UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

--- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarter Ended: JUNE 30, 2001 Commission File Number: 001-15891

NRG ENERGY, INC.
(Exact name of registrant as specified in its charter)

Delaware	41-1724239
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
901 Marquette Avenue, Suite 2300 Minneapolis, Minnesota	55402
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (612) 373-5300

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 6, 2001
Class A - Common Stock, $.01 par value	147,604,500 Shares
Common Stock, $.01 par value	50,928,910 Shares

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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF INCOME

NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(In thousands, except per share amounts)	THREE MONTHS ENDED JUNE 30, 2001	THREE MONTHS ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2000
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned operations	$ 661,302	$ 473,836	$1,285,564	$ 806,507
Equity in earnings of unconsolidated affiliates	61,598	48,173	80,502	38,529
Total operating revenues and equity earnings	722,900	522,009	1,366,066	845,036
OPERATING COSTS AND EXPENSES				
Cost of majority-owned operations	479,282	305,908	903,141	520,831
Depreciation and amortization	45,600	30,865	83,692	50,852
General, administrative and development	44,655	31,108	98,846	56,288
Total operating costs and expenses	569,537	367,881	1,085,679	627,971
OPERATING INCOME	153,363	154,128	280,387	217,065
OTHER INCOME (EXPENSE)				
Minority interest in earnings of consolidated subsidiaries	(2,599)	(2,283)	(4,658)	(4,081)
Other income, net	11,863	34	13,945	1,565
Interest expense	(105,767)	(81,858)	(192,759)	(134,175)
Total other expense	(96,503)	(84,107)	(183,472)	(136,691)
INCOME BEFORE INCOME TAXES	56,860	70,021	96,915	80,374
INCOME TAX EXPENSE	7,746	26,440	12,623	28,047
NET INCOME	$ 49,114	$ 43,581	$ 84,292	$ 52,327
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	198,515	155,529	191,261	151,567
EARNINGS PER WEIGHTED AVERAGE COMMON SHARE - BASIC	$ 0.25	$ 0.28	$ 0.44	$ 0.35
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED	200,277	156,191	193,994	151,898
EARNINGS PER WEIGHTED AVERAGE COMMON SHARE - DILUTED	$ 0.25	$ 0.28	$ 0.43	$ 0.34

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET
NRG ENERGY, INC. AND SUBSIDIARIES

(In thousands)	JUNE 30 2001	DECEMBER 31, 2000
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 226,552	$ 95,243
Restricted cash	157,243	12,135

Accounts receivable-trade, less allowance for doubtful accounts of $41,889 and $21,199	375,251	360,075
Accounts receivable-affiliates	151,479	--
Inventory	293,698	174,864
Current portion of notes receivable	25,533	267
Prepayments and other current assets	106,422	30,074
Total current assets	1,336,178	672,658
PROPERTY, PLANT AND EQUIPMENT, AT ORIGINAL COST		
In service	5,885,812	4,106,653
Under construction	1,968,610	206,992
Total property, plant and equipment	7,854,422	4,313,645
Less accumulated depreciation	(343,361)	(271,977)
Net property, plant and equipment	7,511,061	4,041,668
OTHER ASSETS		
Equity investments in affiliates	1,007,704	973,261
Capitalized project costs	46,301	10,262
Notes receivable, less current portion	726,136	76,745
Decommissioning fund investments	4,000	3,863
Intangible assets, net of accumulated amortization of $8,680 and $6,770	63,340	61,352
Debt issuance costs, net of accumulated amortization of $16,805 and $6,443	102,745	48,773
Other assets, net of accumulated amortization of $15,694 and $12,809	279,666	90,410
Total other assets	2,229,892	1,264,666
TOTAL ASSETS	$11,077,131	$ 5,978,992

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET
NRG ENERGY, INC. AND SUBSIDIARIES

(In thousands)	JUNE 30, 2001 (Unaudited)	DECEMBER 31, 2000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 402,861	$ 146,469
Revolving line of credit	293,000	8,000
Revolving line of credit, non-recourse	35,000	--
Corporate level, recourse debt	600,000	--
Accounts payable-trade	456,429	255,917
Accounts payable-affiliate	--	7,191
Accrued income taxes	53,208	43,870
Accrued property and sales taxes	17,345	10,531
Accrued salaries, benefits and related costs	18,718	24,830
Accrued interest	88,192	51,962
Other current liabilities	81,271	14,220
Total current liabilities	2,046,024	562,990
OTHER LIABILITIES		

Consolidated project-level, long term, non-recourse debt	3,699,884	2,146,953
Corporate level, long-term, recourse debt	2,464,283	1,503,896
Deferred income taxes	368,479	55,642
Postretirement and other benefit obligations	74,962	83,098
Other long-term obligations and deferred income	329,095	149,640
Minority Interest	44,908	14,685
Total liabilities	9,027,635	4,516,904
STOCKHOLDERS' EQUITY		
Class A - common stock; $.01 par value; 250,000 shares authorized; 147,605 shares issued and outstanding	1,476	1,476
Common stock; $.01 par value; 550,000 shares authorized; 50,928 shares at June 30, 2001 and 32,396 shares at December 31, 2000 issued and outstanding	509	324
Additional paid-in capital	1,714,001	1,233,833
Retained earnings	454,437	370,145
Accumulated other comprehensive loss	(120,927)	(143,690)
Total stockholders' equity	2,049,496	1,462,088
COMMITMENTS AND CONTINGENCIES		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$11,077,131	$ 5,978,992

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(In thousands)	Class A Common Stock	Class A Common Shares	Common Stock	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
BALANCES AT DECEMBER 31, 1999	$ 1,476	147,605	$ --	--	$ 780,438	$ 187,210	$ (75,470)	$ 893,654
Net Income						52,327		52,327
Foreign currency translation adjustments							(38,786)	(38,786)
Comprehensive income								13,541
Issuance of common stock, net			324	32,396	453,395			453,719
BALANCES AT JUNE 30, 2000	$ 1,476	147,605	$ 324	32,396	$1,233,833	$ 239,537	$(114,256)	$1,360,914
BALANCES AT DECEMBER 31, 2000	$ 1,476	147,605	$ 324	32,396	$1,233,833	$ 370,145	$(143,690)	$1,462,088
Net Income						84,292		84,292
Deferred net unrealized gains on energy contracts							68,541	68,541
Foreign currency translation adjustments							(45,778)	(45,778)
Comprehensive income *								107,055
Issuance of common stock, net			185	18,532	476,088			476,273
Issuance of corporate units					4,080			4,080
BALANCES AT JUNE 30, 2001	$ 1,476	147,605	$ 509	50,928	$1,714,001	$ 454,437	$(120,927)	$2,049,496

(*) Comprehensive income for the three months ended June 30, 2001 was $ 118,050.

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

	SIX MONTHS ENDED JUNE 30,	
(In thousands)	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 84,292	$ 52,327
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Undistributed equity in earnings of unconsolidated affiliates	(65,767)	(24,021)
Depreciation and amortization	83,692	50,852
Deferred income taxes and investment tax credits	17,148	92,215
Minority interest	300	(2,168)
Unrealized gains on energy contracts	3,289	--
Investment write downs	2,274	--
Cash provided (used) by changes in certain working capital items, net of acquisition effects		
Accounts receivable-trade	28,457	(103,807)
Accounts receivable-affiliates	(155,650)	(16,999)
Inventory	(80,576)	(22,514)
Prepayments and other current assets	(17,538)	(1,834)
Accounts payable-trade	(5,841)	72,471
Accounts payable-affiliates	(17,576)	--
Accrued income taxes	8,295	16,657
Accrued property and sales taxes	6,814	2,301
Accrued salaries, benefits and related costs	(14,247)	(1,438)
Accrued interest	36,230	35,666
Other current liabilities	(10,780)	(3,244)
Cash provided by changes in other assets and liabilities	10,311	72,040
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(86,873)	218,504
CASH FLOWS FROM INVESTING ACTIVITIES		
Businesses and assets acquired, net of liabilities assumed	(1,873,891)	(1,723,158)
Proceeds from sale of investments	4,063	--
Investments in projects	36,416	(8,238)
Changes in notes receivable (net)	45,407	(1,908)
Capital expenditures	(917,512)	(149,600)
(Increase) in restricted cash	(145,108)	(3,620)
NET CASH USED BY INVESTING ACTIVITIES	(2,850,625)	(1,886,524)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of stock, net	475,528	453,719
Proceeds from issuance of corporate units	4,080	--
Proceeds from issuance of long-term debt and term loans	2,959,254	2,508,688
Net borrowings/(payments) under line of credit agreements	320,000	(174,000)
Principal payments on long-term debt	(686,598)	(1,081,030)
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,072,264	1,707,377
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3,457)	--
NET INCREASE IN CASH AND CASH EQUIVALENTS	131,309	39,357
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	95,243	31,483
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 226,552	$ 70,840

See notes to consolidated financial statements.

NRG ENERGY, INC.
NOTES TO FINANCIAL STATEMENTS

NRG Energy, Inc. (NRG Energy or the Company) is a leading global energy company primarily engaged in the acquisition, development, ownership and operation of power generation facilities and the sale of energy, capacity and related products.

The accompanying unaudited consolidated financial statements have been prepared in accordance with SEC regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The accounting policies followed by NRG Energy are set forth in Note 1 to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2000 (Form 10-K). The following notes should be read in conjunction with such policies and other disclosures in the Form 10-K. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim financial statements contain all material adjustments necessary to present fairly the consolidated financial position of NRG Energy as of June 30, 2001 and December 31, 2000, the results of its operations for the three and six months ended June 30, 2001 and 2000, and its cash flows and stockholders' equity for the six months ended June 30, 2001 and 2000.

1. BUSINESS DEVELOPMENTS

During May 2001, NRG Energy purchased from Duke Energy North America LLC a 720 MW winter rated/640 MW summer rated simple-cycle plant. Operation of this facility has been suspended due to problems with the plant's transformers. The transformers are currently under repair. The transformers are under warranty from the manufacturer.

In June 2001, NRG Energy closed on the construction financing for a 633 MW gas-fired power plant in Fort Bend County, Texas that will be built, operated and managed by NRG Energy. At the time of the closing, NRG Energy also became 100% owner of the project by purchasing STEAG Power LLC's 50% interest in the project. NRG Energy estimates that its investment will total approximately $170 million. The project is expected to begin commercial operation in February 2003.

In June 2001, NRG Energy purchased 1,081 MW of interests in power generation plants from a subsidiary of Conectiv for approximately $644 million. NRG Energy acquired a 100% interest in the 784 MW coal-fired Indian River Generating Station located near Millsboro, Delaware and in the 170 MW oil-fired Vienna Generating Station located in Vienna, Maryland. In addition, NRG Energy acquired 64 MW of the 1,711 MW coal-fired Conemaugh Generating Station located approximately 60 miles east of Pittsburgh, Pennsylvania and 63 MW of the 1,711 MW coal-fired Keystone Generating Station located approximately 50 miles east of Pittsburgh, Pennsylvania.

In June 2001, NRG Energy purchased a 389 MW gas-fired power plant and a 116 MW thermal power plant, both of which are located in Csepel Island in Budapest, Hungary from PowerGen PLC. In April NRG Energy also purchased from PowerGen its interest in Saale Energie GmbH and its 33.3% interest in MIBRAG BV. By acquiring PowerGen's interest in Saale Energie, NRG Energy increased its ownership interest in the 960 MW coal-fired Schkopau power station located near Halle, Germany from 200 MW to 400 MW. By acquiring PowerGen's interest in MIBRAG, an integrated energy business in eastern Germany consisting primarily of two lignite mines and three power stations, NRG Energy increased its ownership of MIBRAG from 33.3% to 66.7%; however, MIBRAG purchased the shares NRG Energy acquired from PowerGen, which

resulted in The Washington Group International, Inc., MIBRAG's other shareholder, and NRG Energy, each owning 50% of MIBRAG. NRG Energy paid a total of approximately $190 million to PowerGen for all of these interests.

In June 2001, NRG Energy acquired Vattenfall's interests in three South American projects, Compania Boliviana de Energia Electrica S.A. - Bolivian Power Company Ltd. (COBEE) and Compania Electrica Central Bulo Bulo S.A., both in Bolivia and Itiquira Energetica S.A. in Brazil. In addition, NRG Energy has acquired the ownership interest of Inepar Energia S.A. (Inepar) in the Itiquira project. NRG Energy had been a 50% partner with Vattenfall in COBEE, Bulo Bulo and Itiquira. NRG Energy now owns 98.9% of COBEE, 60% of Bulo Bulo and 99% of the common shares of Itiquira. Pan American Energy LLC, a joint venture between BP-Amoco and Bridas Corporation

an Argentine company owns the remaining 40% of Bulo Bulo. COBEE, with 220 MW of predominantly hydroelectric generation is the second largest electric generator in Bolivia. Bulo Bulo is an 88 MW natural gas-fired facility in Bolivia, and Itiquira is a 156 MW hydroelectric project in the advanced stage of construction in Brazil. Full commercial operation of Itiquira is expected in March 2002.

In June 2001, NRG Energy completed an approximately 240 MW expansion project at the site of its Big Cajun I facility in New Roads, Louisiana. The expansion project cost approximately $69 million.

In July 2001, NRG Energy announced that it acquired approximately 60% of Hsin Yu Energy Development Company Ltd, a Taiwan company that owns and develops power generation facilities. Hsin Yu currently owns a 170 MW combined cycle gas turbine cogeneration facility, Hsinchu Phase 1, located near Taipei. Hsin Yu is developing a 245 MW expansion of the Hsinchu facility and a new 490 MW greenfield project at the Tainan Science - based Industrial Park in southern Taiwan.

2. SUMMARIZED INCOME STATEMENT INFORMATION OF AFFILIATES

NRG Energy has investments in four companies that are considered significant subsidiaries, as defined by applicable SEC regulations, and accounts for those investments using the equity method. The following summarizes the income statements of these unconsolidated entities:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(In thousands)	2001	2000	2001	2000
Net sales	$ 498,694	$302,500	$1,170,407	$ 488,271
Other income	2,591	6,529	4,711	7,225
Costs and expenses:				
Cost of sales	326,566	188,123	937,161	357,644
Interest expense	15,921	6,858	27,654	13,328
General and administrative	30,642	9,128	30,379	15,140
Other	(5,277)	(1,496)	3,857	(1,301)
Total costs and expenses	367,852	202,613	999,051	384,811
Income before income taxes	133,433	106,416	176,067	110,685
Income taxes	2,427	5,599	5,069	11,400

Net income	$ 131,006	$100,817	$ 170,998	$ 99,285
Company's share of net income	$ 64,623	$ 49,188	$ 82,744	$ 46,317

3. SHORT TERM DEBT

NRG Energy has a $500 million revolving credit facility under a commitment fee arrangement that matures in March 2002. This facility provides short-term financing in the form of bank loans. At June 30, 2001, the Company had $293 million outstanding under this facility. At June 30, 2001, the weighted average interest rate of such outstanding advances was 5.43% per year.

As of June 30, 2001, NRG Energy, through its wholly owned subsidiary, NRG South Central Generating LLC, had outstanding approximately $35 million under a project level, non-recourse revolving credit agreement which matures in March 2002. At June 30, 2001, the weighted average interest rate of such outstanding advances was 5.65% per year. The maximum available under this facility is $40 million.

In June 2001, NRG Energy entered into a $600 million term loan facility. The facility is unsecured and provides for borrowings of base rate loans and Eurocurrency loans. The facility terminates on June 21, 2002. The facility contains covenants that restricts NRG Energy's incurrence of liens and requires NRG Energy to maintain a net worth of at least $1.5 billion plus 25% of its net income from July 1, 2001 through the date of any determination thereof. In addition, the facility requires the maintenance of a debt to capitalization ratio of not more then 0.68 to 1.0 for any quarter or not more than 0.72 to 1.0 for any consecutive two months in any six-month period. An event of default under NRG Energy's existing corporate level revolving credit agreement is also an event of default under

this facility. As of June 30, 2001, the aggregate amount outstanding under this facility was $600 million. At June 30, 2001 the weighted average interest rate of such outstanding advances was 4.97%.

4. LONG TERM DEBT AND CAPITAL LEASE OBLIGATIONS

On April 2, 2001, NRG Energy completed the sale of $690 million of unsecured senior notes. The senior notes were issued in two tranches, the first tranche of $350 million of 7.75% senior notes is due April 2011 and the second tranche of $340 million of 8.625% senior notes is due April 1, 2031. NRG Energy received approximately $683.3 million in net proceeds from the issuance of these notes. The net proceeds were primarily used to repay short-term borrowings, other general corporate purposes and to provide capital for planned acquisitions. Interest payments are due semi-annually, April 1 and October 1, beginning on October 1, 2001.

In May 2001, NRG Energy's wholly-owned subsidiary, NRG Finance Company I LLC, entered into a $2 billion revolving credit facility. The facility will be used to finance the acquisition, development and construction of power generating plants located in the United States and to finance the acquisition of turbines for such facilities. The facility provides for borrowings of base rate loans and Eurocurrency loans and is secured by mortgages and security agreements in respect of the assets of the projects financed under the facility, pledges of the equity interests in the

subsidiaries or affiliates of the borrower that own such projects, and by guaranties from each such subsidiary or affiliate. Provided that certain conditions are met that assure the lenders that sufficient security remains for the remaining outstanding loans, the borrower may repay loans relating to one project and have the liens relating to that project released. Loans that have been repaid may be reborrowed, as permitted by the terms of the facility. The facility terminates on May 8, 2009. The facility is non-recourse to NRG Energy other that its obligation to contribute equity at certain times in respect of projects and turbines financed under the facility. As of June 30, 2001, the aggregate amount outstanding under this facility was $104 million. At June 30, 2001, the weighted average interest rate of such outstanding advances was 6.91%.

On June 22, 2001, NRG Midatlantic Generating LLC (Midatlantic), a wholly owned subsidiary of NRG Energy, borrowed approximately $414.9 million under a five year term loan agreement (Agreement) to finance, in part, the acquisition of certain generating facilities from Conectiv. The Agreement terminates in November 2005 and provides for a total credit facility of $580 million. Interest is payable quarterly. The debt is guaranteed by Midatlantic and its wholly owned subsidiaries. The Agreement provides for a variable interest rate at either:

- The higher of the Prime rate or the Federal Funds rate plus 0.50%, or

- The London Interbank Offered Rate (LIBOR) of interest.

As of June 30, 2001, the weighted average interest rate for amounts outstanding under the Agreement was 5.094%.

