

**Written Testimony of David Crane, President & CEO of NRG Energy,  
Inc. Before the House Committee on Oversight and Government Reform  
Subcommittee on Regulatory Affairs, Stimulus Oversight and Government  
Spending  
June 19, 2012**

Good morning, Mr. Chairman, Ranking Member Kucinich and distinguished Members of the Subcommittee. My name is David Crane and I am the CEO of NRG Energy, one of the largest electric power companies in America. We are a Fortune 300 company with more than 25,000 megawatts of coal, nuclear, gas, wind and solar generation — enough to power more than 20 million American homes. We also own several retail electricity businesses that, together, serve more than two million customers in Texas and several northeastern states. Important to our discussion today is that NRG is NOT a rate-based utility. Our shareholders bear 100% of the risks of our capital investments and of the success of our operations which is in stark contrast to rate-based utilities which tend to socialize the risk of their capital projects among the ratepayers of their state.

I am honored to have the opportunity to speak to you today about the status of NRG's solar projects associated with the Department of Energy's Section 1705 loan guarantee program.

I ask that my written testimony also be included in the record.

NRG currently owns a majority interest in three solar projects that have received loan guarantees under Section 1705 and I am pleased to report on the progress that these three projects are making through the critical construction phase, typically the highest risk phase in the life of any power generation asset. We are also involved in the ownership of a fourth Section 1705 rooftop solar

project, commonly called Project Amp, together with our partner Prologis, but to date there have been no drawdowns on the Project Amp loan so there is no progress for me to report on.

Regarding our three projects that are utilizing Section 1705 loan guarantees:

- We own a 50% interest in the 392-megawatt Ivanpah Solar Electric Generating System in San Bernardino County, California. Ivanpah utilizes an Israeli-American "CSP" technology developed by Brightsource, a California-headquartered company. Ivanpah, when completed in 2014, will be the largest concentrating solar project in the world. All of the electricity generated by Ivanpah will be sold under a series of long term power purchase agreements with Pacific Gas & Electric, an A3/BBB rated investor-owned utility and Southern California Edison, an A3/BBB+ rated investor owned utility. Ivanpah, which is located on the California-Nevada border, approximately 45 miles south of Las Vegas, is being constructed by Bechtel Corporation, the legendary San Francisco-based construction company that oversaw the construction of the Hoover Dam and hundreds of American infrastructure projects since. Construction at Ivanpah began in October 2010 and, as of today, the project is on schedule. We expect to be making steam with unit 1 in November of this year. I also am pleased to report that Ivanpah is not only on schedule but it remains under budget, with the project contingency still intact and available to deal with any issue that may arise.
- We own a 100% stake in the 250-megawatt California Valley Solar Ranch near San Luis Obispo, California utilizing Sunpower's photovoltaic technology. The CVSR Project, as it is known, benefits from a 25 year offtake agreement with Pacific Gas & Electric and is being constructed under the supervision of the Bechtel Corporation. The 25 megawatt first phase

of the project will be online in September with final completion in late 2013. I am pleased to report to you that CVSR is ahead of schedule and under budget

- Finally, we own a 51% stake in the 290-megawatt Agua Caliente Solar Project near Yuma, Arizona being built by First Solar and utilizing their solar module technology with the power generated by the facility to be sold under a long term offtake agreement to Pacific Gas & Electric. Agua Caliente, when completed, will be the largest solar photovoltaic project in the world. I am very pleased to report to you that - half way through the scheduled construction period - Agua Caliente already has achieved the distinction of being the largest solar plant currently operating in North America - delivering almost 200MW of power into the grid. As such, Agua Caliente is so far ahead of schedule that we have had to petition the Department of Energy to allow us to complete the project significantly sooner than was originally intended.

In summary, Mr. Chairman, all of us at NRG recognize and respect this Committee's focus on the taxpayer funds being deployed to construct these projects and your intense interest in seeing those funds paid back to the Government with interest. I am pleased to report to you that all three of these projects are well on track and that nothing has occurred which causes me to have particular concern that the taxpayer funds invested in these projects is at risk of nonpayment or even late payment. Having said that, the nearly 5000 people working on construction, support and management of these projects will not rest and will remain ever vigilant until the money is in fact repaid.

You see, all three of these projects, Ivanpah, CVSR and Agua Caliente, are being funded not only with DOE guarantees and Federal Financing Bank loans but with a considerable amount of equity

capital provided by NRG and our partners in the respective projects. In total, NRG itself has committed over \$1 billion of its shareholder capital to these three projects, a considerable sum which represents approximately 30% of NRG's market capitalization. Since our capital is invested as equity, it is lower in the priority of repayment than the loans provided by the federal government. ***In blunt terms, we don't get repaid unless the government has been repaid.*** And with over \$1 billion committed, you can rest assured that we are very highly motivated to doing what it takes to ensure that we are repaid.

