NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540

Phone 609.524.4511
Fax 609.524.4515

David Crane
President & CEO

16 April 2010

Administrator Lisa Jackson
United States Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Administrator Jackson:

Thank you for your recent invitation to engage in a dialogue on how stronger environmental standards and a stronger economy can go hand-in-hand. I found your speech on this subject most compelling. It certainly fits in with the impressive collaborative efforts you and the entire Obama Administration have undertaken to make environmental and economic sustainability mutually reinforcing as recently demonstrated by your recent "tailpipe rule".

As you know, a significant focus of industry has been on what the EPA plans to do with respect to the regulation of greenhouse gases. This is logical to me because we, like you and the EPA, consider addressing climate change to be the fundamental challenge to our generation of American leadership.

We recognize that climate change will only be solved globally, if we first act domestically. An immediate and effective approach will require visionary legislation, an enlightened regulatory approach and a suite of coordinated energy policies aimed at jump-starting key clean technologies and unleashing the dynamic force of the American free market system at solving the GHG problem.

For obvious reasons, both with respect to carbon and other pollutants, we closely follow the actions of the Obama Administration in general and the EPA in particular. We are confident that you share our goal and our view on the best way to achieve economic growth in a carbon-constrained world. As a New Jersey company, we also are very familiar with your inclusive and pragmatic approach and applaud your outreach. The sort of dialogue you suggest in your letter and in your speech seems to me to be exactly the right way to ensure that environmental regulations and other Administration policies are aligned to begin to meet this challenge successfully, while continuing to support the enactment of more comprehensive and far-reaching climate and energy legislation by Congress.

That said, I must point out the EPA has, in our opinion, a perception challenge. While a healthy number of company executives in the power sector largely accept your good intentions, many others do not. More importantly, my experience is that the investment community - the investors who collectively own substantial portions of most of the power companies in America - are extremely wary of both the EPA's intentions and the path you intend to take to achieve them. The widespread view among institutional investors is that EPA intends to impose as many unrecoverable costs on coal plants

in order to render them uneconomic. By so doing, the thinking goes, the EPA is seeking to force the shut down of coal plants in the very near future and to do so in as unpredictable manner as possible – and certainly before their owners can deploy replacement technologies in a commercially viable manner.

Since we are all owned by and work for our investors, this perception is a challenge of the highest magnitude. Therefore, let me suggest one basic thing you may wish to consider is to clearly articulate EPA's set of guiding principles for developing and enforcing new environmental regulations. I would not be so presumptuous as to seek to suggest a comprehensive set of guiding principles for you, the EPA or the Obama Administration - but, by way of illustration, some potential examples:

- Free market regulatory solutions that make it profitable to invest in improving existing facilities ("do not let a desire for perfection hinder the achievement of meaningful improvement")
- A recognition that we need to encourage creativity and innovation in environmental mitigation (particularly in regard to existing plants) and that, where and when it can, the EPA will think creatively about regulation of new approaches
- A commitment to deadlines for EPA consideration of approvals and permits that affect capital investment associated with new or repowered projects
- A transition period that offers power sector companies the means and the time to get their new low carbon technologies demonstrated and deployed

The last point is particularly important. We continually tell our investors that, under the GHG regulatory paradigm that is emerging in Congress, we will be able to allocate enough of our earnings to investment in nuclear and other clean technologies during the first decade of the program to reap a substantial benefit for them in subsequent decades. They can see how the allocation and other provisions of HR 2454 make that possible, but do not yet see it clearly in the panoply of EPA power sector rules that are beginning to emerge as you bring back to life an EPA that has been moribund for eight years.

Whether or not you decide to articulate a set of guiding principles per our first suggestion (but particularly if you do), as our second suggestion, I would strongly suggest that you allocate some of your own time to meeting singularly and collectively with the institutional investors who specialize in power industry investment. This relatively small and close knit group of investors, largely located in New York and Boston, would benefit immensely from exposure to your level headed and pragmatic personality. Two days spent in this regard would, in my opinion, result in positive good will for the EPA and peace of mind for the investors that would last for the remaining years of the Obama Administration.

We could, of course, very easily assist you in identifying the right people and arranging the events. And, of course, if you deemed it appropriate and useful, I would be honored to go along to introduce you.

Beyond these two suggestions, I would be happy to meet with you at your convenience to discuss these ideas and explore how we can achieve our common goals of a sustainable environment and a vibrant power sector and overall economy.

Sincerely,

David Crane
President & Chief Executive Officer