Midatlantic is obligated to pay a commitment fee of 0.25% of the unused portion of the credit facility.

The Agreement requires Midatlantic to comply with certain covenants concerning limitations on additional borrowings, sales of assets, capital expenditures, and payment of dividends or other distributions to shareholders.

In June 2001, in connection with NRG Energy's acquisition of the Csepel facilities, NRG Energy assumed a non-recourse credit facility agreement that provides for borrowings of approximately $78.5 million and DEM 203.6 million. As of June 30, 2001, there exists an outstanding balance of approximately $166.2 million under this credit facility. The facility terminates in 2017 with principle payments due quarterly in varying amounts throughout the term of the agreement. Interest is payable quarterly at a variable rate.

In connection with NRG Energy's acquisition of the COBEE facilities, NRG Energy recorded on its balance sheet approximately $56.3 million of non-recourse long-term debt that is due in 18 semi-annual installments of varying amounts beginning January 31, 1999 and ending July 31, 2007. The loan agreement provides an A Loan of up to $30 million and a B Loan of up to $45 million. Interest is payable semi-annual in arrears at a rate equal to 6-month LIBOR plus a margin of 4.5% on the A Loan and 6-month LIBOR plus a margin of 4.0% on the B Loan. The A Loan and the B Loan are collateralized by a mortgage on substantially all of COBEE's assets.

As part of NRG Energy's acquisition of the LS Power assets in January 2001, NRG Energy through its wholly owned subsidiary, LSP Kendall Energy LLC, has acquired a $554.2 million credit facility. The facility is non-recourse to NRG Energy and consists of a construction and term loan, working capital and letter of credit facilities.

As of June 30, 2001, there were borrowings totaling approximately $292.8 million outstanding under the facility at a weighted average annual interest rate of 5.0%.

In connection with NRG Energy's acquisition of the Audrain facilities, NRG Energy has recognized a capital lease on its balance sheet within long-term debt in the amount of $259.3 million, as of June 30, 2001. The capital lease obligation is recorded at the net present value of the minimum lease obligation payable. The lease terminates in May 2021. NRG Energy expects to incur approximately $2.5 million, $5.4 million, $5.9 million, $6.4 million, $7.0 million and $7.6 million, for the years 2001, 2002, 2003, 2004, 2005 and 2006, respectively in principle payments and approximately $224.5 million over the remaining term of the lease. In addition, NRG Energy has recorded in Notes Receivable an amount of approximately $270 million which represents its investment in the bonds that the County of Audrain issued to finance the project.

In connection with NRG Energy's purchase of PowerGen's interest in Saale Energie GmbH, NRG Energy has recognized a non-recourse capital lease on its balance sheet within long-term debt in the amount of $154.8 million, as of June 30, 2001. The capital lease obligation is recorded at the net present value of the minimum lease obligation payable over the lease's remaining period of 20 years. NRG Energy expects to incur approximately $21.4 million of principle payments each year for the remaining term of the lease. In addition, a direct financing lease was recorded in notes receivable.

GUARANTEES

NRG Energy is directly liable for the obligations of certain of its project affiliates and other subsidiaries pursuant to guarantees relating to certain of their indebtedness, equity and operating obligations. In addition, in connection with the purchase and sale of fuel, emission credits and power generation products to and from third parties with respect to the operation of some of NRG Energy's generation facilities in the United States, NRG Energy may be required to guarantee a portion of the obligations of certain of its subsidiaries. As of June 30, 2001, NRG Energy's obligations pursuant to its guarantees of the performance, equity and indebtedness obligations of its subsidiaries totaled approximately $552 million.

5. FINANCIAL INSTRUMENTS

As of June 30, 2001, NRG Energy had twelve-interest rate swap agreements with notional amounts totaling approximately $976 million, as described below. NRG Energy also has one foreign currency swap with a notional amount of approximately $9.2 million or (pound)6.4 million. If the swaps had been discontinued on June 30, 2001, NRG Energy would have owed the counter-parties approximately $35.4 million. Based on the investment grade rating of the counter-parties, NRG Energy believes that its exposure to credit risk due to nonperformance by the counter-parties to its hedging contracts is insignificant.

- NRG Energy entered into a swap agreement effectively converting the floating rate on AUD105 million debt into fixed rate debt. The swap expires on September 8, 2012 and is secured by the Flinders assets.

- A second swap effectively converts a $15.7 million issue of non-recourse variable rate debt into fixed rate debt. The swap expires on September 30, 2002 and is secured by the Camas Power Boiler assets.

- A third swap converts $140 million of non-recourse variable rate debt into fixed rate debt. The swap expires on December 17, 2014 and is secured by the Crockett Cogeneration assets.

- A fourth swap converts (pound)188 million of non-recourse variable rate debt into fixed rate debt. The swap expires on June 30, 2019 and is secured by the Killingholme assets.

- As of June 30, 2001 NRG Energy had in place swaps totaling approximately $498 million. These swaps covert the floating rate on the Kendall debt to fixed rates.

- NRG Energy also entered into a foreign currency swap with a notional amount of approximately (pound)6.4 million or $9.2 million to hedge or protect foreign currency denominated cash flows. The swap expires on July 31, 2001.

6. SEGMENT REPORTING

NRG Energy conducts its business within six segments: Independent Power Generation in North America, Europe, Asia Pacific and Other Americas regions, Alternative Energy and Thermal projects. These segments are distinct components of NRG Energy with separate operating results and management structures in place. The "Other" category includes operations that do not meet the threshold for separate disclosure and corporate charges (primarily interest expense) that have not been allocated to the operating segments. Segment information for the three and six months ended June 30, 2001 and 2000 are as follows:

FOR THE THREE MONTHS ENDED JUNE 30, 2001

(IN THOUSANDS)	POWER GENERATION			
	NORTH AMERICA	EUROPE	ASIA PACIFIC	OTHER AMERICAS
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned operations	$ 435,099	$ 58,068	$ 101,765	$ 3,676
Inter-segment Revenues	--	--	--	--
Equity in earnings / (losses) of unconsolidated affiliates	51,186	8,786	7,942	1,696
Total operating revenues and equity earnings	486,285	66,854	109,707	5,372
Net Income	$ 46,189	$ 22,747	$ 3,339	$ 702

	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned Operations	$ 26,811	$ 25,153	$ 9,683	$ 660,255
Inter-segment Revenues	1,047	--	--	1,047
Equity in earnings / (losses) of unconsolidated affiliates	(6,130)	6	(1,888)	61,598
Total operating revenues and equity earnings	21,728	25,159	7,795	722,900

Net Income (Loss)	$ 12,460	$ 1,148	$(37,471)	$ 49,114

Total assets as of June 30, 2001 for North America, Europe, Asia Pacific and Other Americas total $8,359 million, $1,548 million, $710 million and $460 million, respectively.

	FOR THE THREE MONTHS ENDED JUNE 30, 2000 POWER GENERATION			
(IN THOUSANDS)	NORTH AMERICA	EUROPE	ASIA PACIFIC	OTHER AMERICAS
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned operations	$ 400,823	$ 41,718	$ 72	$ 26
Inter-segment Revenues	--	--	--	--
Equity in earnings / (losses) of unconsolidated affiliates	45,584	821	2,823	2,936
Total operating revenues and equity earnings	446,407	42,539	2,895	2,962
Net Income	$ 58,547	$ 3,481	$ 955	$ 2,390

	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned Operations	$ 8,220	$ 18,834	$ 3,843	$ 473,536
Inter-segment Revenues	300	--	--	300
Equity in earnings / (losses) of unconsolidated affiliates	(3,996)	5	--	48,173
Total operating revenues and equity earnings	4,524	18,839	3,843	522,009
Net Income (Loss)	$ 4,459	$ 1,228	$(27,479)	$ 43,581

Total assets as of June 30, 2000 for North America, Europe, Asia Pacific and Other Americas total $4,109 million, $885 million, $371 million and $125 million, respectively.

	FOR THE SIX MONTHS ENDED JUNE 30, 2001 POWER GENERATION			
(IN THOUSANDS)	NORTH AMERICA	EUROPE	ASIA PACIFIC	OTHER AMERICAS
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned operations	$ 851,367	$ 126,777	$ 190,042	$ 3,771
Inter-segment Revenues	--	--	--	--
Equity in earnings of unconsolidated affiliates	63,646	14,772	12,039	3,891

Total operating revenues and equity

earnings	915,013	141,549	202,081	7,662
Net Income	$ 83,248	$ 34,716	$ 19,953	$ 1,647

	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned operations	$ 36,697	$ 57,627	$ 17,589	$ 1,283,870
Inter-segment Revenues	1,694	--	--	1,694
Equity in earnings / (losses) of unconsolidated Affiliates	(11,970)	11	(1,887)	80,502
Total operating revenues and equity earnings	26,421	57,638	15,702	1,366,066
Net Income (Loss)	$ 15,631	$ 3,390	$ (74,293)	$ 84,292

	FOR THE SIX MONTHS ENDED JUNE 30, 2000 POWER GENERATION			
(IN THOUSANDS)	NORTH AMERICA	EUROPE	ASIA PACIFIC	OTHER AMERICAS
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned operations	$ 664,193	$ 78,340	$ 71	$ 97
Inter-segment Revenues	--	--	--	--
Equity in earnings of unconsolidated affiliates	36,075	2,686	1,585	4,666
Total operating revenues and equity earnings	700,268	81,026	1,656	4,763
Net Income	$ 81,375	$ 7,784	$ (1,462)	$ 3,357

	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned operations	$ 15,238	$ 40,408	$ 7,559	$ 805,906
Inter-segment Revenues	601	--	--	601
Equity in earnings / (losses) of unconsolidated Affiliates	(6,493)	10	--	38,529
Total operating revenues and equity earnings	9,346	40,418	7,559	845,036
Net Income (Loss)	$ 7,833	$ 3,231	$ (49,791)	$ 52,327

7. COMMITMENTS AND CONTINGENCIES

DISPUTED REVENUES

As of June 30, 2001, NRG Energy had approximately $10.5 million of disputed revenues in respect of certain wholly-owned subsidiaries, primarily NRG Northeast Generating LLC. NRG Energy is actively pursuing resolution and/or collection of these amounts. These disputed revenues relate to the interpretation of certain transmission power sales agreements and certain sales to the New York Power Pool and New England Power Pool, conflicting meter readings, pricing of firm sales and other power pool reporting issues. These amounts have not been recorded in the financial statements and will not be recognized as income until disputes are resolved and collection is assured. As previously disclosed in its annual report on Form 10-K, NRG Energy had approximately $13.1 million of disputed revenues as of December 31, 2000. During the six months ended June 30, 2001, $3.1 million of disputed revenues were resolved, and $0.5 million of new disputed revenues were added.

CALIFORNIA LIQUIDITY CRISIS

NRG Energy's California generation assets consist primarily of interests in the Crockett and Mt. Poso facilities and a 50% interest in West Coast Power LLC, formed in 1999 with Dynegy, Inc. The West Coast Power facilities sold uncommitted power through the California Power Exchange (PX) and the California Independent System Operator (ISO) to Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE) and San Diego Gas and Electric Company (SDG&E), the three major California investor owned utilities. Crockett, Mt. Poso and certain of NRG Energy's other California facilities also sell directly to PG&E and SCE. Currently, the West Coast Power facilities sell uncommitted power through the California ISO to the California Department of Water Resources (the CDWR). Crockett, Mt. Poso and certain of NRG Energy's other California facilities also sell directly to PG&E, SCE and SDG&E.

The combination of rising wholesale electric prices, increases in the cost of natural gas, the scarcity of hydroelectric power and regulatory limitations on the rates that PG&E and SCE may charge their retail customers caused both PG&E and SCE to default in their payments to the California PX, the California ISO and other suppliers, including NRG Energy. In March 2001, the California PX filed for bankruptcy under Chapter 11 of the Bankruptcy Code, and in April 2001, PG&E filed for bankruptcy under Chapter 11 of the Bankruptcy Code.

In March 2001, certain affiliates of West Coast Power entered into a four year contract with the CDWR pursuant to which the affiliates agreed to sell up to 1,000 MW to the CDWR for the remainder of 2001 and up to 2,300 MW from January 1, 2002 through December 31, 2004, any of which may be resold by the CDWR to utilities such as SCE, PG&E and SDG&E. The ability of the CDWR to make future payments is subject to the CDWR having a continued source of funding, whether from legislative or other emergency appropriations, from a bond issuance or from amounts collected from SCE, PG&E and SDG&E for deliveries to their customers. As a result of the present situation in California, all of NRG Energy's interests in California are exposed to heightened risk of delayed payments and/or non-payment regardless of whether the sales are made directly to PG&E, SCE or SDG&E or to the California ISO or the CDWR.

NRG Energy's share of the net amounts owed to its California affiliates by the California PX, the California ISO, and the three major California utilities totaled $218 million as of June 30, 2001, based upon unaudited financial

information provided by such affiliates. This amount reflects NRG Energy's share of (a) total amounts owed to its California affiliates of $371 million, less (b) amounts that are currently treated as "disputed revenues" and are not recorded as accounts receivable in the financial statements of the California affiliates, and reserves taken against accounts receivable that have been recorded in such financial statements, both of which together totaled $153 million. NRG Energy believes that it will ultimately collect in full the net amount of $218 million owed to its California affiliates; however, if some form of financial relief or support is not provided to PG&E and SCE, the collectibility of this amount will become more questionable in terms of both timing and amount. With respect to disputed revenues, these amounts relate to billing disputes arising in the ordinary course of business and to disputes that have arisen as a result of the California ISO and the Federal Energy Regulatory Commission (FERC) imposing various revenue caps on the wholesale price of electricity. None of the disputed revenues will be recorded until the particular issue that caused them to be excluded from the financial statements is resolved. Since the date of the PG&E bankruptcy filing, PG&E has been paying NRG Energy's Crockett and Mt. Poso affiliates on a current basis.

Various legislative, regulatory and legal remedies to the liquidity crisis faced by PG&E and SCE have been implemented or are being pursued. Assembly Bill 1X, which authorizes the CDWR to enter into contracts for the purchase of electric power through January 1, 2003 and to issue revenue bonds to fund such purchases, was signed into law by the Governor of California in February 2001. In May 2001, the Governor of California signed Senate Bill 31X, which authorizes the issuance of $13.4 billion in revenue bonds for the costs incurred by the CDWR for the purchase and delivery of power for customers of PG&E, SCE and SDG&E. The bonds will repay $6.7 billion to the State of California's general fund for power purchases since January 2001 and will finance future power purchases, including those made by the CDWR. In addition, in March, the California Public Utilities Commission (PUC) approved an approximately 40% increase in the energy component of the retail electric rates paid by certain California ratepayers. This increase is in addition to the 9% increase approved in January 2001 and a 10% increase expected to take effect next year.

The delayed collection of receivables owed to West Coast Power resulted in a covenant default under its credit agreement. West Coast Power has entered into a forbearance agreement with its lenders in connection with such covenant default. In addition, NRG Energy's Crockett affiliate was recently notified by its lenders that it has incurred a covenant default under its loan agreement. As a result, NRG Energy has reclassified the long-term portion of the Crockett debt to current. Defaults under the Crockett and West Coast Power credit agreements do not trigger defaults under any of NRG Energy's corporate-level financing debt securities or borrowing arrangements.

FERC has jurisdiction over sales for resale of electricity in the California wholesale power markets. In March 2001, FERC issued orders that presumptively approved prices up to $273/MWh during January 2001 and $430/MWh during February 2001. The orders direct electricity suppliers either to refund a portion of their January and February sales or justify prices charged above these approved prices. The orders, if finalized, could require West Coast Power to refund approximately $45 million in revenues from January and February, of which NRG Energy's share would be approximately $22.5 million. Dynegy Power Marketing, Inc., as the power marketer for West Coast Power, has submitted information to justify each component of the prices it charged that were in excess of the presumptively approved prices.

On June 19, 2001, FERC issued an order establishing a maximum pricing

methodology for spot markets in California and throughout the Western Systems Coordinating Council (WSCC) region at times when reserves fall below 7% in California. The maximum prices for sales in the WSCC spot markets during those hours, called the "market clearing price," is derived from the costs of the least efficient provider based in California and selling through the California ISO. At all other times, this order establishes a maximum price equal to 85% of the last market-clearing price. This maximum price program will terminate on September 30, 2002. This order expands on a previous FERC order issued April 26, 2001.

In its June order, FERC also mandated settlement negotiations among sellers and buyers in the California ISO markets in respect of the settlement of past accounts, refund issues related to periods after October 2, 2000 and the structuring of future arrangements for meeting California's energy requirements. The Settlement talks were overseen by an Administrative Law Judge (ALJ) and concluded without reaching a resolution on July 9, 2001. Accordingly, the ALJ made a recommendation to FERC on such resolution. The ALJ recommended that FERC hold a full evidentiary hearing to review his proposals before reaching any decision. The Commission issued its order on July 25, 2001 establishing evidentiary hearing procedures. At this early point in the proceedings, NRG Energy cannot predict what action FERC will take on any of the issues presented, including any refunds sought from the generators.

The energy crisis in California has also resulted in the enactment of legislation in Nevada that prohibits the sale by Nevada Power Company of its Reid Gardner and Clark generating stations, located in Nevada, until July 2003. In November 2000, NRG Energy and its partner Dynegy, Inc. had executed asset purchase agreements with Nevada Power, a subsidiary of Sierra Pacific Resources, to acquire these stations. Additionally, the California legislature has enacted legislation, which prohibits the sale of Sierra Pacific's North Valmy generating station, also located in Nevada, until 2006. In October 2000, NRG Energy had signed an asset purchase agreement to acquire Sierra Pacific's 50% interest in the North Valmy station. NRG Energy continues to discuss with Sierra Pacific possible responses to this legislation.

PENDING ACQUISITIONS

Conectiv

In June 2001, NRG Energy extended purchase agreements that were entered into with a subsidiary of Conectiv to acquire 794 MW of coal and oil-fired electric generating capacity and other assets in New Jersey and Pennsylvania, including an additional 66 MW of the Conemaugh Generating Station and an additional 42 MW of the Keystone Generating Station. NRG Energy will pay approximately $180 million for the assets. NRG Energy expects the acquisition to close in the third quarter of 2001 following approval of the New Jersey Board of Public Utilities.

