Instead of checking gauges and blowing-down boilers, (remember, this is before automation) the staff could focus on other maintenance issues.

The city engineers' reasons for using a central plant to produce and distribute steam are even more relevant today. Safety, density and maintenance are becoming more critical as the population continues to grow and the economy begins to work its way out of its current condition. Further, a central plant, operating at 100% efficiency is much cleaner and more energy-efficient than the sum of the individual boilers, reducing the city's overall emissions, including greenhouse gases. There has never been a better time than now to hop onto NRG's steam loop. ↪

Karel Sykora
General Manager



Information in the Pipeline

Boiling Water

Lisa M. Smethurst
Account Manager



Welcome to the inaugural edition of the NRG's "Thermal Times," a newsletter published and written by the staff at NRG Energy Center, San Francisco.

The purpose of this newsletter is to communicate better with our customers. Often, the only time you receive any communication from NRG is through a billing statement. This cold, often impersonal, statement does not accurately reflect the NRG staff and its mission. NRG does more than just boil water... we serve. Our mission is to serve our downtown business partners, around the clock, every day of the year, delivering thermal energy reliably and safely. In other words, we serve to provide thermal comfort for workers, shoppers, and hotel guests that traveled from far-away lands to visit the most romantic city in the world. We serve San Francisco.

Together, we are good-hearted individuals, fathers, mothers, sons and daughters who arrive at work daily with a commitment to quality, service and safety. We are everyday people — union, management and all professional, working to serve your needs and live responsibly. Through this newsletter, we hope to communicate to our valued current and prospective customers that we are professionals with a strong sense of commitment and community.

2009 brought renewed hopes and aspirations. As such, we wish to renew our service commitment to you. In other words, we pledge to deliver thermal energy to you safely and reliably. We are here to serve you, San Francisco! ↪

NRGgreening

Dean Jensen
Operations Manager



As Operations Manager for NRG, I monitor the operational status of the plant, to ensure quality steam is delivered to your site reliably and in the most efficient manner possible. I also ensure that our plant operations leave the smallest allowable carbon footprint by implementing new strategies to reduce the emission of greenhouse gases.

NRG agrees with the many scientists who believe that global warming is one of the most significant challenges facing mankind. As one of the ways carbon dioxide (CO2), a greenhouse gas, is created is when fossil fuels are used in power plants, we believe that our industry must play a leading role in reducing those emissions.

So, what is NRG doing to reduce the production of greenhouse gases? We are developing low- and no- carbon technologies such as our recently announced solar project in California. Further, we are also working to improve the efficiency of units where we are already using clean and efficient fuels such as in our San Francisco thermal plant. By improving efficiency, we get more work from the same amount of fuel, effectively reducing the carbon intensity of our operations.

Of late, NRG has installed a heat recovery system to recover most of the heat that would otherwise be lost in the flue gases from our plant and increase plant thermal efficiency.

Additionally, our staff also performs regular maintenance and combustion tune-ups to decrease the potential for leaks and other issues that reduce plant efficiency. Operating the plant at maximum efficiency helps make our operation as environmentally responsible as possible, including the reduction of greenhouse gas emissions. ↪

RECOGNITION CELEBRATION



Wendy Gallegos, Office Manager



Like many businesses around the globe, NRG Thermal SF has aggressively adopted a cost-cutting agenda, removing any excess while maximizing efficiencies and productivity. This includes investing in new energy efficient systems, equipment and our most valuable assets: its 25 teammates.

In Dec., 2008, NRG Thermal SF held its annual Employee Recognition Celebration locally. The event highlighted the team's overall professionalism and provided awards/certificates for the following categories: Customer Service, Productivity, Teamwork, Years of Service, and Safety Excellence, just to name a few. Combined with delicious foods and fun games, the event recognized each employee's contribution to the success and safety of the plant.

Together, these 25 individuals work tirelessly, around the clock, to keep downtown San Francisco warm and its hot water hot, during the coldest nights.

