

Wholesale Panel

A Tale of Three (Very Different) Markets

Lee Davis | President East Region

John Ragan | President Gulf Coast

John Chillemi | President West Region

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East Region: Key Points

A well-positioned geographically and fuel-diversified portfolio

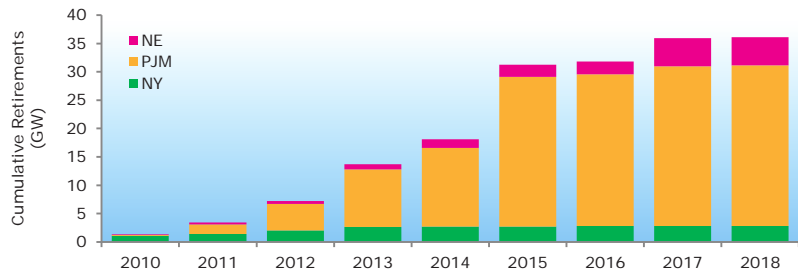
Substantial investment opportunities at low multiples and more attractive risk/return profile than new builds

Poised to benefit from ongoing capacity market reforms

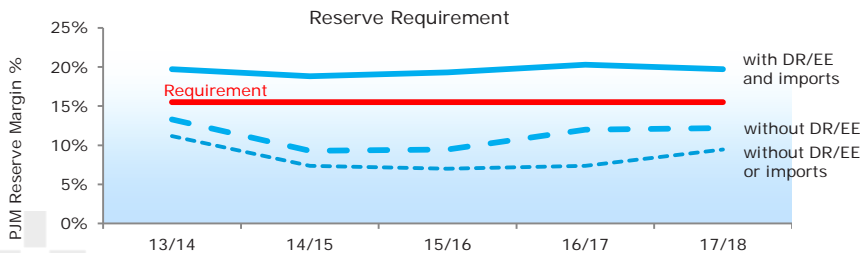


East: Market Update

Retirements and Dependence on Demand Response Causing Reliability Concerns...

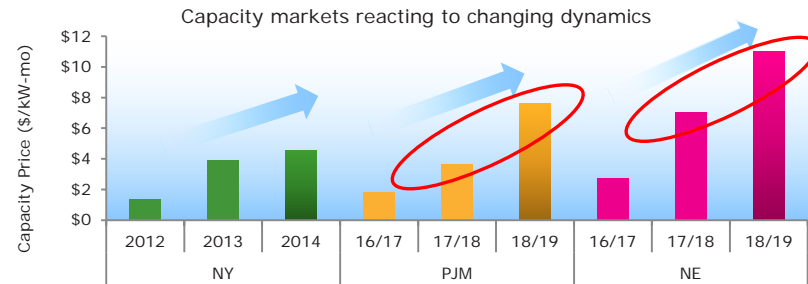


Source: CERA

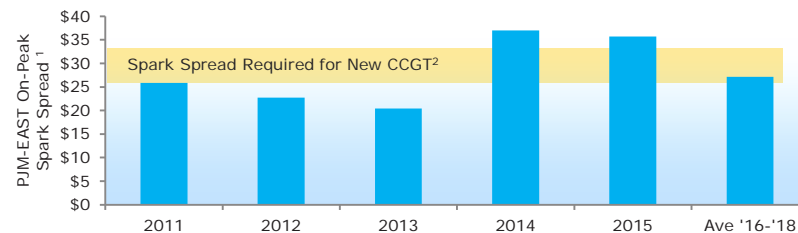


Source: PJM 2016/17 and 2017/18 BRA reports, PJM Market Monitor 2013 State of the Market Report, NRG estimates

...Driving Capacity Market Reforms and Improved Price Formation



Source: PJM ISO, NYISO, ISO-NE, Analyst's estimates



Source: PJM, ICE, NRG Estimates Forward values as of 12/31/14.