Indeck

In May 2001, NRG Energy signed a purchase agreement to acquire an approximately 2,255 MW portfolio of operating projects and projects in advanced development that are located in Illinois and upstate New York from Indeck Energy Services, Inc. Approximately 402 MW are currently in operation and NRG Energy expects that an additional $1.3 billion will be required to complete construction of the projects in advanced development. In addition,

NRG Energy is obligated to loan Indeck the funds needed to service payments on the turbine orders for the plants prior to close, up to approximately $93 million, with the loan secured by the equipment and the equipment contracts. If the transaction does not close, Indeck has six months to repay the outstanding balance at an annual rate of 9.5%. The outstanding loan balance will be offset against the purchase price at closing. NRG Energy expects the acquisition to close in the third quarter of 2001.

Narva Power

In August 2000, we signed a Heads of Terms Agreement with Eesti Energia, the Estonian state-owned electric utility, providing for the purchase for approximately $65.5 million of a 49% stake in Narva Power, the owner and operator of the oil shale-fired Eesti and Balti power plants, located near Narva, Estonia. The plants have a combined capacity of approximately 2,700 MW. NRG Energy is working to close the acquisition in the third quarter of 2001.

Bridgeport Harbor and New Haven Harbor

In December 2000, NRG Energy signed asset purchase agreements to acquire the 585 MW coal-fired Bridgeport Harbor Station and the 466 MW oil and gas-fired New Haven Harbor station in Connecticut for approximately $325 million. The closing of this acquisition has been delayed as NRG Energy is addressing certain market power issues raised by the federal and state regulatory authorities. NRG Energy has submitted information to the Department of Justice, FERC and the Attorney General of the State of Connecticut, and is involved in ongoing discussions to resolve these issues.

Meriden

In December 2000, NRG Energy signed a purchase agreement to acquire a 540 MW natural gas fired generation facility being developed in Meriden, Connecticut, for a purchase price of approximately $25 million. NRG Energy expects to close the acquisition in the third quarter of 2001. NRG Energy estimates costs of approximately $384 million to complete construction of the plant, which has a commercial operation date of June 2003.

McClain Acquisition

In May 2001, NRG Energy signed a purchase agreement to acquire Duke Energy's 77% interest in the McClain Energy Generating Facility located near Oklahoma City, Oklahoma for approximately $283 million. The Oklahoma

Municipal Power Authority owns the remaining 23% interest. The McClain facility is in the final stage of construction and will be an approximately 500 MW natural gas fired plant. The plant is expected to begin commercial operation during the third quarter of 2001 and the acquisition is expected to close in the third quarter of 2001.

LEGAL ISSUES

On July 13, 2001, Niagara Mohawk Power Corporation filed a declaratory judgment action in the Supreme Court for the State of New York, County of Onondaga, against NRG Energy and its wholly-owned subsidiaries, Huntley Power LLC and Dunkirk Power LLC, to request a declaration by the Court that, pursuant to the terms of the Asset Sales Agreement under which NRG Energy purchased the Huntley and Dunkirk generating facilities from Niagara Mohawk (the ASA), defendants have assumed liability for any costs for the installation of emissions controls or other modifications to or related to

the Huntley or Dunkirk plants imposed as a result of violations or alleged violations of environmental law. Niagara Mohawk Power Corporation also requests a declaration by the Court that, pursuant to the ASA, defendants have assumed all liabilities, including liabilities for natural resource damages, arising from emissions or releases of pollutants from the Huntley and Dunkirk plants, without regard to whether such emissions or releases occurred before, on or after the closing date for the purchase of the Huntley and Dunkirk plants. Management believes that this lawsuit is premature, in the absence of action by the New York Department of Environmental Conservation and the New York Attorney General with respect to the Notice of Violation issued to NRG Energy.

8. EARNINGS PER SHARE

Diluted earnings per average common share is calculated by dividing net income by the weighted average shares of common stock outstanding including stock options outstanding under NRG Energy's stock option plans considered to be common stock equivalents. The following table shows the effect of those stock options on the weighted average number of shares outstanding used in calculating diluted earnings per average common share.

(In thousands)	FOR THE THREE MONTHS ENDED JUNE 30, 2001	FOR THE THREE MONTHS ENDED JUNE 30, 2000	FOR THE SIX MONTHS ENDED JUNE 30, 2001	FOR THE SIX MONTHS ENDED JUNE 30, 2000
Weighted Average Number of Common Shares Outstanding	198,515	155,529	191,261	151,567
Assumed Exercise of Dilutive Stock Options	1,762	662	2,733	331
Potential Weighted Average Diluted Common Shares Outstanding	200,277	156,191	193,994	151,898

For the thee and six months ended June 30, 2001, 7,041 and 3,962 stock options, respectively, were excluded from the computation of diluted earnings per share due to their antidilutive effect. In addition, there was no effect on diluted earnings per share related to the forward contract to buy NRG Energy's common stock issued in connection with its recent issuance of Corporate Units.

9. INVENTORY

Inventory, which is stated at the lower of weighted average cost or market, consisted of:

(In thousands)	JUNE 30, 2001	DECEMBER 31, 2000
Fuel oil	$ 91,405	$ 48,541
Spare parts	110,334	85,136
Coal	69,715	17,439
Kerosene	1,273	1,524
Other	20,971	22,224
TOTAL	$ 293,698	$ 174,864

10. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

On January 1, 2001, NRG Energy adopted Statement of Financial Accounting

Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133), as amended by SFAS No. 137 and SFAS No. 138.

During the three and six month periods ended June 30, 2001, NRG Energy recorded an after-tax gain in Other comprehensive income (OCI) of approximately $51.2 million and $102.3 million, respectively. These gains related to favorable changes in fair values of the derivatives accounted for as hedges recorded on January 1, 2001. Also during the three and six month periods ended June 30, 2001, NRG Energy reclassified from OCI into earnings $3.4 million and $11.2 million, respectively, of accumulated net derivative gains. The net balance in OCI relating to SFAS No. 133 as of June 30, 2001 was a gain of approximately $68.5 million. Unrealized gains and losses on derivatives are recorded in other current and long-term assets and liabilities.

NRG Energy's pre-tax earnings for the three and six month periods ended June 30, 2001 were decreased by an unrealized loss of $(33.7) million and $(13.5) million, respectively, relating to derivative instruments not accounted for as hedges in accordance with SFAS No. 133 as follows:

Gains/(Losses) in thousands	Three Months Ended June 30, 2001	Six Months Ended June 30, 2001
Revenue from majority-owned operations	$ (11,392)	$ (11,392)
Equity in earnings of unconsolidated affiliates	2,730	843
Cost of majority-owned operations	(25,871)	(5,129)
Other income, net	856	2,172
Total impact before income tax	$ (33,677)	$ (13,506)

SFAS No. 133 applies to NRG Energy's energy and energy related commodities financial instruments, long-term power sales contracts and long-term gas purchase contracts used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect investment in fuel inventories. SFAS No. 133 also applies to various interest rate swaps used to mitigate the risks associated with movements in interest rates and foreign exchange contracts to reduce the effect of fluctuating foreign currencies on foreign denominated investments and other transactions.

Energy and energy related commodities

NRG Energy is exposed to commodity price variability in electricity, emission allowances and natural gas, oil and coal used to meet fuel requirements. In order to manage these commodity price risks, NRG Energy enters into financial instruments, which may take the form of fixed price, floating price or indexed sales or purchases, and options, such as puts, calls, basis transactions and swaps. Derivatives designated to be hedges by NRG Energy are accounted for as cash flow hedges. The effective portion of the cumulative gain or loss on the derivative instrument is reported as a component of OCI in shareholders' equity and recognized into earnings in the same period or periods during which the hedged transaction affects earnings,

i.e., when electricity is generated, fuel is consumed. During the three and six month periods ended June 30, 2001, NRG recognized a $14.9 million gain relating to ineffectiveness on commodity cash flow hedges. No gains or losses were recognized related to derivative instruments excluded from the assessment of effectiveness. At June 30, 2001, NRG Energy had various commodity related contracts extending through December 2003 and several fixed-price gas and electricity purchase contracts extending through 2005 to 2018. During the three and six month periods ended June 30, 2001, NRG Energy reclassified from OCI into earnings $6.1 million and $13.9 million, respectively, of accumulated net derivative gains. Furthermore, during the three and six month periods ended June 30, 2001, NRG Energy reclassified from OCI into equity in earnings of unconsolidated affiliates $2.5 million and $0, respectively, of accumulated net derivative losses. NRG Energy expects to reclassify into earnings during the next twelve months net gains from OCI of approximately $24.3 million.

NRG Energy's pre-tax earnings for the three and six month periods ended June 30, 2001 were decreased by an unrealized loss of $(34.5) million and $(15.7) million, respectively, relating to energy and energy related derivative instruments not accounted for as hedges in accordance with SFAS No. 133.

Interest rates

To manage interest rate risk, NRG Energy has entered into interest rate swaps that effectively fix the interest payments of certain floating rate debt instruments. Interest rate swap agreements are accounted for as cash flow hedges. The effective portion of the cumulative gain or loss on the derivative instrument is reported as a component of OCI in shareholders' equity and recognized into earnings as the underlying interest expense is incurred. No ineffectiveness was recognized on interest rate cash flow hedges during the three and six-month periods ended June 30, 2001. During the three months ended June 30, 2001, NRG Energy reclassified from OCI into earnings $(0.2) million of accumulated net derivative losses. During the six months ended June 30, 2001, NRG Energy reclassified from OCI into earnings $(0.3) million of accumulated net derivative losses. NRG Energy expects to reclassify into earnings in interest expense during the next twelve months net losses from OCI of approximately ($0.9 million).

Foreign currency exchange rates

To preserve the U.S. dollar value of projected foreign currency cash flows, NRG Energy may hedge, or protect, those cash flows if appropriate foreign hedging instruments are available. During the three and six month periods ended June 30, 2001, NRG Energy had various foreign currency exchange contracts not designated as accounting hedges. Accordingly, the changes in fair value of these derivatives, totaling $.9 million and $2.2 million, respectively, for the three and six-month periods ended June 30, 2001, are reported in earnings in other income, net.

11. NEW ACCOUNTING PRONOUNCEMENTS

In July 2001, the FASB issued SFAS No. 141, "Business Combinations", and Statement No. 142, "Goodwill and Other Intangible Assets". Statement No. 141 requires that the purchase method of accounting be used for all business combinations subsequent to June 30, 2001 and specifies criteria for recognizing intangible assets acquired in a business combination. Statement No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized but instead be tested for impairment at least

annually. Intangible assets with definite useful lives will continue to be amortized over their respective estimated useful lives. NRG Energy plans to adopt the provisions of Statement No. 141 and 142, effective July 1, 2001 and January 1, 2002, respectively. NRG Energy does not expect the implementation of these guidelines to have a material impact on its consolidated financial position or results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NRG Energy, Inc. (NRG Energy or the Company) is a leading global energy company primarily engaged in the acquisition, development, ownership and operation of power generation facilities and the sale of energy, capacity and related products. NRG Energy believes that it is one of the three largest independent power generation companies in the United States and the fifth largest independent power generation company in the world, measured by net ownership interest in power generation facilities. NRG Energy is actively pursuing the acquisition and development of additional generation projects. NRG Energy intends to continue its growth through a combination of targeted acquisitions in selected core markets, the expansion or repowering of existing facilities and the development of new greenfield projects.

RESULTS OF OPERATIONS

Net income for the three and six months ended June 30, 2001, was $49.1 million and $84.3 million, an increase of $5.5 million and $31.9 million compared to the same periods in 2000, representing increases of approximately 12.7% and 61.1%, respectively. These increases were due to the factors described below.

OPERATING REVENUES

For the three months ended June 30, 2001, NRG Energy had total revenues and equity earnings of $722.9 million, compared to $522.0 million for the three months ended June 30, 2000, an increase of $200.9 million or approximately 38.5%. NRG Energy's revenues from majority-owned operations were $661.3 million, an increase of $187.5 million or approximately 39.6%, over the same period in 2000. The increase of approximately $187.5 million over the same period in 2000 is primarily due to increased sales resulting from NRG Energy's recently completed acquisitions.

For the six months ended June 30, 2001, NRG Energy had total revenues and equity earnings of $1.4 billion, compared to $845.0 million for the six months ended June 30, 2000, an increase of $521.0 million or approximately 61.7%. NRG Energy's revenues from majority-owned operations were $1.3 billion, an increase of $479.1 million or approximately 59.4%, over the same period in 2000. The increase of approximately $479.1 million, over the same period in 2000 is primarily due to increased sales resulting from NRG Energy's recently completed acquisitions.

Subsequent to June 30, 2000, NRG Energy completed the acquisition of the Flinders Power facilities (September 8, 2000) in South Australia, Entrade AG, an energy trading company active in Europe, the LS Power assets, certain Conectiv assets and the consolidation of Schkopau. Each of these recently completed acquisitions and others has significantly affected NRG Energy's revenues from majority-owned operations. In addition, the power generating facilities that NRG Energy acquired in 1999 and during the first quarter of 2000 also contributed to

the increase in revenues from majority-owned operations for the three and six months ended June 30, 2001 as compared to the same periods in 2000. For the three and six months ended June 30, 2001, revenues from majority owned operations were adversely affected in the amount of $11.4 million by the impact of SFAS No. 133 which was adopted in January 1, 2001. This amount reflects the impact of mark-to-market of certain energy and energy related commodities financial instruments primarily related to NRG Energy's North American operations.

Equity in operating earnings of unconsolidated affiliates was $61.6 million for the three months ended June 30, 2001, compared to $48.2 million for the three months ended June 30, 2000, an increase of $13.4 million or 27.9%. For the six months ended June 30, 2001, equity in operating earnings of unconsolidated affiliates was $80.5 million compared to $38.5 million for the six months ended June 30, 2000, an increase of $41.9 million, or 108.9%. These increases are primarily due to NRG Energy's investment in West Coast Power LLC and NRG Energy's international investments primarily Loy Yang and MIBRAG, which have experienced favorable results of operations for the three and six months ended June 30, 2001 as compared to the same periods in 2000. These increases were partially offset by increased losses from NEO Corporation. NEO Corporation derives a significant portion of its net income from IRC

Section 29 energy credits In addition; the increase in equity in operating earnings of unconsolidated affiliates was decreased by approximately $2.7 million and $0.9 million for the three and six months ended June 30, 2001, respectively, due to the impact of SFAS No. 133, which was adopted on January 1, 2001. These amounts reflect the impact of the mark-to-market of certain energy related contracts at certain of NRG Energy's affiliates, primarily Loy Yang.

OPERATING COSTS AND EXPENSES

Cost of majority-owned operations was $479.3 million for the three months ended June 30, 2001, an increase of $173.4 million, or approximately 56.7%, over the same period in 2000. Cost of majority-owned operations, as a percentage of operating revenues and equity earnings for the period, was 66.3% compared to 58.6% for the same period in 2000. For the six months ended June 30, 2001,the cost of majority-owned operations was $903.1 million, an increase of $382.3 million, or approximately 73.4%, over the same period in 2000. Cost of majority-owned operations, as a percentage of operating revenues and equity earnings for the period, was 66.1% compared to 61.6% for the same period in 2000. The increases of $173.4 million and $382.3 million, for the three and six months ended June 30, 2001 as compared to the same periods in 2000, are primarily a result of increased costs incurred as a result of NRG Energy's recently completed acquisitions described above, each of which has significantly affected NRG Energy's cost of majority-owned operations. The increases in cost of majority owned operations were also partially caused by the recognition of a loss of approximately $25.9 million and $5.1 million, for the three and six months ended June 30, 2001, respectively, due to the impact of SFAS No. 133, which was adopted on January 1, 2001. These amounts reflect the impact of the mark-to-market of certain energy related long-term contracts and short term positions that NRG Energy and its affiliates have entered into.

Depreciation and amortization costs were $45.6 million and $83.7 million for the three and six months ended June 30, 2001, compared to $30.9 million and $50.9 million for the same periods in 2000, representing increases of $14.7 million and $32.8 million, or 47.7% and 64.6%, respectively. The increases are primarily due to acquisitions of generating facilities and increased capital

additions.

General, administrative and development costs were $44.7 million and $98.8 million for the three and six months ended June 30, 2001, compared to $31.1 million and $56.3 million for the same periods in 2000, representing increases of $13.5 million and $42.6 million, or 43.5% and 75.6%, respectively. The increases are due primarily to increased business development, associated legal, technical, and accounting expenses, employees and equipment resulting from expanded operations and acquisitions that took place in 2001. As a percent of total operating revenues and equity earnings, administrative and general expenses increased for the three and six months ended June 30, 2001 to 6.2% and 7.2% from 6.0% and 6.7% during the same periods in 2000. NRG Energy's asset base has grown to approximately $11.1 billion at June 30, 2001 compared to approximately $5.5 billion at June 30, 2000, an increase of approximately $5.6 billion or 101.8%. NRG Energy expects this trend to continue as it expands its operations through closure of pending acquisitions and business development activities.

OTHER (EXPENSE) INCOME

Other expense was $96.5 million and $183.5 million for the three and six months ended June 30, 2001, compared to $84.1 million and $136.7 million for the same period in 2000, increases of approximately $12.4 million and $46.8 million, or 14.7% and 34.2%, respectively. The increases in other expense was primarily due to increases in interest expense of approximately $23.4 million and $58.6 million, or 29.2% and 43.7%, respectively for the three and six months ended June 30, 2001 as compared to the same periods in 2000. Interest expense includes both corporate and project level interest expense. The increases in interest expense are due to increased corporate and project level debt issued and outstanding during 2001 as compared to 2000. During the later portion of the year 2000 and during the second quarter of 2001, NRG Energy issued substantial amounts of long and short-term debt at both the corporate level (recourse debt) and the project level (non-recourse debt) to either directly finance the acquisition of electric generating facilities or refinance short-term bridge loans incurred to finance such acquisitions. The increases in other expense due to increased interest expense were partially offset by increases in other income, net of approximately $11.8 million and $12.4 million for the three and six months ended June 30, 2001, respectively. The increases in other income, net are primarily related to increases in interest income resulting from increased cash balances, notes receivables and miscellaneous gains and losses on project dispositions and write-downs.

INCOME TAX

Income tax expense for the three and six months ended June 30, 2001 was $7.7 million and $12.6 million, compared to $26.4 million and $28.1 million for the same period in 2000, decreases of $18.7 million and $15.4 million, or (70.7%) and (55.0%), respectively. The decrease in income tax expense of $18.7 million for the three months ended June 30, 2001 as compared to the same period in 2000, is due primarily to decreased domestic taxable net income, increased foreign earnings which are taxed at a lower effective rate than domestic taxable net income and increased IRC Section 29 energy credits. For the three months ended June 30, 2001, NRG Energy's overall income tax rate was 13.6%, compared to an overall effective tax rate of 37.8% for the same period in 2000. For the three months ended June 30, 2001, NRG Energy's overall effective income tax rate before recognition of tax credits and the impact of SFAS No. 133 was 42.0% compared to 49.9%, for the same period in 2000.