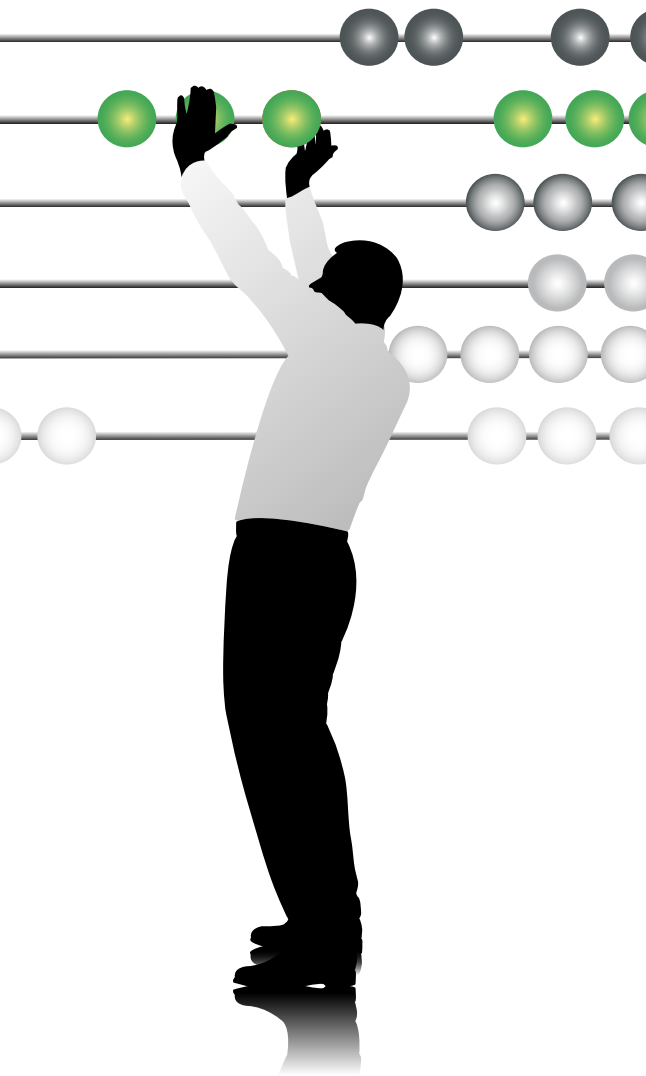


The Abacus Corner

Peggy Avery
Controller



As your local Financial Controller for NRG, I have been a part of the NRG team for over 15 years. My daily responsibilities include logging meter-reads, preparing monthly statements, and most importantly, preparing the annual budget.



The Drip Stops Here!

Mike Furkus
Distribution Manager



As a building owner, manager or operator, the first step in lowering your steam utility bill is to inspect and verify that all the site's systems are operating efficiently. By following the simple, proactive steps below, you can help ensure that your systems are as energy efficient as possible, thereby reducing your monthly steam charges in the process.

Through several quick checks, here are some of the common problems you may find:

- 1 **Worn or Missing Insulation**
Solution: Repair or replace as needed
- 2 **Building Controls – Improperly Set**
Solution: All thermostats should be set to 68°F. Verify that pressures and temperatures throughout the system are programmed with the proper set-points. Verify that all pressure and temperature gauges in the system are operating properly. If your system lacks any of these gauges, please contact me for a no-cost evaluation. Lastly, for buildings with a Building Automation System (BAS), verify all the set-points in the heating systems, and maintain trend usage information so you can note any discrepancies.
- 3 **Leaks and Faulty Steam Trap Operation**
Solution: Replace as needed.
- 4 **Inoperable Heat Recovery Equipment**
Solution: Verify pre-heaters and sub-coolers are operational. Again, check the gauges. If your system does not contain this equipment, which can

significantly enhance efficiency, please contact me for a no-cost evaluation of installing it.

- 5 **Lack of Ambient Temperature Sensors**
Solution: If the Heating, Ventilation and Air Conditioning (HVAC) system lacks ambient temperature sensors that shut off the system when the ambient temperature is at or above a set-point, please contact me for a no-cost evaluation.

- 6 **Conduct System/Building Energy-Efficiency Audits**
Solution: For domestic hot water and spatial heating hot water systems, please contact me to schedule a no-cost, system analysis.

These are just a few quick points that you can easily check. For a more thorough System/Building Energy-Efficiency Audit, please contact me to schedule one. Check back here at the next issue for more tips on how to reduce your energy use and cost!



RATES REVOLUTION

Karel Sykora
General Manager



In an economic downturn of this magnitude, all of us are carefully watching our spending and reducing expenditures whenever possible. As such, during the past months, I have received several questions concerning steam rates. Specifically, who sets them and why do they fluctuate?

Who Sets the Rate? The California Public Utilities Commission (CPUC) regulates steam rates through Resolution No. G-3227. The CPUC authorizes market-based rates for the NRG Energy Center, including a provision for automatically passing through increases in commodity charges such as natural gas used to heat our boilers. Rate adjustments to reflect expenses other than fuel or regulatory costs are limited to a maximum of 10% per year.

Why do Rates Fluctuate? NRG Energy Center purchases natural gas, the fuel used to produce steam for delivery to our customers, on an annual or other long-term contract with a fixed price to stabilize the steam rate and eliminating monthly price variations. The total cost of natural gas as delivered to NRG Energy Center by Pacific Gas and Electric Company, (PG&E), consist of the supplier cost plus the various components of PG&E tariff rates for delivering gas to the point of use. This cost is passed through to our customers without any benefit to NRG.