¹ 2011 - 2014 spark spread calculated using actual DAM settles vs. 7 heat rate x TETCO M3 gas; 2015 - 2018 spark spreads based on forward on-peak power prices vs. 7 heat rate x TETCO M3 gas
² CCGT CONE range is calculated based on overnight capital cost of \$1,100/kW, net of capacity and ancillary revenue; Spark Spreads = (On-peak power - 7 heat rate x TETCO M3 gas)

A focus on reliability and fuel diversity to take advantage of market reforms and retirements



East: Asset Strategy

~\$1B Capital Committed¹

Midwest Gen (4,306 MW)

PJM – ComEd

Environmental upgrades,
natural gas additions,
retirements

Summer 2016 COD

Avon Lake (732 MW)

PJM – ATSI

Gas Addition

Summer 2016 COD

Dunkirk (435 MW)

NY – RoS

Gas Repowering

Fall 2016 COD

Portland (401 MW)

PJM – MAAC

Oil Repowering

Summer 2016 COD

New Castle (330 MW)

PJM – ATSI

Gas Addition

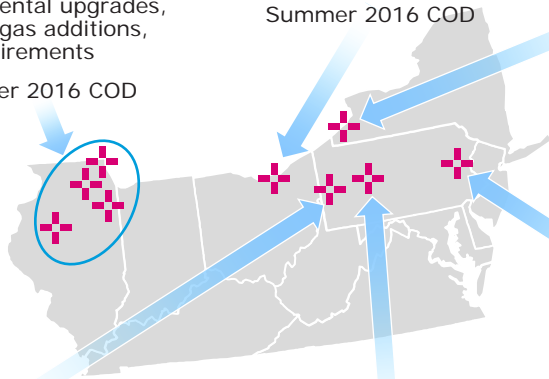
Summer 2016 COD

Shawville (597 MW)

PJM – MAAC

Gas Repowering

Summer 2016 COD



Case Study



- ❖ Oil conversion by Summer 2016
- ❖ Investment: ~\$65 MM
- ❖ Est. Adj. EBITDA: \$11 MM²
- ❖ 5.9x EBITDA multiple

Significant Accretion
Just Based on Capacity

¹ From NRG's 2nd Quarter 2014 Results Presentation on Aug. 7, 2014. Includes ~\$545MM at Midwest Generation and ~\$440MM at GenOn subsidiary

² Assumes \$120/mw-Day

Significant value enhancement aligned to market dynamics



Gulf Coast Region: Key Points

Strong growth in electric demand provides opportunities both in front of and behind the meter

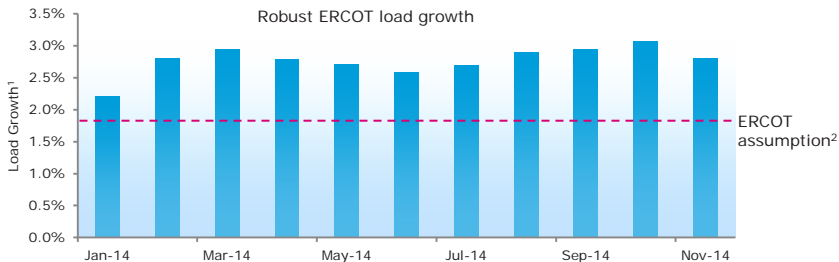
Our integrated platform continues to drive value in Texas

NRG Carbon360 provides a large, differentiated value proposition while also protecting fleet diversity

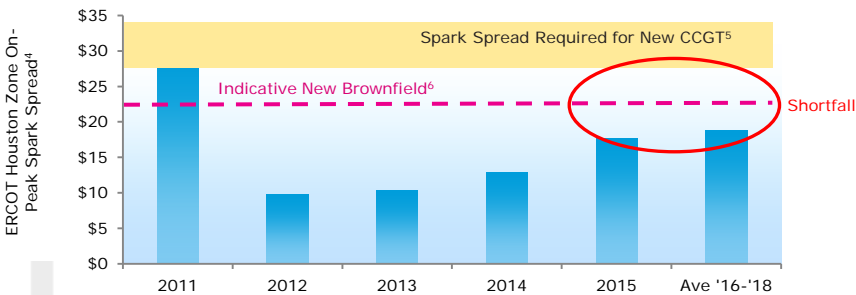


Gulf Coast: Market Update

Market Fundamentals Remain Strong...