The decrease in income tax expense of $15.4 million for the six months ended June 30, 2001 as compared to the same period in 2000 is due primarily to increased foreign earnings, which are taxed at a lower effective rate than domestic earnings and increased IRC Section 29 energy credits. These amounts were partially offset by higher domestic taxable income as compared to the same period in 2000. For the six months ended June 30, 2001, NRG Energy's overall income tax rate was 13.0%, compared to an overall effective tax rate of 34.9% for the same period in 2000. For the six months ended June 30, 2001, NRG Energy's overall effective income tax rate before recognition of tax credits and the impact of SFAS No. 133 was 41.8% compared to 53.0%, for the same period in 2000.

LIQUIDITY AND CAPITAL RESOURCES

NRG Energy and its majority-owned subsidiaries have obtained cash from operations, issuance of debt and equity securities, borrowings under credit facilities, and the reimbursement by Xcel Energy of tax benefits pursuant to tax sharing agreements. NRG Energy has used these funds to finance operations, service debt obligations, fund the acquisition, development and construction of generation facilities, finance capital expenditures and meet other cash and liquidity needs.

CASH FLOWS

	FOR THE SIX MONTHS ENDED	
	JUNE 30, 2001	JUNE 30, 2000
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES (IN THOUSANDS)	$(86,873)	$218,504

During the six months ended June 30, 2001, net cash from operating activities decreased approximately $305.4 million in comparison to the same period in 2000. The primary reasons for the net decrease are as follows: net income after adjustment for non-cash items such as undistributed equity in earnings of unconsolidated affiliates, depreciation and amortization, deferred income tax credits and other items decreased during 2001 as compared to the same period in 2000 thus resulting in an adverse impact on cash flows. In addition, net cash flows also decreased in 2001 due to adverse changes in working capital. Cash flows from working capital balances were adversely affected due to increased outstanding receivables primarily related to NRG Energy's affiliates located in California. For additional information refer to the discussion under the California Liquidity Crisis section below. In addition, the balances of inventory and prepayments also increased resulting in an adverse impact on cash flows from operations. NRG Energy's working capital position has also experienced reductions in the outstanding balances of accounts payables and accrued salaries, benefits and related costs. Partially offsetting these adverse working capital changes were favorable changes in the balances of accrued income and other taxes and accrued interest.

NET CASH USED BY INVESTING ACTIVITIES (IN THOUSANDS)	$(2,850,625)	$(1,886,524)

During the six months ended June 2001, cash used by investing activities increased by approximately $964.1 million. During the six months ended June 30, 2001, NRG Energy invested approximately $2.9 billion in the acquisition of newly acquired generating facilities such as the LS Power acquisition, the Conectiv acquisition, the Audrain acquisition, the PowerGen acquisitions, and the Vattenfall acquisitions as well as increased capital expenditures for its existing facilities, those under construction and additional investments in unconsolidated projects such as MIBRAG. In addition, NRG Energy also experienced increased balances in its restricted cash accounts. During the same period in 2000, NRG Energy invested approximately $1.7 billion primarily in the Cajun and Killingholme facilities.

NET CASH PROVIDED BY FINANCING ACTIVITIES (IN THOUSANDS)	$3,072,264	$1,707,377

During the six months ended June 30, 2001, NRG Energy generated a net amount of approximately $3.1 billion of cash from financing activities. These cash flows resulted from the issuance of long and short-term debt and equity securities during the period. During the same period in 2000, NRG Energy generated a net amount of approximately $1.7 billion of cash through its financing activities, primarily through long and short-term debt and equity issuances. During both periods, NRG Energy used these amounts to finance recently acquired generating facilities and/or for general corporate purposes.

CAPITAL SOURCES

NRG Energy expects to meet it future financing requirements through a combination of internally generated cash, corporate and project level short and long-term debt and equity securities. NRG Energy has generally financed the acquisition and development of its projects under financing arrangements to be repaid solely from each of its projects' cash flows, which are typically secured by the plant's physical assets and equity interests in the project company. See Notes 3 and 4 of the Financial Statements in this Form 10-Q for further discussion of the long and short-term debt issuances that NRG Energy has recently completed. Reference is also made to Note 9 of the Financial Statements in NRG Energy's Form 10-K for the year ended December 31, 2000.

CAPITAL COMMITMENTS

NRG Energy's capital expenditure program is subject to continuing review and modification. Actual expenditures may differ significantly depending upon such factors as the success, timing of and level of involvement in projects under construction. NRG Energy has entered into the following acquisition agreements:

Conectiv

In June 2001, NRG Energy extended purchase agreements that were entered into with a subsidiary of Conectiv to acquire 794 MW of coal and oil-fired electric generating capacity and other assets in New Jersey and Pennsylvania, including an additional 66 MW of the Conemaugh Generating Station and an additional 42 MW of the Keystone Generating Station. NRG Energy will pay approximately $180 million for the assets. NRG Energy expects the acquisitions to close in the third quarter of 2001 following approval of the New Jersey Board of Public Utilities.

Indeck

In May 2001, NRG Energy signed a purchase agreement to acquire an approximately 2,255 MW portfolio of operating projects and projects in advanced development that are located in Illinois and upstate New York from Indeck Energy Services, Inc. Approximately 402 MW are currently in operation and NRG Energy expects that an additional $1.3 billion will be required to complete construction of the projects in advanced development. In addition, NRG Energy is obligated to loan Indeck the funds needed to service payments on the turbine orders for the plants prior to close, up to approximately $93 million, with the

loan secured by the equipment and the equipment contracts. If the transaction does not close, Indeck has six months to repay the outstanding balance at an annual rate of 9.5%. The outstanding loan balance will be offset against the purchase price at closing. NRG Energy expects the acquisition to close in the third quarter of 2001.

Narva Power

In August 2000, NRG Energy signed a Heads of Terms Agreement with Eesti Energia, the Estonian state-owned electric utility, providing for the purchase for approximately $65.5 million of a 49% stake in Narva Power, the owner and operator of the oil shale-fired Eesti and Balti power plants, located near Narva, Estonia. The plants have a combined capacity of approximately 2,700 MW. NRG Energy is working to close the acquisition in the third quarter of 2001.

Bridgeport Harbor and New Haven Harbor

In December 2000, NRG Energy signed asset purchase agreements to acquire the 585 MW coal-fired Bridgeport Harbor Station and the 466 MW oil and gas-fired New Haven Harbor station in Connecticut for approximately $325 million. The closing of this acquisition has been delayed as NRG Energy is addressing certain market power issues raised by the federal and state regulatory authorities. NRG Energy has submitted information to the Department of Justice, FERC and the Attorney General of the State of Connecticut, and is involved in ongoing discussions to resolve these issues.

Meriden

In December 2000, NRG Energy signed a purchase agreement to acquire a 540 MW natural gas fired generation facility being developed in Meriden, Connecticut, for a purchase price of approximately $25 million. NRG Energy expects to close the acquisition in the third quarter of 2001. NRG Energy estimates costs of approximately $384 million to complete construction of the plant, which has a commercial operation date of June 2003.

McClain Acquisition

In May 2001, NRG Energy signed a purchase agreement to acquire Duke Energy's 77% interest in the McClain Energy Generating Facility located near Oklahoma City, Oklahoma for approximately $283 million. The Oklahoma Municipal Power Authority owns the remaining 23% interest. The McClain facility is in the final stage of construction and will be an approximately 500 MW natural gas fired plant. The plant is expected to begin commercial operation during the third quarter of 2001 and the acquisition is expected to close in the third quarter of 2001.

OTHER CONTINGENCIES

DISPUTED REVENUES

As of June 30, 2001, NRG Energy had approximately $10.5 million of disputed revenues in respect of certain wholly owned subsidiaries, primarily NRG Northeast Generating LLC. NRG Energy is actively pursuing resolution and/or collection of these amounts. These disputed revenues relate to the interpretation of certain transmission power sales agreements and certain sales to the New York Power Pool and New England Power Pool, conflicting meter

readings, pricing of firm sales and other power pool reporting issues. These amounts have not been recorded in the financial statements and will not be recognized as income until disputes are resolved and collection is assured. As previously disclosed in its annual report on Form 10-K, NRG Energy had approximately $13.1 million of disputed revenues as of December 31, 2000. During the six months ended June 30, 2001, $3.1 million of disputed revenues were resolved, and $0.5 million of new disputed revenues were added.

CALIFORNIA LIQUIDITY CRISIS

NRG Energy's California generation assets consist primarily of interests in the Crockett and Mt. Poso facilities and a 50% interest in West Coast Power LLC, formed in 1999 with Dynegy, Inc. The West Coast Power facilities sold uncommitted power through the California Power Exchange (PX) and the California Independent System Operator (ISO) to Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE) and San Diego Gas and Electric Company (SDG&E), the three major California investor owned utilities. Crockett, Mt. Poso and certain of NRG Energy's other California facilities also sell directly to PG&E and SCE. Currently, the West Coast Power facilities sell uncommitted power through the California ISO to the California Department of Water Resources (the CDWR). Crockett, Mt. Poso and certain of NRG Energy's other California facilities also sell directly to PG&E, SCE and SDG&E.

The combination of rising wholesale electric prices, increases in the cost of natural gas, the scarcity of hydroelectric power and regulatory limitations on the rates that PG&E and SCE may charge their retail customers caused both PG&E and SCE to default in their payments to the California PX, the California ISO and other suppliers, including NRG Energy. In March 2001, the California PX filed for bankruptcy under Chapter 11 of the Bankruptcy Code, and in April 2001, PG&E filed for bankruptcy under Chapter 11 of the Bankruptcy Code.

In March 2001, certain affiliates of West Coast Power entered into a four year contract with the CDWR pursuant to which the affiliates agreed to sell up to 1,000 MW to the CDWR for the remainder of 2001 and up to 2,300 MW from January 1, 2002 through December 31, 2004, any of which may be resold by the CDWR to utilities such as SCE, PG&E and SDG&E. The ability of the CDWR to make future payments is subject to the CDWR having a continued source of funding, whether from legislative or other emergency appropriations, from a bond issuance or from amounts collected from SCE, PG&E and SDG&E for deliveries to their customers. As a result of the present situation in California, all of NRG Energy's interests in California are exposed to heightened risk of delayed payments and/or non-payment regardless of whether the sales are made directly to PG&E, SCE or SDG&E or to the California ISO or the CDWR.

NRG Energy's share of the net amounts owed to its California affiliates by the California PX, the California ISO, and the three major California utilities totaled $218 million as of June 30, 2001, based upon unaudited financial information provided by such affiliates. This amount reflects NRG Energy's share of (a) total amounts owed to its California affiliates of $371 million, less (b) amounts that are currently treated as "disputed revenues" and are not recorded as accounts receivable in the financial statements of the California affiliates, and reserves taken against accounts receivable that have been recorded in such financial statements, both of which together totaled $153 million. NRG Energy believes that it will ultimately collect in full the net amount of $218 million owed to its California affiliates; however, if some form of financial relief or support is not provided to PG&E and SCE, the collectibility of this amount will become more questionable in terms of both

timing and amount. With respect to disputed revenues, these amounts relate to billing disputes arising in the ordinary course of business and to disputes that have arisen as a result of the California ISO and the Federal Energy Regulatory Commission (FERC) imposing various revenue caps on the wholesale price of electricity. None of the disputed revenues will be recorded until the particular issue that caused them to be excluded from the financial statements is resolved. Since the date of the PG&E bankruptcy filing, PG&E has been paying NRG Energy's Crockett and Mt. Poso affiliates on a current basis.

On June 19, 2001, FERC issued an order establishing a maximum pricing methodology for spot markets in California and throughout the Western Systems Coordinating Council (WSCC) region at times when reserves fall below 7% in California. The maximum prices for sales in the WSCC spot markets during those hours, called the "market clearing prices," is derived from the costs of the least efficient provider based in California and selling through the California ISO. At all other times, this order establishes a maximum price equal to 85% of the last market-clearing price. This maximum price program will terminate on September 30, 2002. This order expands on a previous FERC order issued April 26, 2001.

In its June order, FERC also mandated settlement negotiations among sellers and buyers in the California ISO markets in respect of the settlement of past accounts, refund issues related to periods after October 2, 2000 and the structuring of future arrangements for meeting California's energy requirements. The Settlement talks were overseen by Administrative Law Judge Curtis Wagner and concluded without reaching a resolution on July 9, 2001. Accordingly, Judge Wagner made a recommendation to FERC on such resolution. Judge Wagner recommended that FERC hold a full evidentiary hearing to review his proposals before reaching any decision. The Commission issued its order on July 25, 2001 establishing evidentiary hearing procedures. At this early point in the proceedings, NRG Energy cannot predict what action FERC will take on any of the issues presented, including any refunds sought from the generators.

The energy crisis in California has also resulted in the enactment of legislation in Nevada that prohibits the sale by Nevada Power Company of its Reid Gardner and Clark generating stations, located in Nevada, until July 2003. In November 2000, NRG Energy and its partner Dynegy, Inc. had executed asset purchase agreements with Nevada Power, a subsidiary of Sierra Pacific Resources, to acquire these stations. Additionally, the California legislature has enacted legislation, which prohibits the sale of Sierra Pacific's North Valmy generating station, also located in Nevada, until 2006. In October 2000, NRG Energy had signed an asset purchase agreement to acquire Sierra Pacific's 50% interest in the North Valmy station. NRG Energy continues to discuss with Sierra Pacific possible responses to this legislation.

For further information regarding the California Liquidity Crisis see Note 7 to the financial statements included in this Form 10-Q.

ENVIRONMENTAL ISSUES

The Massachusetts Department of Environmental Protection has recently finalized regulations requiring emissions reductions from certain coal-coal fired power plants in the state, including NRG Energy's Somerset facility. The new rules impose phased deadlines for achieving annual and monthly emission rate reductions of SO_2 and nitrogen oxides (NO_x). NRG Energy believes that the new regulations require it by October 1, 2006 to reduce annual SO_2 emission rates by about 50% of its current emission rate; by October 1, 2008, NRG Energy would be required to reduced its annual emission rates by about 75% of its current

emission rate. The new regulations allow flexibility in determining how to best meet such requirements. The new rules require that NRG Energy reduce by October 1, 2006 its annual NOx emission rate by about 60% of its current emission rate. In the case of NOx, NRG Energy does not anticipate having problems meeting monthly emission rate limits; however, to meet the monthly SO2 emission rate limits, NRG Energy will likely need to purchase more expensive fuel that has a lower sulfur content and make modifications to its facilities in order to burn such fuel. The new Massachusetts regulations starting in 2006 also cap annual emissions of Carbon dioxide (CO2) at historical levels and the rate at which CO2 is emitted; the new regulations allow flexibility in achieving compliance with the reductions required. The annual CO2 emission rate reduction required represents approximately a 20% decrease from current levels. NRG Energy is evaluating its compliance options under the new regulations. Such compliance could have a material adverse impact on its Massachusetts facilities.

In May 2001, the South Coast Air Quality Management District of California (AQMD) amended existing rules that govern the operation of the Regional Clean Air Incentive Market (RECLAIM) program. Under the amendments, once NRG Energy's RECLAIM trading credit allocations are depleted, NRG Energy must pay the AQMD a mitigation fee of $7.50 per pound for any excess NOx emissions. The amendments may restrict NRG Energy's ability to purchase sufficient NOx emissions credits for its Long Beach and El Segundo plants. The price of power sold to the California Department of Water Resources (the CDWR) from NRG Energy's Long Beach and El Segundo plants will include excess emissions costs. NRG Energy and the CDWR are evaluating the compliance options under the amended rules, and such compliance could have a material adverse impact on those facilities.

NEW ACCOUNTING PRONOUNCEMENTS

In July 2001, the FASB issued SFAS No. 141, "Business Combinations", and Statement No. 142, "Goodwill and Other Intangible Assets". Statement No. 141 requires that the purchase method of accounting be used for all business combinations subsequent to June 30, 2001 and specifies criteria for recognizing intangible assets acquired in a business combination. Statement No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized but instead be tested for impairment at least annually. Intangible assets with definite useful lives will continue to be amortized over their respective estimated useful lives. NRG Energy plans to adopt the provisions of Statement No. 141 and 142, effective July 1, 2001 and January 1, 2002, respectively. NRG Energy does not expect the implementation of these guidelines to have a material impact on its consolidated financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NRG Energy and its subsidiaries are exposed to market risks, including changes in commodity prices, interest rates and currency exchange rates as disclosed in Management's Discussion and Analysis in its annual report on Form 10-K for the year ended December 31, 2000. There have been no material changes, as of June 30, 2001, to the market risk exposures that affect the quantitative and qualitative disclosures presented as of December 31, 2000.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

FORTISTAR CAPITAL V. NRG ENERGY

In July 1999, Fortistar Capital Inc., a Delaware corporation, filed a complaint in District Court in Minnesota against NRG Energy asserting claims for injunctive relief and for damages as a result of NRG Energy's alleged breach of a confidentiality letter agreement with Fortistar relating to the purchase of the Oswego facility from Niagara Mohawk Power Corporation (NiMo) and Rochester Gas and Electric Company.

NRG Energy disputed Fortistar's allegations and has asserted numerous counterclaims. NRG Energy has counterclaimed against Fortistar for breach of contract, fraud and negligent misrepresentations and omissions, unfair competition and breach of the covenant of good faith and fair dealing. NRG Energy seeks, among other things, dismissal of Fortistar's complaint with prejudice and rescission of the letter agreement.

A temporary injunction hearing was held on September 27, 1999. The acquisition of the Oswego facility was closed on October 22, 1999, following notification to the court of Oswego Power LLC's and Niagara Mohawk Power Corporation's intention to close on that date. In January 2000, the court denied Fortistar's request for a temporary injunction. In April and December 2000, NRG Energy filed summary judgment motions to dispose of the litigation. A hearing on these motions was held in April 2001 and certain of Fortistar's claims were dismissed. A trial date has been set in February 2002 in respect of the remaining claim. NRG Energy intends to continue to vigorously defend the suit and believes Fortistar's complaint to be without merit.