The Bottom-line! Every 12 months, I enter into price negotiations for a new natural gas contract. As such, I pledge to you, our valued customers that I will do my very best in securing the best pricing allowable. The resultant savings will be promptly passed on to you.



NRG's Got Your Back

Wayne Wong
Marketing Manager



For the inaugural issue, I would like to take this opportunity to congratulate our existing clients for making a smart move in selecting NRG District Steam. On the other hand, to those readers who are still undecided, I strongly encourage you to join us in discovering the advantages of an energy-efficient, hassle-free world where you don't have to run and nurse a boiler plant.

Many of our existing users already know how NRG steam is produced at our super-efficient central plant, and how it is distributed underground to sites all over the downtown business district. NRG District Steam has so many advantages; it is the clear choice for the efficient business especially during these uncertain economic times. Check out the following reasons:

IT'S EFFICIENT: Higher efficiency at our central plant replaces smaller and less-clean boilers spread out over the city – this translates to an overall lower carbon-footprint. When the steam arrives at your site, it is ready to use. Further, it is 100% efficient "at the door," as compared with 80% or lower efficiencies when using individual boilers.

IT CONSERVES AND PROTECTS: District energy allows you to conserve energy and protect the environment. With district energy, you no longer need to burn your own fuel inside your buildings to make steam, so the site is safer and more environmentally sound. Instead, our central plant is under stringent emission control standards that exceed the requirement for individual buildings, providing air-quality benefits. We're addressing the more stringent Bay Area Air Quality Management District (BAAQMD) regulations that will take effect for virtually all boiler plants beginning in 2010 so our customers can focus on their core business.

IT'S HASSLE-FREE: District heat is worry-free, delivered directly to your building - ready to use. You do not need boilers, so there is less maintenance and monitoring. And that allows your occupants, rather than your energy plants and operations, to be your focus.

As District energy customers, you can eliminate the need for fuel deliveries, handling and storage so there are fewer safety and insurance liability concerns than there are when you operate your own boilers.

IT'S RELIABLE: You can count on district energy since our crew operates around-the-clock and we have backup systems readily in place. Our district energy system operates at a reliability of "five nines" (99.999%). The plant even operated after the 1989 Loma Prieta Earthquake, when most other utilities were down for hours... even days.

IT SAVES SPACE: Since buildings using district energy service don't need boiler, you can reduce your upfront capital requirements and ongoing, operating, maintenance and labor costs considerably. That means less financial risk and a far better return on your investment - plus the elimination of principal and interest payments, property taxes associated with heavy boiler installations, costly insurance and annual maintenance contracts, and costs associated with operating boilers

STABLE PRICING: NRG has the flexibility to use a variety of fuel sources in larger, more economical volumes – natural gas or fuel oil - reducing the impact of supply and price variations.

DESIGN FLEXIBILITY: Lastly - no stacks, boilers or cooling towers means greater building design flexibility. Architects can easily design or renovate buildings to be more efficient, versatile and aesthetically pleasing for both current and potential occupants and the community.

So, as you can see, choosing NRG is the efficient and practical choice during these uncertain economic times. So, to all of our existing customer, give yourself a big, well-deserved pat on the back, kick-up your heels, and sit back because NRG's got your back when it comes to handling your steam needs! Those who are still uncertain about the advantages of district energy: Please allow me to personally demonstrate the advantage to you and your staff. Give me a call, and we'll set-up a time.

Safety ABCs: Always Be Careful



Nick Joseph
Compliance Specialist

The core values of NRG are summed up by the word "STRIVE" ('S' – Safety, 'T' – Teamwork, 'R' – Respect, 'I' – Integrity, 'V' – Value Creation, 'E' – Exemplary Leadership).

Since safety is the first core value, NRG operations are monitored by a strong Safety Committee. I have had the pleasure of being the chairperson of the committee since its inception in 2005. It is comprised of a representative from each division: Distribution, Operations and Administration. The committee, through its hard-work, persistence and cooperation from management and employees alike, has fostered and nurtured a culture of working and living in a safe environment... one in which everyone equally plays a crucial part.

Safety awareness goes beyond the workplace and into our homes. To get the families involved with being safety conscious, we hold an annual event called "Family/Friends Day." Families and friends are invited to visit our plant to experience safety-related activities, tour the plant, play fun games and enjoy a sumptuous BBQ. For instance, everyone has a chance to participate in basic CPR training, use a fire extinguisher to put out a fire, get first hand training on personal and public safety from the San Francisco Police Department and many other exciting events. Family/Friends Day has been a great success and the participation has been overwhelming.

In conclusion, "Safety Should Always Be First." We embrace safety as a core value with the goal of having zero injuries, at the same time, focusing on preventative safety practices. We apply our safety standard as broadly as possible and apply it to all managers, supervisors, staff, contractors and visitors without exception. Safety is something you learn from the start - Being accident free is doing your part!