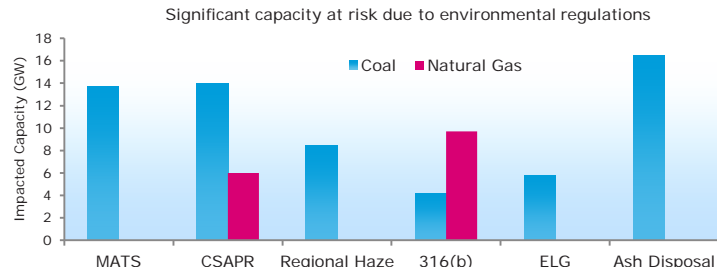


Source: PIRA

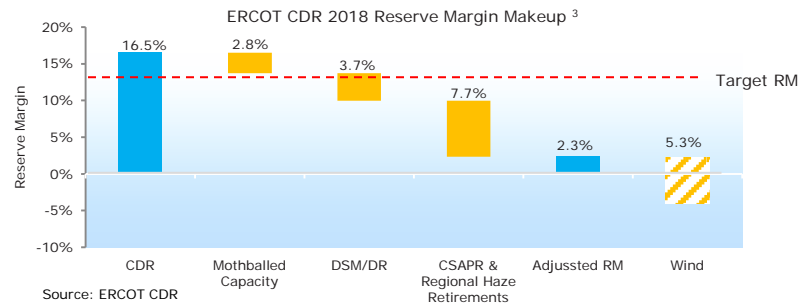


Source: NRG estimates. Forward values as of 12/31/14.

...and ERCOT Reserve Margin is Vulnerable



Source: ERCOT study entitled "Impacts of Environmental Regulations in the ERCOT Region"



Source: ERCOT CDR

¹ 12-month rolling average of weather normalized YOY load growth. ² ERCOT energy growth rate of 1.8% as defined in ERCOT's Long-Term Hourly Peak Demand and Energy Forecast
³ CDR reserve margin, Mothballed Capacity, DSM/DR, and Wind reserve margin values based on ERCOT Dec 2014 CDR values; CSAPR & Regional Haze retirements based on ERCOT study entitled "Impacts of Environmental Regulations in the ERCOT Region"
⁴ 2011 - 2014 spark spread calculated using actual RT settles vs. 7 heat rate x Houston Ship Channel gas; 2015 - 2018 spark spreads based on forward on-peak power prices vs. 7 heat rate x Houston Ship Channel gas. ⁵ CCGT CONE range calculated based on overnight capital cost in the range of \$800/kW to \$900/kW; Spark spreads = (On-peak power - 7 heat rate x Houston Ship Channel gas). ⁶ Assumes overnight build cost of \$700/kW and 6.3 heat rate CCGT

Strong fundamentals and precarious reserve margins set the stage for advantaged development



Gulf Coast: Asset Strategy

Well-diversified portfolio and advantaged development opportunities provides resiliency and opportunity

Industrial Expansion: 5 Year Opportunity

- ✦ 4,000 MW electric demand
- ✦ 700 MW steam demand

NRG Brownfield Expansion Sites

- ✦ Robinson- 360 MW in construction
- ✦ Cedar Bayou 5 – 750 MW air permit issued
- ✦ Bertron 5 – 750 MW air permit issued

- ✦ Integrated Platform (wholesale/retail)
- ✦ Multiple Brownfield Sites
- ✦ CCS/EOR Opportunities

Demand growth will continue in the Gulf Coast



West Region: Key Points

The California electricity supply mix is going through drastic changes

NRG has established a solid foundation and reputation through recent successes

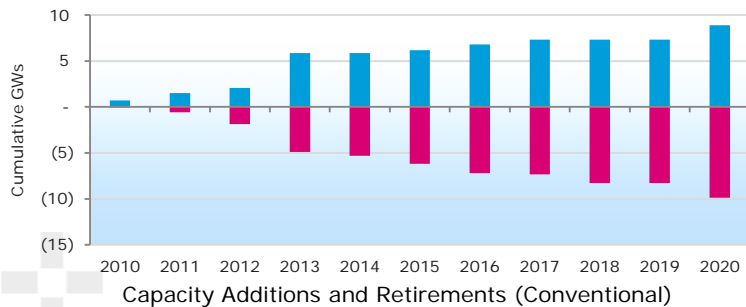
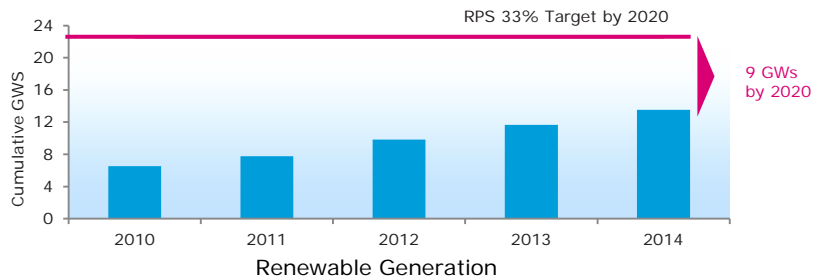
NRG is well positioned for continued growth