NEW YORK DEPARTMENT OF ENVIRONMENTAL CONSERVATION NOTICE OF VIOLATION

On May 25, 2000 the New York Department of Environmental Conservation issued a Notice of Violation to NRG Energy and the prior owner of the Huntley and Dunkirk facilities relating to physical changes made at those facilities prior to our assumption of ownership. The Notice of Violation alleges that these changes represent major modifications undertaken without obtaining the required permits. Although NRG Energy has a right to indemnification by the previous owner for fines, penalties, assessments, and related losses resulting from the previous owner's failure to comply with environmental laws and regulations, if these facilities did not comply with the applicable permit requirements, NRG Energy could be required, among other things, to install specified pollution control technology to further reduce air emissions from the Dunkirk and Huntley facilities and NRG Energy could become subject to fines and penalties associated with the current and prior operation of the facilities. On May 14, 2001, NRG Energy received a Notice of Intent to sue from the New York Attorney General, notifying NRG Energy pursuant to Section 304 of the Clean Air Act (the "Act") of the States intent to file suit against NRG Energy and Niagara Mohawk Power corporation in federal district court for violations of the Act, unless a settlement is reached within 60 days. NRG Energy is currently in settlement discussions with the Department of Environmental Conservation and the State Attorney General's office and the state has not sued.

On July 13, 2001, Niagara Mohawk Power Corporation filed a declaratory judgment action in the Supreme Court for the State of New York, County of Onondaga, against NRG Energy and its wholly-owned subsidiaries, Huntley Power LLC and Dunkirk Power LLC, to request a declaration by the Court that, pursuant to the terms of the Asset Sales Agreement under which NRG Energy purchased the Huntley and Dunkirk generating facilities from Niagara Mohawk (the ASA), defendants have assumed liability for any costs for the installation of emissions controls or other modifications to or related to the Huntley or Dunkirk plants imposed as a result of violations or alleged violations of environmental law. Niagara Mohawk Power Corporation also requests a declaration by the Court that, pursuant to the ASA, defendants have assumed all liabilities, including liabilities for natural resource damages, arising from emissions or releases of pollutants from the Huntley and Dunkirk plants, without regard to whether such emissions or releases occurred before, on or after the closing date for the purchase of the Huntley and Dunkirk plants.

Except as described above and in NRG Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 filed with the Securities and Exchange Commission, and its quarterly report filed on Form 10-Q for the quarter ended March 31, 2001, there are no other material legal proceedings pending to which NRG Energy is a party. There are no material legal proceedings to which an officer or director is a party or has a material interest adverse to NRG Energy or its subsidiaries. There are no other material administrative or judicial proceedings arising under environmental quality or civil rights statutes pending or known to be contemplated by governmental agencies to which NRG Energy is or would be a party.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

During May 2001, NRG Energy's affiliate Crockett Cogeneration became technically in default of its loan agreements. The default arose as a result of Crockett not making full payment of its fuel supply billings to BP Amoco because it was not receiving payment on its energy sales. No default in principal or interest payment has occurred. Crockett is current in its work-out payment arrangements with BP Amoco for its prior billings and is current on new billings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The NRG Energy Annual Meeting of Stockholders was held on June 20, 2001 (the Annual Meeting) in Minneapolis, Minnesota. At the Annual Meeting, the stockholders voted on the following matters: (i) to elect 9 Directors of NRG Energy to serve until the Annual Meeting of Stockholders in 2002; (ii) to approve the NRG Energy, Inc. 2000 Long-Term Incentive Compensation Plan; (iii) to approve the Annual Incentive Plan for Designated Corporate Officers; (iv) to ratify the appointment of PricewaterhouseCoopers LLP as independent auditors for the fiscal year ended December 31, 2001. The stockholders elected management's nominees as Directors, approved the 2000 Long-Term Incentive Compensation Plan, approved the Annual Incentive Plan for Designated Corporate Officers and ratified the appointment of PricewaterhouseCoopers LLP as independent auditors for the fiscal year ended December 31, 2001, by the following votes, respectively:

(i) Election of Directors to serve until the Annual Meeting of Stockholders in 2002:

	FOR	WITHHOLD
David H. Peterson	1,515,033,219	8,197,604
Pierson M (Sandy) Grieve	1,522,775,103	455,720
Luella G. Goldberg	1,522,805,025	425,798
William A Hodder	1,522,809,853	420,970
Wayne H. Brunetti	1,515,039,717	8,191,106
James J. Howard	1,515,459,307	7,771,516
Gary R. Johnson	1,515,019,938	8,210,885

Richard C. Kelly	1,515,468,065	7,762,758
Edward J. McIntyre	1,515,039,483	8,191,340

(ii) To approve the NRG Energy, Inc. 2000 Long-Term Incentive Compensation Plan, FOR - 1,508,709,446, AGAINST - 7,393,960, ABSTAIN - 79,173, BROKER NON-VOTE - 7,048,244.

(iii) To approve the Annual Incentive Plan for Designated Corporate Officers, FOR - 1,513,095,902, AGAINST - 2,956,304, ABSTAIN - 130,373, BROKER NON-VOTE - 7,048,244.

(iv) To ratify the appointment of PricewaterhouseCoopers LLP as independent auditors for the fiscal year ended December 31, 2001, FOR - 1,522,940,946, AGAINST - 229,239, ABSTAIN - 60,638, BROKER NON-VOTE - 0.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

4.21 $2.0 billion credit agreement dated May 8, 2001 among NRG Finance Company I LLC and certain financial institutions named therein.

4.22 $600 million credit agreement among NRG Energy and certain financial institutions named therein.

10.42 Form of Severance Agreement entered into between NRG Energy and each of the following executive officers: James Bender, Leonard Bluhm, Craig Mataczynski and John Noer

(B) REPORTS ON FORM 8-K:

On April 3, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

NRG Energy announced the On March 23, 2001, NRG Energy Inc. announced its appointment of W. Mark Hart to the position of Senior Vice President, NRG Energy and President, NRG Europe and Latin America.

On April 10, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

On April 5, 2001, NRG Energy completed the offering of $350,000,000 of its 7.75% Senior Notes due 2011 and $340,000,000 of its 8.625% Senior Notes due 2031. In connection with NRG Energy's December 2000 Registration Statement on Form S-3 (File No. 333-52508), NRG Energy filed certain exhibits under Item 7 - Exhibits.

On April 30, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

On April 25, 2001, NRG Energy, Inc. reported its financial results for the three months ended March 31, 2001.

On June 18, 2001, NRG Energy filed a Form 8-K under Item 5 - Other Events.

> On June 15, 2001, NRG Energy reported that it is on track to achieve its stated goal of increasing earnings and megawatt ownership.

On July 2, 2001, NRG Energy filed a Form 8-K under Item 2 - Acquisition or Disposition of Assets.

> On June 22, 2001, NRG Energy reported that it acquired 1,081 megawatts of baseload electric generating plants from Delmarva Power and Light, a subsidiary of Wilmington, Delaware-based Conectiv.

On July 18, 2001, NRG Energy filed a Form 8-K under Item 5 - Other Events.

> On July 16, 2001, NRG Energy completed the offering of $340,000,000 of its 6.75% Senior Notes due 2006 and $160,000,000 of its 8.625% Senior Notes due 2031. In this connection, NRG Energy filed certain exhibits.

On July 30, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

> On July 25, 2001, NRG Energy, Inc. reported its financial results for the second quarter of 2001.

On July 30, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

> On July 26, 2001, NRG Energy, Inc. (NRG) reported that the Federal Energy Regulatory Commission has instructed its staff to convene a technical conference to "further explore issues related to the competitive effects" resulting from NRG Energy's proposed acquisition of the Bridgeport and New Haven Harbor Stations in Connecticut. The action will result in the acquisition being delayed beyond its previously expected close in the third quarter of 2001.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

The information presented in this Form 10-Q includes forward-looking statements in addition to historical information. These Statements involve known and unknown risks and relate to future events, or projected business results. In some cases forward-looking statements may be identified by their use of such words as "may," "expects," "plans," "anticipates," "believes," and similar terms. Forward-looking statements are only predictions, and actual results may differ materially from the expectations expressed in any forward-looking statement. While NRG Energy believes that the expectations expressed in such forward-looking statements are reasonable, we can give no assurances that these expectations will prove to have been correct. In addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements, factors that could cause actual results to differ materially from those contemplated in any forward-looking statements include, among others, the following:

- Economic conditions including inflation rates and monetary or currency exchange rate fluctuations;

- Trade, monetary, fiscal, taxation, and environmental policies of governments, agencies and similar organizations in geographic areas where NRG Energy has a financial interest;

- Customer business conditions including demand for their products or services and supply of labor and materials used in creating their products and services;

- Financial or regulatory accounting principles or policies imposed by the Financial Accounting Standards Board, the Securities and Exchange Commission, the Federal Energy Regulatory Commission and similar entities with regulatory oversight;

- Availability or cost of capital such as changes in: interest rates; market perceptions of the power generation industry, the Company or any of its subsidiaries; or security ratings;

- Factors affecting power generation operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages, maintenance or repairs; unanticipated changes to fossil fuel, or gas supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints;

- Employee workforce factors including loss or retirement of key executives, collective bargaining agreements with union employees, or work stoppages;

- Volatility of energy prices in a deregulated market environment;

- Increased competition in the power generation industry;

- Cost and other effects of legal and administrative proceedings, settlements, investigations and claims;

- Technological developments that result in competitive disadvantages and create the potential for impairment of existing assets;

- Factors associated with various investments including conditions of final legal closing, partnership actions, competition, operating risks, dependence on certain suppliers and customers, domestic and foreign environmental and energy regulations;

- Limitations on NRG Energy's ability to control the development or operation of projects in which NRG Energy has less than 100% interest;

- The lack of operating history at development projects, the lack of NRG Energy's operating history at the projects not yet owned and the limited operating history at the remaining projects provide only a limited basis for management to project the results of future operations;

- Risks associated with timely completion of projects under construction, including obtaining competitive contracts, obtaining regulatory and permitting approvals, local opposition, construction delays and other factors beyond NRG Energy's control;

- The failure to timely satisfy the closing conditions contained in the definitive agreements for the acquisitions of projects subject to definitive agreements but not yet closed, many of which are beyond NRG Energy's control;

- Factors challenging the successful integration of projects not previously owned or operated by NRG Energy, including the ability to obtain operating synergies;

- Factors associated with operating in foreign countries including: delays in permitting and licensing, construction delays and interruption of business, political instability, risk of war, expropriation, nationalization, renegotiation, or nullification of existing contracts, changes in law, and the ability to convert foreign currency into United States dollars;

- Changes in government regulation or the implementation of government regulations, including pending changes within or outside of California as a result of the California energy crisis, which could result in NRG Energy's failure to obtain regulatory approvals required to close project acquisitions, and which could adversely affect the continued deregulation of the electric industry;

- Other business or investment considerations that may be disclosed from time to time in NRG Energy's Securities and Exchange Commission filings or in other publicly disseminated written documents, including NRG Energy's Registration Statement No. 333-62958, as amended, and all supplements thereto.

NRG Energy undertakes no obligation or publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause our actual results to differ materially from those contemplated in any forward-looking statements included in this Form 10-Q should not be construed as exhaustive.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NRG ENERGY, INC.
(Registrant)

/s/ Leonard A. Bluhm

Leonard A. Bluhm
Executive Vice President and Chief
Financial Officer (Principal
Financial Officer)

/s/ William T. Pieper

William T. Pieper
Vice President and Controller
(Principal Accounting Officer)

Date: August 14, 2001

EXHIBIT 4.21

CREDIT AGREEMENT

among

NRG FINANCE COMPANY I LLC,
a Delaware limited liability company
(Borrower)

and

CREDIT SUISSE FIRST BOSTON,
acting through its New York Branch
(Lead Arranger, Sole Book Runner,
Administrative Agent and Documentation Agent)

and

WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH
(Arranger and Co-Administrative Agent)

CIBC INC.,
(Arranger and Co-Syndication Agent)

TD SECURITIES (USA) INC.,
(Arranger and Co-Syndication Agent)

INTESABCI S.P.A. NEW YORK BRANCH,
(Arranger and Co-Documentation Agent)

KREDITANSTALT FUR WIEDERAUFBAU,
(Arranger and Co-Documentation Agent)

ABN AMRO BANK N.V.,
(Arranger)

BANK OF AMERICA, N.A.,
(Arranger)

BAYERISCHE HYPO- UND VEREINSBANK AG, NEW YORK BRANCH,
(Arranger)

BNP PARIBAS,
(Arranger)

CITICORP USA, INC.,
(Arranger)

DEUTSCHE BANC ALEX. BROWN,
(Arranger)

FORTIS CAPITAL CORP.,
(Arranger)

THE ROYAL BANK OF SCOTLAND PLC,
(Arranger)

THE BANK OF TOKYO-MITSUBISHI, LTD., NEW YORK BRANCH
(Arranger)

and

THE FINANCIAL INSTITUTIONS PARTY HERETO FROM TIME TO TIME
(Banks)

DATED AS OF MAY 8, 2001

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This CREDIT AGREEMENT (as amended, amended and restated, supplemented, or otherwise modified from time to time, this "Agreement"), dated as of May 8, 2001, is entered into among NRG FINANCE COMPANY I LLC, a limited liability company formed under the laws of the State of Delaware, as Borrower, CREDIT SUISSE FIRST BOSTON, acting through its New York Branch, as Administrative Agent, Documentation Agent and Lead Arranger, WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH, in its capacity as an arranger and a co-administrative agent ("West LB"), INTESABCI S.P.A. NEW YORK BRANCH, in its capacity as an arranger and a co-documentation agent ("INTESABCI"), KREDITANSTALT FUR WIEDERAUFBAU, in its capacity as an arranger and a co-documentation agent ("KFW"), CIBC INC., in its capacity as an arranger and a co-syndication agent ("CIBC"), TD SECURITIES (USA) INC., in its capacity as an arranger and a co-syndication agent, ("TD"), ABN AMRO BANK N.V., in its capacity as an arranger ("ABN"), BANK OF AMERICA, N.A., in its capacity as an arranger ("BOA"), BAYERISCHE HYPO- UND VEREINSBANK AG, NEW YORK BRANCH, in its capacity as an arranger ("HYPO"), BNP PARIBAS, in its capacity as an arranger ("BNP"), CITICORP USA, INC., in its capacity as an arranger ("CITICORP"), DEUTSCHE BANC ALEX. BROWN, in its capacity as an arranger ("DBAB"), FORTIS CAPITAL CORP., in its capacity as an arranger ("FORTIS"), THE ROYAL BANK OF SCOTLAND PLC, in its capacity as an arranger ("RBS"), THE BANK OF TOKYO-MITSUBISHI, LTD., NEW YORK BRANCH, in its capacity as an arranger ("BOTM", together with West LB, INTESABCI, KFW, CIBC, TD, ABN, BOA, HYPO, BNP, CITICORP, DBAB, FORTIS and RBS, collectively, "Arrangers"), and THE FINANCIAL INSTITUTIONS PARTY HERETO FROM TIME TO TIME AS LENDERS (individually, a "Bank" and, collectively, "Banks").

In consideration of the agreements herein and in the other Credit Documents and in reliance upon the representations and warranties set forth herein and therein, the parties agree as follows:

ARTICLE 1.
DEFINITIONS

1.1 Definitions. Except as otherwise expressly provided, capitalized terms used in this Agreement shall have the meanings given in Exhibit A hereto.

1.2 Rules of Interpretation. Except as otherwise expressly provided, the rules of interpretation set forth in Exhibit A hereto shall apply to this Agreement and the other Credit Documents.

ARTICLE 2.
THE CREDIT FACILITIES

2.1 Loans.

2.1.1 Loan Facility.

(a) Availability. Subject to the terms and conditions set forth in this Agreement and in reliance upon the representations and warranties of Borrower herein set forth, each Bank severally agrees to advance to Borrower from time to time during the Loan

Availability Period such loans as Borrower may request pursuant to this Section 2.1.1 (individually, a "Development Loan" and, collectively, the "Development Loans") in an aggregate principal amount which, when added to such Bank's Proportionate Share of the aggregate principal amount of all Loans then outstanding, does not exceed such Bank's Loan Commitment. Subject to the terms hereof (including the conditions to advances set forth in Article 3), Borrower may borrow, repay and reborrow the Development Loans from time to time during the Loan Availability Period.

(b) Notice of Development Loan Borrowing. Borrower shall request a Development Loan by delivering to Administrative Agent a written notice in the form of Exhibit C-1 hereto, appropriately completed (a "Notice of Development Loan Borrowing"), which specifies, among other things:

(i) Whether the requested Loan will bear interest as provided in (1) Section 2.1.1(c)(i) (individually, a "Base Rate Development Loan") and/or (2) Section 2.1.1(c)(ii) (individually, a "LIBOR Development Loan");

(ii) The aggregate principal amount of the requested Loan, which (A) shall be in the minimum amount of $2,000,000 and integral multiples of $500,000 in excess of thereof and, (B) after giving effect to the making of the requested Loan, shall not exceed the then current Available Development Loan Commitment;

(iii) The proposed date of the requested Loan (which shall be a Banking Day);

(iv) In the case of any Loan requested to be made as a LIBOR Development Loan, the initial Interest Period requested therefor (which shall be a period contemplated by Section 2.1.3(b));

(v) The Applicable Margin which will be in effect as of the proposed date of the requested Loan; and

(vi) The Acquisition(s) to which such Loan relates and/or the Identified Project(s) and/or the Non-Identified Project(s) to which such Loan relates.

Borrower shall request no more than three Development Loans per month, provided that, upon the prior written consent of Administrative Agent, Borrower may request four Development Loans in any particular month. Borrower shall give each Notice of Development Loan Borrowing to Administrative Agent so as to provide the Minimum Notice Period applicable to Loans of the Type requested. Any Notice of Development Loan Borrowing shall be irrevocable and Borrower shall be bound to borrow a Development Loan in accordance therewith. Each Notice of Development Loan Borrowing shall be delivered by first-class mail or telecopy to Administrative Agent at the office or to the telecopy number and during the hours specified in Section 11.1; provided, however, that Borrower shall promptly deliver to Administrative Agent the original of any Notice of Development Loan Borrowing initially delivered by telecopy.

Borrower shall notify Administrative Agent prior to the making of any Development Loan in the event that any of the matters to which Borrower is required to certify in the applicable Notice of Development Loan Borrowing is no longer accurate and complete as of the date of the applicable Development Loan, and the acceptance by Borrower of the proceeds of any Development Loan shall constitute a re-certification by Borrower, as of the applicable Funding Date, as to the matters to which Borrower is required to certify in the applicable Notice of Development Loan Borrowing or any certificate delivered in connection therewith.