Thank you. I look forward to any questions you may have.

## **David Crane**

Mr. Crane has served as the President, Chief Executive Officer and a director of NRG since December 2003. Prior to joining NRG, Mr. Crane served as Chief Executive Officer of International Power plc, a UK-domiciled wholesale power generation company, from January 2003 to November 2003, and as Chief Operating Officer from March 2000 through December 2002. Mr. Crane was Senior Vice President — Global Power New York at Lehman Brothers Inc., an investment banking firm, from January 1999 to February 2000, and was Senior Vice President — Global Power Group, Asia (Hong Kong) at Lehman Brothers from June 1996 to January 1999. He holds a bachelor's degree from Princeton University's Woodrow Wilson School of Public and International Affairs and a JD from Harvard Law School.

**Committee on Oversight and Government Reform  
Witness Disclosure Requirement - "Truth in Testimony"  
Required by House Rule XI, Clause 2(g)(5)**

Name: David Crane, NRG Energy, Inc.

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1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2009. Include the source and amount of each grant or contract.

I have not personally received any federal grants or contracts since October 1, 2009.

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2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

I will be testifying on behalf of NRG Energy, Inc. ("NRG") and its indirectly owned subsidiaries that are participating in the Department of Energy's 1705 Loan Program. I am the President and CEO of NRG Energy, Inc.

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3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2009, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

To the best of my information and belief, we have attempted to list the grants and contracts which NRG and its subsidiaries have received since October 1, 2009:

The following have received loan guarantees pursuant to Section 1705 of the American Recovery and Reinvestment Act of 2009:

<u>Loan Applicant</u>	<u>Loan guarantee</u>
Agua Caliente Solar LLC (Agua)	\$967 million
High Plains Ranch II LLC (CVSR)	\$1.237 billion
Solar Partners I, LLC; Solar Partner II, LLC and Solar Partners VIII, LLC (Ivanpah)	\$1.6 billion
ProSun Project Company, LLC (Project Amp)	\$1.24 billion

The following have received grants pursuant to Section 1603 of the American Recovery & Reinvestment Act of 2009:

Langford Wind Power LLC	\$84,201,645
NRG Solar Blythe LLC	\$18,093,939

NRG Solar Roadrunner LLC	\$21,393,419
AvenalSolar Holdings LLC (NRG's 50%)	\$28,873,035
Longhorn Energy LLC	\$2,035,455
Continental Energy LLC	\$465,564
Monster Energy LLC	\$971,180

NRG acquired Solar Power Partners ("SPP") in November of 2011. SPP received Section 1603 grants associated with the below described projects prior to NRG's acquisition:

Ventura County, CA	\$920,503
Westover School - CT	\$414,000
Samsung Electronics	\$1,083,000
Oro Loma Sanitary District	\$945,000
Grant Elementary, CA	\$438,000
Safeway Santa Cruz	\$363,000
Bishop Museum	\$348,000
CAL-ISO	\$1,337,289
Frito-Lay	\$5,454,000
Contra Costa MWD	\$1,110,000
Santa Cruz Valley High School	\$480,000
Molokai General Hospital	\$239,772
City of Willows WWTP	\$795,000
Coachella Sanitary District	\$963,314
Masonic Charity Foundation	\$2,020,304
Arizona State University	\$12,439,223

NRG also has a subsidiary, NRG Sun LLC, that has received approximately \$3.9 million dollars under Section 1603 for a variety of residential rooftop solar projects. NRG has many other solar projects in progress for which we will be seeking funds under Section 1603.

NRG received a grant for a carbon capture & sequestration system pursuant to the American Recovery and Reinvestment Act of 2009 and Energy Policy Act 2005:

NRG Energy, Inc.        \$5,687,961

Reliant Retail Services LLC received a grant under the Smart Grid Investment Grant Program (SGIG). SGIG was originally authorized by Section 1306 of the Energy Independence and Security Act of 2007, and later modified by the American Recovery and Reinvestment Act of 2009:

Reliant Energy Retail Services, LLC

\$ 13,365,884

NRG Thermal LLC received a grant for the Princeton Hospital Project through the State of New Jersey Economic Development Authority under the American Recovery and Reinvestment Act of 2009:

NRG Thermal LLC

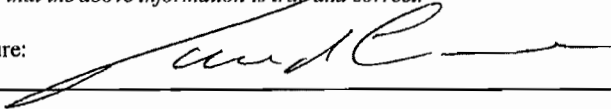
\$1,925,100

Finally, NRG has several retail subsidiaries (including specifically Reliant Energy Retail Services, LLC and Reliant Energy Northeast, LLC) which from time to time may competitively provide electricity to various federal buildings or agencies.

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*I certify that the above information is true and correct.*

Signature:



Date:

6/15/12