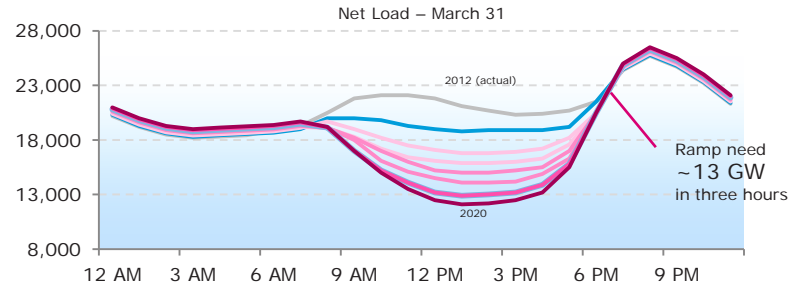
West: Market Update

Renewable Generation and Retirements...

...Create Opportunities on Existing Sites for Firming Capacity



Source: CAISO, NRG estimates



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- ✦ Renewables:
 - Incremental 9 GW to meet RPS target by 2020
- ✦ Conventional:
 - 10 GW of retirements (Nuclear and OTC¹)
 - 13 GW of ramping capacity to integrate renewables
- ✦ Preferred resources:
 - Growing share of utility procurement programs

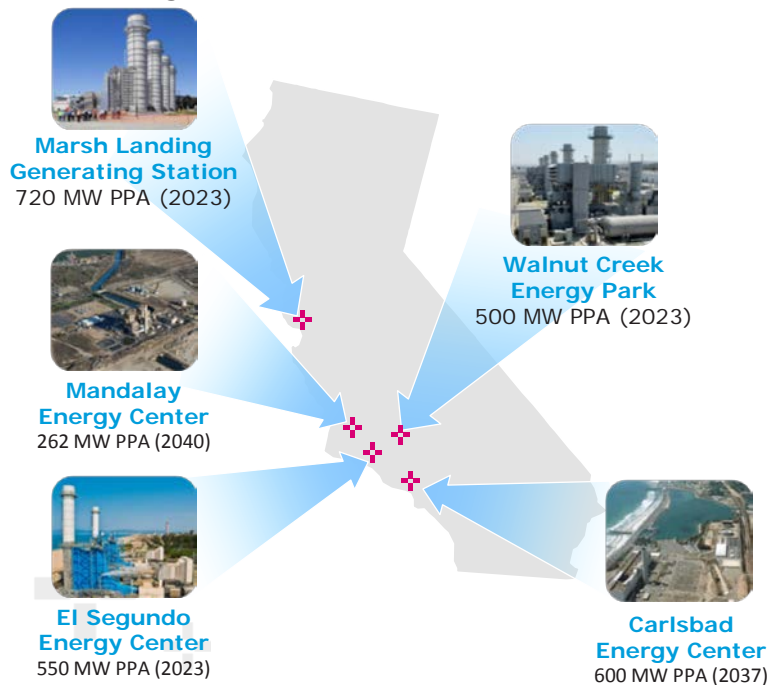
¹ OTC = once thru cooling

Changing resource mix increases need for flexible generation



West: Asset Strategy

Repowering projects create solid long-term foundation – 2,600 MWs



Potential growth through more gas repowering



Willow Pass
Generating Station



El Segundo
Energy Center 2

More growth through preferred resources and storage



Direct asset control
Lighting, HVAC
and Distributed
Generation



Demand response
program support
Electricity Load
Management



Energy Storage
1.3 GW
Mandate