(c) Development Loan Interest. Subject to the provisions of Sections 2.4.3, 2.4.4 and 2.6.3, each Development Loan shall bear interest on the unpaid principal amount thereof from the date of such Development Loan until the maturity or prepayment thereof at a rate determined by reference to the Base Rate or the LIBO Rate. The applicable basis for determining the rate of interest with respect to any Development Loan shall be selected by Borrower initially at the time a Notice of Development Loan Borrowing is given with respect to such Development Loan pursuant to Section 2.1.1(b), and the basis for determining the interest rate with respect to any Development Loan may be changed from time to time pursuant to Section 2.1.7. If on any day a Development Loan is outstanding with respect to which notice has not been delivered to Administrative Agent in accordance with the terms of this Agreement specifying the applicable basis for determining the rate of interest, then for that day that Development Loan shall bear interest determined by reference to the Base Rate.

Subject to the provisions of Sections 2.4.3, 2.4.4 and 2.6.3, Borrower shall pay interest on the unpaid principal amount of each Development Loan from the date of such Development Loan until the maturity or prepayment thereof at the following rates per annum:

(i) With respect to the principal portion of such Development Loan which is, and during such periods as such Development Loan is, a Base Rate Development Loan, at a rate per annum equal to the Base Rate plus the Applicable Margin, such rate to change from time to time as the Base Rate shall change; and

(ii) With respect to the principal portion of such Development Loan which is, and during such portion of such periods as such Development Loan is, a LIBOR Development Loan, at a rate per annum, at all times during each Interest Period for such LIBOR Development Loan, equal to the LIBO Rate for such Interest Period plus the Applicable Margin.

(d) Development Loan Principal Payments. Borrower shall repay to Administrative Agent, for the account of each Bank, in full on the Loan Maturity Date the unpaid principal amount of all Development Loans made by such Bank.

2.1.2 Working Capital Loan Facility.

(a) Availability. Subject to the terms and conditions set forth in this Agreement and in reliance upon the representations and warranties of Borrower herein set forth, each Bank severally agrees to advance to Borrower from time to time during the Loan Availability Period such loans as Borrower may request pursuant to this Section 2.1.2 (individually, a "Working Capital Loan" and, collectively, the "Working Capital Loans") in an

aggregate principal amount which, when added to such Bank's Proportionate Share of the aggregate principal amount of all Working Capital Loans outstanding, does not exceed such Bank's Working Capital Loan Commitment. Subject to the terms hereof (including the conditions to advances set forth in Article 3), Borrower may borrow, repay and reborrow the Working Capital Loans from time to time during the Loan Availability Period.

(b) Notice of Working Capital Loan Borrowing. Borrower shall request a Working Capital Loan by delivering to Administrative Agent a written notice in the form of Exhibit C-2 hereto, appropriately completed (a "Notice of Working Capital Loan Borrowing"), which specifies, among other things:

(i) Whether the requested Loan will bear interest as provided in (1) Section 2.1.2(c)(i) (individually, a "Base Rate Working Capital Loan") and/or (2) Section 2.1.2(c)(ii) (individually, a "LIBOR Working

Capital Loan");

(ii) The aggregate principal amount of the requested Loan, which (A) shall be in the minimum amount of $1,000,000 and integral multiples of $100,000 in excess of that amount and, (B) after giving effect to making of the requested Loan, shall not exceed the then current Available Working Capital Commitment;

(iii) The proposed date of the requested Loan (which shall be a Banking Day);

(iv) In the case of any Loan requested to be made as a LIBOR Working Capital Loan, the initial Interest Period requested therefor (which shall be a period contemplated by Section 2.1.3(b));

(v) The Applicable Margin which will be in effect as of the proposed date of the requested Loan; and

(vi) In the case of any Working Capital Loan the proceeds of which will be used to finance the purchase of assets (including the funding of progress payments in respect of any Approved Turbine), a description of such assets sufficiently detailed to permit Administrative Agent to identify the Working Capital Loans associated with such assets for the purpose of converting such Working Capital Loans to Development Loans pursuant to Section 2.2.4.

Borrower shall request no more than three Working Capital Loans per month, provided that, upon the prior written consent of Administrative Agent, Borrower may request four Working Capital Loans in any particular month. Borrower shall give each Notice of Working Capital Loan Borrowing to Administrative Agent so as to provide the Minimum Notice Period applicable to Loans of the Type requested. Any Notice of Working Capital Loan Borrowing shall be irrevocable and Borrower shall be bound to borrow a Working Capital Loan in accordance therewith. Each Notice of Working Capital Loan Borrowing shall be delivered by first-class mail or telecopy to Administrative Agent at the office or to the telecopy number and during the hours specified in Section 11.1; provided, however, that Borrower shall promptly deliver to Administrative Agent the original of any Notice of Working Capital Loan Borrowing initially delivered by telecopy.

Borrower shall notify Administrative Agent prior to the making of any Working Capital Loans in the event that any of the matters to which Borrower is required to certify in the applicable Notice of Working Capital Loan Borrowing is no longer accurate and complete as of the applicable Funding Date, and the acceptance by Borrower of the proceeds of any Working Capital Loan shall constitute a re-certification by Borrower, as of the date of the applicable Loan, as to the matters to which Borrower is required to certify in the applicable Notice of Working Capital Loan Borrowing or any certificate delivered in connection therewith.

(c) Working Capital Loan Interest. Subject to the provisions of Sections 2.4.3, 2.4.4 and 2.6.3, each Working Capital Loan shall bear interest on the unpaid principal amount thereof from the date of such Working Capital Loan until the maturity or prepayment thereof at a rate determined by reference to the Base Rate or the LIBO Rate. The applicable basis for determining the rate of interest with respect to any Working Capital Loan shall be selected by Borrower initially at the time a Notice of Working Capital Loan Borrowing is given with respect to such Working Capital Loan pursuant to Section 2.1.2(b), and the basis for determining the interest rate with respect to any Working Capital Loan may be changed from time to time pursuant to Section 2.1.7. If on any day a Working Capital Loan is outstanding with respect to which notice has not been delivered to Administrative Agent in accordance with the terms of this Agreement specifying the applicable basis for determining the rate of interest, then for that day that Working Capital Loan shall bear interest determined by reference to the Base Rate.

Subject to the provisions of Sections 2.4.3, 2.4.4 and 2.6.3, Borrower shall pay interest on the unpaid principal amount of each Working Capital Loan from the date of such Working Capital Loan until the maturity or prepayment thereof at the following rates per annum:

(i) With respect to the principal portion of such Working Capital Loan which is, and during such periods as such Working Capital Loan is, a Base Rate Working Capital Loan, at a rate per annum equal to the Base Rate plus the Applicable Margin, such rate to change from time to time as the Base Rate shall change; and

(ii) With respect to the principal portion of such Working Capital Loan which is, and during such portion of such periods as such Working Capital is, a LIBOR Working Capital Loan, at a rate per annum, at all times during each Interest Period for such LIBOR Working Capital Loan, equal to the LIBO Rate for such Interest Period plus the Applicable Margin.

(d) Working Capital Loan Principal Payments. Borrower shall repay to Administrative Agent, for the account of each Bank, in full on the Loan Maturity Date the unpaid principal amount of all Working Capital Loans made by such Bank.

2.1.3 Interest Provisions Relating to Loans.

(a) Interest Payment Dates. Borrower shall pay accrued interest on the unpaid principal amount of each Loan (i) in the case of each Base Rate Loan, on the last Banking Day of each calendar quarter, (ii) in the case of each LIBOR Loan, on the last day of each

Interest Period related to such LIBOR Loan and, if such Interest Period is longer than three months, every three months after the date of such LIBOR Loan and (iii) in all cases, upon prepayment (to the extent thereof and including any optional prepayments or Mandatory Prepayments), upon conversion from one Type of Loan to another Type, and at maturity.

(b) LIBOR Loan Interest Periods.

(i) In connection with each LIBOR Loan, Borrower may, pursuant to the applicable Notice of Borrowing or Notice of Conversion of Loan Type, as the case may be, select an Interest Period to be applicable to such LIBOR Loan, which Interest Period shall be one, two, three, six or, if available to all Banks and made available by Administrative Agent, nine or 12 months. Notwithstanding anything to the contrary herein, (A) any Interest Period which would otherwise end on a day which is not a Banking Day shall be extended to the next succeeding Banking Day unless such next Banking Day falls in another calendar month, in which case such Interest Period shall end on the immediately preceding Banking Day; (B) any Interest Period which begins on the last Banking Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Banking Day of a calendar month; (C) Borrower may not select Interest Periods which would leave a greater principal amount of Loans subject to Interest Periods ending after a date upon which Loans are or may be required to be repaid than principal amount of Loans scheduled to be outstanding after such date; (D) no Interest Period with respect to any portion of the Loans shall extend beyond the Loan Maturity Date; (E) LIBOR Loans for each Interest Period shall be in the amount of at least $1,000,000; (F) Borrower may not at any time have outstanding more than ten different Interest Periods relating to LIBOR Loans; (G) if Borrower fails to specify an Interest Period for any LIBOR Loan in accordance with the terms of this

Agreement, (1) in the case of a requested Loan, Borrower shall be deemed to have specified such Loans as Base Rate Loans in the applicable Notice of Borrowing, and (2) in the case of outstanding Loans, such Loans shall automatically convert to Base Rate Loans on the last day of the current Interest Period therefor; and (H) for the period from and after the Closing Date to and including the date which is six months after the Closing Date, Borrower may only select a one month Interest Period.

(ii) Borrower may contact Administrative Agent at any time prior to the end of an Interest Period for a quotation of Interest Rates in effect at such time for given Interest Periods and Administrative Agent shall promptly provide such quotation. Borrower may select an Interest Period telephonically within the time periods specified in Section 2.1.7, which selection shall be irrevocable on and after the applicable Minimum Notice Period. Borrower shall confirm such telephonic notice to Administrative Agent by delivering to Administrative Agent by telecopy on the day such notice is given a written notice in substantially the form of Exhibit C-3 hereto (a "Confirmation of Interest Period Selection"). Borrower shall promptly deliver to Administrative Agent the original of the Confirmation of Interest Period Selection initially delivered by telecopy. Administrative Agent shall as soon as practicable (and, in any case, within two Banking Days after delivery of the Confirmation of Interest Period

Selection) notify Borrower of each determination of the Interest Rate applicable to each Loan.

(c) Interest Computations. All computations of interest on Base Rate Loans shall be based upon a year of 365 days (or 366 days in a leap year), and shall be payable for the actual days elapsed (including the first day but excluding the last day). All computations of interest on LIBOR Loans shall be based upon a year of 360 days, and shall be payable for the actual days elapsed (including the first day but excluding the last day). Borrower agrees that all computations by Administrative Agent of interest shall be conclusive and binding in the absence of manifest error.

2.1.4 Register.

(a) Administrative Agent shall maintain, at its address referred to in Section 11.1, a register for the recordation of the names and addresses of Banks and the Loan Commitments and Loans of each Bank from time to time (the "Register"). The Register shall be available for inspection by Borrower at any reasonable time and from time to time upon reasonable prior notice.

(b) Administrative Agent shall record in the Register (i) the Loan Commitment and the Loans from time to time of each Bank, (ii) the interest rates applicable to all Loans and the effective dates of all changes thereto, (iii) the Interest Period for each LIBOR Loan, (iv) the date and amount of any principal or interest due and payable or to become due and payable from Borrower to each Bank hereunder, (v) each repayment or prepayment in respect of the principal amount of the Loans of each Bank, (vi) the amount of any sum received by Administrative Agent hereunder for the account of Banks and each Bank's share thereof and (vii) such other information as Administrative Agent may determine is necessary for administering the Loans and this Agreement. Any such recordation shall be conclusive and binding on Borrower and each Bank, absent manifest error; provided that neither failure to make any such recordation, nor any error in such recordation, shall affect any Bank's Loan Commitment or Borrower's Obligations in respect of any applicable Loans or otherwise; and provided, further that in the event of any inconsistency between the Register and any Bank's records, the recordations in the Register shall govern.

2.1.5 Promissory Notes. If requested by any Bank, the obligation of Borrower to repay the Loans made by such requesting Bank and to pay interest thereon at the rates provided herein shall be evidenced by a promissory note in the form of Exhibit B hereto (a "Note"), each payable to the order of such requesting Bank and in the principal amount of such Bank's Loan Commitment. Borrower authorizes each such requesting Bank to record on the schedule annexed to such Bank's Note, the date and amount of each Loan made by such Bank, and each repayment or prepayment of principal thereunder and agrees that all such notations shall constitute prima facie evidence of the matters noted; provided that in the event of any inconsistency between the Register and any Bank's records, the recordations in the Register shall govern; and provided, further that neither the failure to issue any Note or to make any such notation, nor any error in such notation, shall affect the validity of Borrower's obligations to repay the full unpaid principal amount of the Loans or the duties of Borrower hereunder or

thereunder. Borrower further authorizes each Bank which receives a Note to attach to and make a part of such Bank's Note continuations of the schedule attached thereto as necessary.

2.1.6 Loan Funding.

(a) Notice. Each Notice of Borrowing shall be delivered by Borrower to Administrative Agent in accordance with Section 11.1. Administrative Agent shall promptly notify each Bank of the contents of each Notice of Borrowing.

(b) Pro Rata Loans. All Loans shall be made on a pro rata basis by Banks in accordance with their respective Proportionate Shares of such Loans, with each Loan to consist of a Loan by each Bank equal to such Bank's Proportionate Share of such Loan.

(c) Bank Funding. Each Bank shall, before 11:00 a.m. on the applicable Funding Date, make available to Administrative Agent by wire transfer of immediately available funds in Dollars to the account of Administrative Agent most recently designated by it for such purpose, such Bank's Proportionate Share of such Loan. The failure of any Bank to make the Loan to be made by it as part of any Loan shall not relieve any other Bank of its obligation hereunder to make its Loan on the applicable Funding Date. No Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the applicable Funding Date.

Unless Administrative Agent shall have been notified by any Bank prior to the applicable Funding Date that such Bank does not intend to make available to Administrative Agent the amount of such Bank's Proportionate Share of such Loan requested on such date, Administrative Agent may assume that such Bank has made such amount available to Administrative Agent on such date in accordance with the prior paragraph and Administrative Agent may, in its sole discretion and in reliance upon such assumption, make available to Borrower a corresponding amount on such date. If such corresponding amount is not in fact made available to Administrative Agent by such Bank, Administrative Agent shall be entitled to recover such corresponding amount on demand (and, in any event, within two Banking Days from the applicable Funding Date) from such Bank together with interest thereon, for each day from the applicable Funding Date until the date such amount is paid to Administrative Agent, at the Federal Funds Rate for the first two Banking Days after such date. If such Bank pays such amount to Administrative Agent, then such amount shall constitute such Bank's Proportionate Share of such Loan included in such Loan. If such Bank does not pay such corresponding amount forthwith upon Administrative Agent's demand therefor or within two Banking Days from the applicable Funding Date, Administrative Agent shall promptly notify Borrower and Borrower shall

immediately pay such corresponding amount to Administrative Agent together with interest thereon, for each day from the applicable Funding Date until the date such amount is paid to Administrative Agent, at the rate then payable under this Agreement for Base Rate Loans. Nothing in this Section 2.1.6(c) shall be deemed to relieve any Bank from its obligation to fulfill its Obligations hereunder or to prejudice any rights that Borrower may have against any Bank as a result of any default by such Bank hereunder.

(d) Development Account. No later than 1:00 p.m. on the date specified in each Notice of Borrowing, if the applicable conditions precedent listed in Article 3

have been satisfied or waived in accordance with the terms thereof and, subject to Section 2.1.6(c) above, to the extent Administrative Agent shall have received the appropriate funds from Banks, Administrative Agent will make available the Loans requested in such Notice of Borrowing (or so much thereof as Banks shall have approved pursuant to this Agreement) in Dollars and in immediately available funds, at Administrative Agent's New York Branch, and shall deposit such Loans into the Development Account.

2.1.7 Conversion of Loans. Borrower may convert Loans from one Type of Loans to another Type; provided, however, that (a) any conversion of LIBOR Loans into Base Rate Loans shall be made on, and only on, the first day after the last day of an Interest Period for such LIBOR Loans and (b) Loans shall be converted only in amounts of $2,000,000 or more. Borrower shall request each such conversion by delivering to Administrative Agent a written notice in the form of Exhibit C-4 hereto, appropriately completed (a "Notice of Conversion of Loan Type"), which specifies:

(a) The Loans, or portion thereof, which are to be converted;

(b) The Type into which such Loans, or portion thereof, are to be converted;

(c) If such Loans are to be converted into LIBOR Loans, the initial Interest Period selected by Borrower for such Loans (which Interest Period shall be selected in accordance with Section 2.1.3(b));

(d) The Applicable Margin which will be in effect as of the day of the requested conversion; and

(e) The proposed date of the requested conversion (which shall be a Banking Day and otherwise in accordance with this Section 2.1.7).

Borrower shall so deliver each Notice of Conversion of Loan Type to Administrative Agent so as to provide at least the applicable Minimum Notice Period. Any Notice of Conversion of Loan Type shall be irrevocable and Borrower shall be bound to make a conversion in accordance therewith. Each Notice of Conversion of Loan Type shall be delivered by first-class mail or telecopy to Administrative Agent at the office or to the telecopy number and during the hours specified in Section 11.1; provided, however, that Borrower shall promptly deliver to Administrative Agent the original of any Notice of Conversion of Loan Type initially delivered by telecopy. Administrative Agent shall promptly notify each Bank of the contents of each Notice of Conversion of Loan Type.

2.1.8 Prepayments.

(a) Terms of All Prepayments. Upon the prepayment of any Loan (whether such prepayment is an optional prepayment under Section 2.1.8(b) or a Mandatory Prepayment), Borrower shall pay to Administrative Agent for the account of Bank which made such Loan, as applicable, (i) all accrued interest to the date of such prepayment on the amount prepaid, (ii) all accrued fees to the date of such prepayment of the amount being prepaid, and (iii) if such prepayment is the prepayment of a LIBOR Loan on a day other than the last day of

an Interest Period for such LIBOR Loan, all Liquidation Costs incurred by such Bank as a result of such prepayment. Notwithstanding the foregoing, but only in respect of any Mandatory Prepayment, Borrower shall have the right, by giving five Banking Days' notice to Administrative Agent, in lieu of prepaying a LIBOR Loan on a day other than the last day of an Interest Period for such LIBOR Loan, to deposit or cause Administrative Agent to deposit, into an account to be held by Depositary Agent (which account shall be subjected to the Lien of the Collateral Documents in a manner satisfactory to Administrative Agent) an amount equal to the LIBOR Loans to be prepaid. Such funds shall be held in such account until the expiration of the Interest Period applicable to the LIBOR Loan to be prepaid at which time the amount deposited in such account shall be used to prepay such LIBOR Loan and any interest accrued on such amount shall be deposited in the Revenue Account. The deposit of amounts into such account shall not constitute a prepayment of Loans and all Loans to be prepaid using the proceeds from such account shall continue to accrue interest at the then applicable interest rate for such Loans until actually prepaid. All amounts in such account shall only be invested in Permitted Investments as directed by and at the expense and risk of Borrower. Borrower may reborrow the principal amount of any Loan which is prepaid.

(b) Optional Prepayments. Subject to Section 2.1.8(a), Borrower may, at its option and without penalty, upon five Banking Days' notice to Administrative Agent, prepay any Loans in whole or in part in minimum amounts of $5,000,000 or an incremental multiple of $1,000,000 in excess thereof.

(c) Mandatory Prepayments.

(i) Borrower shall prepay (or cause to be prepaid) Loans to the extent required by Section 2.1.8(c)(ii), 2.1.8(c)(iii), 2.6.2, or 7.2.2 of this Agreement, or any other provision of this Agreement or any other Credit Document which requires prepayment of Loans (such prepayment, "Mandatory Prepayment").

(ii) On the Banking Day on which Borrower receives the proceeds of any Final Equity Funding Payment or any Final Plant Funding Payment made by NRG Energy pursuant to and in accordance with Section 2.1.1 or 2.1.2 of the NRG Energy Equity Undertaking, as the case may be, Borrower shall prepay the Loans in an aggregate amount equal to the amount of such proceeds.

(iii) In the event any Funded Working Capital Asset does not become a Converted Asset within eighteen months of the date of the initial funding of any such Funding Working Capital Asset hereunder, then Borrower shall prepay the Working Capital Loans in an aggregate principal amount equal to the amount of all Working Capital Loans made hereunder to fund any payments made in respect of such Funded Working Capital Asset.

2.2 Total Commitments.

2.2.1 Loan Commitment. The aggregate principal amount of all Loans outstanding at any time or times shall not exceed $2,000,000,000 or, if such amount is reduced by Borrower pursuant to Section 2.2.3, such lower amount (such amount, as so reduced from

time to time, the "Total Loan Commitment"). The amount of each Bank's Loan

Commitment is set forth on Exhibit H hereto (which Exhibit shall be automatically amended without further action upon the assignment of any such Bank's Loan Commitment in accordance with the terms hereof to give effect to any such assignment).

2.2.2 Available Loan Commitments. Without limiting anything set forth in Section 2.2.1, (a) the aggregate principal amount of all (i) Development Loans outstanding at any time or times shall not exceed the then current Available Development Loan Commitment and (ii) Working Capital Loans outstanding at any time or times shall not exceed the then current Available Working Capital Commitment, and (b) the sum of Development Loans outstanding plus Working Capital Loans outstanding shall not exceed the then current Total Loan Commitment.

2.2.3 Reductions and Cancellations. Borrower may, from time to time upon five Banking Days written notice to Administrative Agent, permanently reduce, by an amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof or cancel in its entirety the Total Loan Commitment and/or the Total Working Capital Loan Commitment. Notwithstanding the foregoing, Borrower may not reduce or cancel the Total Loan Commitment and/or the Total Working Capital Loan Commitment if, after giving effect to such reduction or cancellation, (a) the sum of the aggregate principal amount of all Loans then outstanding would exceed the Total Loan Commitment, (b) the Available Development Funds would not, in the reasonable judgment of the Technical Committee and the Independent Engineer, be equal to or exceed remaining Project Costs for all Approved Projects and Approved Turbines, or (c) such reduction or cancellation would cause an Inchoate Default or an Event of Default, or have a Borrower Material Adverse Effect or a Project Material Adverse Effect. Borrower shall pay to Administrative Agent any Commitment Fees then due upon any cancellation and, from the effective date of any reduction, the Commitment Fees shall be computed on the basis of the Available Loan Commitment, as so reduced. Once reduced or canceled, none of the Total Loan Commitment or the Working Capital Loan Commitment may be increased or reinstated. Any reductions in the Total Loan Commitment or the Total Working Capital Loan Commitment pursuant to this Section 2.2.3 shall be applied ratably to each Bank's respective Commitments in accordance with Section 2.5.1.

2.2.4 Working Capital Loan Conversion to Development Loans. In the event an Identified Project or Non-Identified Project satisfies the conditions precedent to initial funding pursuant to Section 3.2, and prior to such initial funding the assets assigned to such Project (as set forth in the applicable Notice of Working Capital Loan Borrowing), if any, were Funded Working Capital Assets, the Working Capital Loans associated with such Funded Working Capital Assets shall be automatically converted for all purposes hereof into Development Loans and shall cease to be considered outstanding Working Capital Loans, including for purposes of Section 2.2.2, in each case such conversion being effective as of the initial Funding Date with respect to such Project (the Funded Working Capital Assets related to any such converted Working Capital Loans shall be referred to herein as the "Converted Assets").

2.3 Fees.

2.3.1 Lead Arranger Fee Letter. Borrower shall pay to Lead Arranger and Administrative Agent, for their respective accounts, the fees described in that certain letter from NRG Energy to Lead Arranger dated April 4, 2001.

2.3.2 Loan Commitment Fees. On the last Banking Day in each calendar quarter (commencing on June 30, 2001) and on the earlier of (a) the Loan Maturity Date and (b) the last Banking Day of the Loan Availability Period (or, if the Total Loan Commitment is canceled prior to such date, on the date of such cancellation), Borrower shall pay to Administrative Agent, for benefit of Banks, accruing from the Closing Date or the first day of such quarter, as the case may be, a commitment fee (the "Commitment Fee") for such quarter (or portion thereof) then ending equal to the product of (i) 0.375% multiplied by (ii) the

daily average Available Loan Commitment for such quarter (or portion thereof) multiplied by (iii) a fraction, the numerator of which is the number of days in such quarter (or portion thereof) and the denominator of which is the number of days in that year (365 or 366, as the case may be).

2.3.3 Activation Fees. Concurrently with the making of the first Loan in respect of each Non-Identified Project that becomes an Approved Project after the date which is the six month anniversary of the Closing Date, Borrower shall pay to Administrative Agent, for the benefit of the Banks, an activation fee (the "Activation Fee") equal to the product of (a) 0.125% multiplied by (b) the total amount of Project Costs in respect of such Non-Identified Project (as set forth in such Non-Identified Project's Project Budget or Annual Operating Budget, as the case may be, delivered in accordance with Section 3.2.22 or Section 3.5.23).

2.4 Other Payment Terms.

2.4.1 Place and Manner. Borrower shall make all payments due to any Bank or Administrative Agent hereunder to Administrative Agent, for the account of such Bank or Administrative Agent (as the case may be), to The Bank of New York, Federal Reserve Bank of New York ABA# 021000018, for further credit to account #8900387734; Reference: NRG Finance Company I LLC, in Dollars and in immediately available funds.

2.4.2 Date. Borrower shall make all payments due to any Bank or Administrative Agent hereunder not later than 12:00 noon on the date on which such payment is due. Any payment made after such time on any day shall be deemed received on Banking Day after such payment is received. Administrative Agent shall disburse to each Bank each such payment received by Administrative Agent for such Bank, such disbursement to occur on the day such payment is received if received by 12:00 noon or if such payment is not received by 12:00 noon, on the next Banking Day. Whenever any payment due hereunder shall fall due on a day other than a Banking Day, such payment shall be made on the next succeeding Banking Day (except in the case of any payment relating to a LIBOR Loan where such next succeeding Banking Day is in the next calendar month, in which case such payment shall be made on the next preceding Banking Day), and such extension of time shall be included in the computation of interest or fees, as the case may be.

2.4.3 Late Payments. If any amounts required to be paid by Borrower under this Agreement or the other Credit Documents (including principal or interest payable on any Loan, and any fees or other amounts otherwise payable to Administrative Agent or any Bank) remain

unpaid after such amounts are due, Borrower shall pay interest on the aggregate, unpaid balance of such amounts from the date due until those amounts are paid in full at a per annum rate equal to the Default Rate.

2.4.4 Net of Taxes, Etc.

(a) Taxes. Subject to each Bank's compliance with Section 2.4.6, any and all payments to or for the benefit of Administrative Agent or any Bank by Borrower hereunder or under any other Credit Document shall be made free and clear of and without deduction, setoff or counterclaim of any kind whatsoever and in such amounts as may be necessary in order that all such payments, after deduction for or on account of any present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto (excluding income and franchise taxes, which include taxes imposed on or measured by the net income or capital of Administrative Agent or such Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between such Bank and such jurisdiction or political subdivision, other than a connection resulting solely from executing, delivering or performing its obligations or receiving a payment under, or enforcing, this Agreement or any Note) (all such non-excluded taxes,

levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"), shall be equal to the amounts otherwise specified to be paid under this Agreement and the other Credit Documents. If Borrower shall be required by law to withhold or deduct any Taxes from or in respect of any sum payable hereunder or under any other Credit Document to Administrative Agent or any Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.4.4), Administrative Agent or such Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions and (iii) Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Legal Requirements. If Borrower shall make any payment under this Section 2.4.4 to or for the benefit of Administrative Agent or any Bank with respect to Taxes and if Administrative Agent or such Bank shall claim any credit or deduction for such Taxes against any other taxes payable by Administrative Agent or such Bank to any taxing jurisdiction then Administrative Agent or such Bank shall pay to Borrower an amount equal to the amount by which such other taxes are actually reduced; provided that the aggregate amount payable by Administrative Agent or such Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by Borrower with respect to such Taxes. In addition, Borrower agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies (not including income or franchise taxes) that arise under the laws of the United States of America, the State of New York or any other state or jurisdiction where an Approved Project, Approved Turbine or Funded Working Capital Asset is located from any payment made hereunder or under any other Credit Document or from the execution or delivery or otherwise with respect to this Agreement or any other Credit Document (hereinafter referred to as "Other Taxes").

(b) Indemnity. Borrower shall indemnify each Bank for the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.4.4 paid by any Bank, or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto), whether or

not such Taxes or Other Taxes were correctly or legally asserted; provided that Borrower shall not be obligated to indemnify any Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the indemnitee's gross negligence or willful misconduct. Each Bank agrees to give written notice to Borrower of the assertion of any claim against such Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion, and in no event later than 180 days after the principal officer of such Bank responsible for administering this Agreement obtains knowledge thereof; provided that any Bank's failure to notify Borrower of such assertion within such 180 days period shall not relieve Borrower of its obligation under this Section 2.4.4 with respect to Taxes or Other Taxes arising prior to the end of such period, but shall relieve Borrower of its obligations under this Section 2.4.4 with respect to penalties and interest between the end of such period and such time as Borrower receives notice from such Bank as provided herein. Payments by Borrower pursuant to this indemnification shall be made within 30 days from the date such Bank makes written demand therefor (submitted through Administrative Agent), which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. Each Bank agrees to repay to Borrower any refund (including that portion of any interest that was included as part of such refund with respect to Taxes or Other Taxes paid by Borrower pursuant to this Section 2.4.4) received by such Bank for Taxes or Other Taxes that were paid by Borrower pursuant to this Section 2.4.4 and to contest, with the approval and participation of and at the expense of Borrower, any such Taxes or Other Taxes which such Bank or Borrower reasonably believes not to have been properly assessed.

(c) Notice. Within 30 days after the date of any payment of Taxes

by Borrower, Borrower shall furnish to Administrative Agent, at its address referred to in Section 11.1, the original or a certified copy of a receipt evidencing payment thereof. Borrower shall compensate each Bank for all reasonable losses and expenses sustained by such Bank as a result of any failure by Borrower to so furnish such copy of such receipt.

(d) Survival of Obligations. The obligations of Borrower under this Section 2.4.4 shall survive the termination of this Agreement and the repayment of the Obligations.

2.4.5 Application of Payments. Payments made under Section 6.4.2(a)(vi) of this Agreement or Section 5.4.2(a)(vi) of any Project Owner Guaranty shall be applied to the Obligations associated with or attributable to the Approved Project to which such payments relate. All other payments made under this Agreement or the other Credit Documents and other amounts received by Administrative Agent and Banks under this Agreement or the other Credit Documents shall be applied as follows:

(a) first, to any fees, costs, charges or expenses payable to Administrative Agent, Documentation Agent, Lead Arranger, the members of the Technical Committee and Banks hereunder or under the other Credit Documents (such application to be made on a pro rata basis among such Persons),

(b) second, to any fees, costs, charges or expenses payable to Banks hereunder or under the other Credit Documents (such application to be made on a pro rata basis among such Banks),

(c) third, to any accrued but unpaid interest then due and owing in respect of the Obligations, and

(d) fourth, to outstanding principal then due and owing or otherwise to be prepaid in respect of the Obligations; provided, with respect to payments applied to outstanding principal then due and owing or otherwise to be prepaid, such payments shall be applied as follows:

(i) first, to such debt associated with or attributable to Approved Projects which have achieved Provisional Acceptance (such application to be made on a pro rata basis among such Projects),

(ii) second, if all Loans associated with or attributable to Approved Projects which have achieved Provisional Acceptance have been paid, then to such debt associated with or attributable to Approved Projects which have not achieved Provisional Acceptance (such application to be made on a pro rata basis among such Projects), and

(iii) third, if all Loans associated with or attributable to Approved Projects which have or have not achieved Provisional Acceptance have been paid, then, to such debt associated with or attributable to Funded Working Capital Assets (such application to be made on a pro rata basis among such Funded Working Capital Assets).

2.4.6 Withholding Exemption Certificates. Each Bank upon becoming a Bank hereunder and each Person to which any Bank grants a participation (or otherwise transfers its interest in this Agreement) agree that they will deliver to Borrower and Administrative Agent either (a) if such Bank or Person is a corporation established under the laws of the United States or any political subdivision thereof, a copy of a United States Internal Revenue Service Form W-9 or (b) if such Bank or Person is not a corporation established under the laws of the United States or any political subdivision thereof, a duly completed and executed non-bank certificate in the form of Exhibit J hereto and two duly completed copies of United States Internal Revenue Service Form W-8ECI or W-8BEN or successor applicable form, as the case may be (claiming therein a reduction in, or an exemption from, United States withholding taxes under an applicable treaty). Each Bank which delivers to Borrower and Administrative Agent a Form

W-8ECI or W-8BEN pursuant to the preceding sentence further undertakes to deliver to Borrower and Administrative Agent further copies of the Form W-8ECI or W-8BEN, or successor applicable form, or other manner of certification or procedure, as the case may be, on or before the date that any such form expires or becomes obsolete or within a reasonable time after gaining knowledge of the occurrence of any event requiring a change in the most recent forms previously delivered by it to Borrower, and such extensions or renewals thereof as may reasonably be requested by Borrower, certifying in the case of a Form W-8ECI or W-8BEN that such Bank is entitled to receive payments under this Agreement without (or with a reduced amount of) deduction or withholding of any United States federal income taxes, unless in any such cases an event (including any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent a Bank from duly completing and delivering any such form with respect to

it. Borrower shall not be obligated to pay any additional amounts in respect of United States Federal income tax pursuant to Section 2.4.4 (or make an indemnification payment pursuant to Section 2.4.4) to any Bank (including any Person to which any Bank sells, assigns, grants a participation in, or otherwise transfers its rights under this Agreement) if the obligation to pay such additional amounts (or such indemnification) would not have arisen but for a failure of such Bank to comply with its obligations under this Section 2.4.6. Notwithstanding the foregoing or anything else to the contrary in this Agreement, (i) no Bank or other Person shall be obligated to deliver any form, certificate or document which it cannot deliver as a matter of law and (ii) if a Bank or other Person is not entitled to a full exemption from the United States withholding taxes in respect of interest payments as of the date such Bank or Person becomes a Bank or participant hereunder, then Borrower shall not be obligated to pay any additional amounts or make any indemnification payments pursuant to Section 2.4.4 in respect of such taxes applicable as of such date.

2.5 Pro Rata Treatment.

2.5.1 Loans, Commitment Reductions, Etc. Except as otherwise provided herein, (a) each Loan and each reduction of the Total Loan Commitment or the Total Working Capital Loan Commitment shall be made or allocated among Banks pro rata according to their respective Proportionate Shares of such Loans or Commitments, as the case may be, (b) each payment of principal of and interest on Loans shall be made or shared among Banks holding such Loans pro rata according to the respective unpaid principal amounts of such Loans held by such Banks and (c) each payment of Commitment Fees or Activation Fees shall be shared among Banks pro rata according to (i) their respective Proportionate Shares of the Commitments to which such fees apply and (ii) in the case of each Bank which becomes a Bank hereunder after the date hereof, the date upon which such Bank so became a Bank.

2.5.2 Sharing of Payments, Etc. If any Bank shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise) on account of Loans owed to it in excess of its ratable share of payments on account of such Loans obtained by all Banks entitled to such payments, such Bank shall forthwith purchase from the other Banks such participation in the Loans, as the case may be, as shall be necessary to cause such purchasing Bank to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Bank, such purchase from such Bank shall be rescinded and each other Bank shall repay to the purchasing Bank the purchase price to the extent of such recovery together with an amount equal to such other Bank's ratable share (according to the proportion of (a) the amount of such other Bank's required repayment to (b) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to this

Section 2.5.2 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of setoff) with respect to such participation as fully as if such Bank were the direct creditor of Borrower in the amount of such participation.

2.6 Change of Circumstances.

2.6.1 Inability to Determine Rates. If, on or before the Interest Rate Determination Date for any LIBOR Loans, (a) Administrative Agent determines (which determination shall be conclusive absent manifest error) that the LIBO Rate for such Interest Period cannot be adequately and reasonably determined due to the unavailability of funds in or other circumstances affecting the London interbank market, or (b) Banks holding aggregate Proportionate Shares of 33-1/3% or more of the Total Loan Commitment shall advise Administrative Agent that (i) the rates of interest for such LIBOR Loans do not adequately and fairly reflect the cost to such Banks of making or maintaining such Loans or (ii) deposits in Dollars in the London interbank market are not available to such Banks (as conclusively certified by each such Bank in good faith in writing to Administrative Agent and to Borrower) in the ordinary course of business in sufficient amounts to make and/or maintain their LIBOR Loans, Administrative Agent shall immediately give notice of such condition to Borrower and Banks by telephone or telecopy. After the giving of any such notice and until Administrative Agent shall otherwise notify Borrower and Banks that the circumstances giving rise to such condition no longer exist, Borrower's right to request the making of or conversion to, and Banks' obligations to make or convert to LIBOR Loans shall be suspended. Any LIBOR Loans outstanding at the commencement of any such suspension shall be converted at the end of the then current Interest Period for such Loans into Base Rate Loans unless such suspension has then ended.

2.6.2 Illegality. If, after the date of this Agreement, the adoption of any Governmental Rule, any change in any Governmental Rule or the application or requirements thereof (whether such change occurs in accordance with the terms of such Governmental Rule as enacted, as a result of amendment, or otherwise), any change in the interpretation or administration of any Governmental Rule by any Governmental Authority, or compliance by any Bank or Borrower with any request or directive (whether or not having the force of law) of any Governmental Authority (a "Change of Law") shall make it unlawful or impossible for any Bank to make or maintain any LIBOR Loan, such Bank shall immediately notify Administrative Agent and Borrower of such Change of Law. Upon receipt of such notice, (a) Borrower's right to request the making of or conversion to, and such Bank's obligations to make or convert to, LIBOR Loans shall be suspended for so long as such condition shall exist, and (b) Borrower shall, at the request of such Bank, either (i) pursuant to Section 2.1.7, convert any then outstanding LIBOR Loans into Base Rate Loans at the end of the current Interest Periods for such Loans, or (ii) immediately repay such Loans pursuant to Section 2.1.8 or convert LIBOR Loans of the affected Type into Base Rate Loans if such Bank shall notify Borrower that such Bank may not lawfully continue to fund and maintain such Loans. Any conversion or prepayment of LIBOR Loans made pursuant to the preceding sentence prior to the last day of an Interest Period for such Loans shall be deemed a prepayment thereof for purposes of Section 2.7.

2.6.3 Increased Costs. If, after the date of this Agreement, any Change of Law:

(a) Shall subject any Bank to any tax, duty or other charge with respect to any LIBOR Loan or Commitment, or shall change the basis of taxation of payments by Borrower to any Bank on such a Loan or with respect to any Commitment (except for Taxes, Other Taxes or changes in the rate of taxation on the overall net income of any Bank); or

(b) Shall impose, modify or hold applicable any reserve, special deposit or similar requirement (without duplication of any reserve requirement included within

the applicable Interest Rate through the definition of "Reserve Requirement") against assets held by, deposits or other liabilities in or for the account of, advances or loans by, or any other acquisition of funds by any Bank for any LIBOR Loan; or

(c) Shall impose on any Bank any other condition directly related to any LIBOR Loan or Commitment;

and the effect of any of the foregoing is to increase the cost to such Bank of making, issuing, creating, renewing, participating in (subject to the limitations in Section 9.13) or maintaining any such LIBOR Loan or Commitment or to reduce any amount receivable by such Bank hereunder; then Borrower shall from time to time, upon demand by such Bank, pay to such Bank additional amounts sufficient to reimburse such Bank for such increased costs or to compensate such Bank for such reduced amounts. A certificate setting forth in reasonable detail the amount of such increased costs or reduced amounts and the basis for determination of such amount, submitted by such Bank to Borrower, shall, in the absence of manifest error, be conclusive and binding on Borrower for purposes of this Agreement.

2.6.4 Capital Requirements. If any Bank determines that (a) any Change of Law after the date of this Agreement increases the amount of capital required or expected to be maintained by such Bank (or the Lending Office of such Bank) or any Person controlling such Bank (a "Capital Adequacy Requirement") and (b) the amount of capital maintained by such Bank or such Person which is attributable to or based upon the Loans, the Commitments or this Agreement must be increased as a result of such Capital Adequacy Requirement (taking into account such Bank's or such Person's policies with respect to capital adequacy), Borrower shall pay to Administrative Agent on behalf of such Bank or such Person, upon demand of Administrative Agent on behalf of such Bank or such Person, such amounts as such Bank or such Person shall reasonably determine are necessary to compensate such Bank or such Person for the increased costs to such Bank or such Person of such increased capital. A certificate of such Bank or such Person, setting forth in reasonable detail the computation of any such increased costs, delivered to Borrower by Administrative Agent on behalf of such Bank or such Person shall, in the absence of manifest error, be conclusive and binding on Borrower for purposes of this Agreement.

2.6.5 Notice; Participating Banks' Rights. Each Bank will notify Borrower of any event occurring after the date of this Agreement that will entitle such Bank to compensation pursuant to this Section 2.6, as promptly as practicable, and in no event later than 180 days after the principal officer of such Bank responsible for administering this Agreement obtains knowledge thereof; provided that any Bank's failure to notify Borrower within such 180 day period shall not relieve Borrower of its obligation under this Section 2.6.5 with respect to claims arising prior to the end of such period, but shall relieve Borrower of its obligations under this Section 2.6.5 with respect to the time between the end of such period and such time as Borrower receives notice from the indemnitee as provided herein. No Person purchasing from a Bank a participation in any Commitment (as opposed to an assignment) shall be entitled to any payment from or on behalf of Borrower pursuant to Section 2.6.3 or 2.6.4 which would be in excess of the applicable proportionate amount (based on the portion of the Commitment in which such Person is participating) which would then be payable to such Bank if such Bank had not sold a participation in that portion of the Commitment.

2.7 Funding Losses. If Borrower shall (a) repay or prepay any LIBOR Loans on any day other than the last day of an Interest Period for such Loans

(whether an optional prepayment or a Mandatory Prepayment), (b) fail to borrow any LIBOR Loans in accordance with a Notice of Borrowing delivered to Administrative Agent (whether as a result of the failure to satisfy any applicable conditions or otherwise), (c) fail to convert any Loans into LIBOR Loans in accordance with a Notice of Conversion of Loan Type delivered to Administrative Agent (whether as a result of the failure to satisfy any applicable conditions or otherwise), (d) fail to continue a LIBOR Loan in accordance with a Confirmation of Interest Period Selection delivered to Administrative Agent or (e) fail to make any prepayment in accordance with any notice of prepayment delivered to Administrative Agent, Borrower shall, upon demand by any Bank, reimburse such Bank for all costs and losses incurred by such Bank as a result of such repayment, prepayment or failure ("Liquidation Costs"). Borrower understands that such costs and losses may include losses incurred by a Bank as a result of funding and other contracts entered into by such Bank to fund LIBOR Loans. Each Bank demanding payment under this Section 2.7 shall deliver to Borrower a certificate setting forth in reasonable detail the basis for and the amount of costs and losses for which demand is made. Any such certificate delivered to Borrower shall, in the absence of manifest error, be conclusive and binding on Borrower for purposes of this Agreement.

2.8 Alternate Office; Minimization of Costs.

2.8.1 To the extent reasonably possible, each Bank shall designate an alternative Lending Office with respect to its LIBOR Loans and otherwise take any reasonable actions to reduce any liability of Borrower to any Bank under Section 2.4.4, 2.6.3 or 2.6.4, or to avoid the unavailability of any Type of Loans under Section 2.6.2 so long as such Bank, in its sole discretion, determines that (a) such designation is not disadvantageous to such Bank and (b) that such actions would eliminate or reduce any such liability. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Bank in connection with any such designation or actions.

2.8.2 If and with respect to each occasion that a Bank either makes a demand for compensation pursuant to Section 2.4.4, 2.6.3 or 2.6.4 or is unable to fund LIBOR Loans pursuant to Section 2.6.2 or such Bank wrongfully fails to fund a Loan, Borrower may, upon at least five Banking Days' prior irrevocable written notice to each of such Bank and Administrative Agent, in whole permanently replace the Commitment of such Bank; provided that Borrower shall replace such Commitment with the Commitment of a commercial bank reasonably satisfactory to Administrative Agent. Such replacement Bank shall upon the effective date of replacement purchase the Obligations owed to such replaced Bank for the aggregate amount thereof and shall thereupon for all purposes become a "Bank" hereunder. Such notice from Borrower shall specify an effective date for the replacement of such Bank's Commitment, which date shall not be later than the tenth day after the day such notice is given. On the effective date of any replacement of such Bank's Commitment pursuant to this Section 2.8.2, Borrower shall pay to Administrative Agent for the account of such Bank (a) any fees due to such Bank to the date of such replacement, (b) accrued interest on the principal amount of outstanding Loans held by such Bank to the date of such replacement, and (c) the amount or amounts requested by such Bank pursuant to each of Sections 2.4.4, 2.6.3 and 2.6.4, as applicable. Borrower will remain liable to such replaced Bank for any Liquidation Costs that

such Bank may sustain or incur as a consequence of repayment of such Bank's Loans (unless such Bank has defaulted on its obligation to fund a Loan hereunder). Upon the effective date of repayment of any Bank's Loans and termination of such Bank's Commitment pursuant to this Section 2.8.2, such Bank shall cease to be a Bank hereunder. No such termination of any such Bank's Commitment and the purchase of such Bank's Loans pursuant to this Section 2.8.2 shall affect (i) any liability or obligation of Borrower or any other Bank to such terminated Bank which accrued on or prior to the date of such termination or (ii) such terminated Bank's rights hereunder in respect of any such liability

or obligation.

2.8.3 Upon written notice to Administrative Agent and Borrower, any Bank may designate a Lending Office other than that set forth on Exhibit H hereto (which Exhibit shall be automatically amended without further action to give effect to such designation on the date Administrative Agent receives such notice) and may assign all of its interests under the Credit Documents and its Notes (if any) to such Lending Office; provided that such designation and assignment do not at the time of such designation and assignment increase the reasonably foreseeable liability of Borrower to such Bank under Section 2.4.4, 2.6.3, or 2.6.4 or make an Interest Rate option unavailable pursuant to Section 2.6.2.

ARTICLE 3.
CONDITIONS PRECEDENT

3.1 Conditions Precedent to the Closing Date. The effectiveness of this Agreement, the obligations of Administrative Agent hereunder and the obligations of each Bank hereunder shall be subject to the fulfillment (or written waiver by Administrative Agent with the consent of all Banks) of each of the following conditions precedent:

3.1.1 Resolutions. Delivery to Lead Arranger of a copy of one or more resolutions or other authorizations, in form and substance reasonably satisfactory to Lead Arranger, of the board of directors or other similar governing body of each of the Portfolio Entities and Affiliate Pledgors that are a party to any Credit Document as of the Closing Date, the Member and NRG Energy, authorizing, as applicable, the Loans herein provided for and the execution, delivery and performance of this Agreement, the other Credit Documents, the Corporate Services Agreement referred to in Section 3.1.24 below and any instruments or agreements required hereunder or thereunder to which such Person is a party, certified by the appropriate officers of each such Person as being in full force and effect on the Closing Date.

3.1.2 Incumbency. Delivery to Lead Arranger of a certificate, in form and substance reasonably satisfactory to Lead Arranger, from each of the Portfolio Entities and Affiliate Pledgors that are a party to any Credit Document as of the Closing Date, the Member and NRG Energy, signed by the appropriate authorized officer of each such Person and dated the Closing Date, as to the incumbency of the natural Persons authorized to execute and deliver this Agreement and the other Credit Documents and any instruments or agreements required hereunder or thereunder to which such Person is a party.

3.1.3 Formation Documents. Delivery to Lead Arranger of (a) a copy of the Limited Liability Company Agreement, certified by the secretary or an assistant secretary of the Member as being true, correct and complete on the Closing Date, and any related agreements or

certificates filed in accordance with applicable state law, (b) copies of the articles of incorporation, certificate of formation or certificate of incorporation or charter or other state certified constituent documents of each of the Portfolio Entities and Affiliate Pledgors that are a party to any Credit Document as of the Closing Date, the Member and NRG Energy, certified by the secretary of state of the state of such Person's formation, and (c) copies of the Bylaws or other comparable constituent documents of each such Portfolio Entity, Affiliate Pledgor, the Member and NRG Energy, certified by such Person's secretary or an assistant secretary as being true, correct and complete on the Closing Date.

3.1.4 Good Standing Certificates. Delivery to Lead Arranger of certificates issued by the secretary of state of the state in which each of the Portfolio Entities and Affiliate Pledgors that are a party to any Credit Document as of the Closing Date, the Member and NRG Energy are formed or

incorporated, as the case may be, together with certificates issued by the secretary of state in each other jurisdiction where any such Person is qualified to do business, in each case (a) dated no more than 30 days prior to the Closing Date and (b) certifying that such Person is in good standing and is qualified to do business in, and has paid all franchise taxes or similar taxes due to, such states.

3.1.5 Third Party Consents. Delivery to Lead Arranger of a copy of any approval by any Person (including any Governmental Authority) required as of the Closing Date in connection with any transaction herein contemplated or contemplated by any Credit Document referred to in Section 3.1.6 below, which approvals shall be in form and substance reasonably satisfactory to Lead Arranger.

3.1.6 Credit Documents. Delivery to Lead Arranger of each of the following documents:

(a) this Agreement;

(b) each applicable Note;

(c) a true and complete copy of the Member Pledge Agreement, together with (i) certificates representing all of the membership interests of Borrower and (ii) undated transfer documents for each such certificate, duly executed in blank;

(d) a true and complete copy of the Borrower Security Agreement;

(e) a true and complete copy of the Depositary Agreement, in the form of Exhibit D-1 hereto;

(f) a true and complete copy of the NRG Energy Equity Undertaking, in the form of Exhibit D-2B hereto;

(g) a true and complete copy of a Consent and Agreement, in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee), relating to the Corporate Services Agreement described in Section 3.1.24 below;

(h) a true and complete copy of an Affiliate Subordination Agreement, in substantially the form of Exhibit D-6 hereto, relating to the Corporate Services Agreement described in Section 3.1.24 below; and

(i) a true and complete copy of the letter agreement, dated as of the date hereof, among NRG Energy, Borrower and Administrative Agent, relating to Working Capital Loans made on the Closing Date.

Each Credit Document specified above shall be in form and substance satisfactory to Lead Arranger and shall have been duly authorized, executed and delivered by the parties thereto.

3.1.7 UCC Reports. Delivery to Lead Arranger of a UCC report of a date reasonably close to the Closing Date for each of the jurisdictions in which the UCC-1 financing statements are intended to be filed in respect of the Collateral to be in existence as of the Closing Date, confirming that upon due filing or recording (assuming such filing or recordation ot ccurred on the date of such respective reports), as the case may be, the security interests created under the Collateral Documents with respect to such Collateral will be prior to all other financing statements or other security documents wherein the security interest is perfected by filing in respect of such Collateral.

3.1.8 Security Interests (Recording and Filings). Each of the documents and instruments set forth in Exhibit D-5 hereto shall have been (a) delivered to Lead Arranger for recording or filing or (b) recorded or filed in the respective

places or offices set forth in Exhibit D-5 hereto and, in each such case, any and all taxes, recording and filing fees with respect thereto shall have been paid (or, as approved by Lead Arranger, provided for), and each of the other actions set forth in Exhibit D-5 hereto shall have been taken.

3.1.9 Certificate of Borrower. Lead Arranger shall have received a certificate, dated as of the Closing Date, duly executed by a Responsible Officer of Borrower, in substantially the form of Exhibit F-1 hereto.

3.1.10 Legal Opinions. Delivery to Lead Arranger of legal opinions of counsel to NRG Energy, the Member, the Portfolio Entities, the Affiliate Pledgors and their respective Affiliates that are party to any Credit Document as of the Closing Date, in each case in form and substance reasonably satisfactory to Lead Arranger.

3.1.11 Project and Operating Budgets. Delivery to Lead Arranger of (a) project budgets, in substantially the form of Appendices G-2A through G-2H hereto, for all anticipated costs to be incurred in connection with the construction and start-up of each of the Identified Projects (other than the Bridgeport Project and the New Haven Project), including in such budgets all construction and non-construction costs, all interest, taxes and other carrying costs, non-allocated costs of Borrower or the relevant Project Owner, and such other information as Lead Arranger may require, together with a balanced statement of sources (including an allocation between Loan proceeds and Contributions) and uses of proceeds (and any other funds necessary to complete each such Identified Project), broken down as to separate construction phases and components and (b) operating budgets, in substantially the form of Appendices G-2I and G-2J hereto and otherwise prepared in a manner consistent with Section 5.11, for the

Bridgeport Project and the New Haven Project, in each case which budgets shall be reasonably satisfactory to the Arrangers.

3.1.12 Project Schedules. Delivery to Lead Arranger of a schedule of the scheduled Completion Dates for each Identified Project (other than the Bridgeport Project and the New Haven Project), in substantially the form of Exhibit G-3 hereto, which schedule shall be reasonably satisfactory to the Arrangers.

3.1.13 Base Case Project Projections. Delivery to Lead Arranger of the Base Case Project Projections of operating expenses and cash flow for the Identified Projects in substantially the form of Exhibit G-4 hereto, which Base Case Project Projections shall (a) be in form and substance satisfactory to the Arrangers, (b) demonstrate a minimum and average projected annual Interest Coverage Ratio over the period of time commencing on the Closing Date and ending on the scheduled Loan Maturity Date for all such Identified Projects (other than the Meriden Project, the Hardee Project and the Kaufman Project), taken as a whole, of no less than 2.10 to 1.0 and 2.25 to 1.0, respectively, and (c) demonstrate a minimum and average projected annual Deemed Debt Service Coverage Ratio over the period of time commencing on January 1, 2006 and ending on December 31, 2030 for all such Identified Projects (other than the Meriden Project, the Hardee Project and the Kaufman Project), taken as a whole, of no less than 2.10 to 1.0 and 2.50 to 1.0, respectively.

3.1.14 Financial Statements. Delivery to Lead Arranger of accurate and complete copies of (a) audited financial statements of NRG Energy for the fiscal year ending December 31, 2000 conforming to the requirements set forth in Section 5.4.1(c) and (b) unaudited financial statements of the Member, the Portfolio Entities and the Affiliate Pledgors that are a party to any Credit Document as of the Closing Date as at March 31, 2000 conforming to the requirements set forth in Section 5.4.1(a), in each case in form and substance reasonably satisfactory to Lead Arranger, together with certificates from the appropriate Responsible Officer thereof, stating that such financial statements

have been prepared in conformity with GAAP and fairly present, in all material respects, the financial position (on a consolidated and, where applicable, consolidating basis) of the Persons described in such financial statements as at the respective dates thereof and the results of operations and cash flows (on a consolidated and, where applicable, consolidating basis) of the Persons described therein for each of the periods then ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year-end adjustments.

3.1.15 Establishment of Accounts. The Accounts required under the Depositary Agreement shall have been established to the satisfaction of Lead Arranger.

3.1.16 No Material Adverse Change. Since December 31, 2000, no development, event or change in respect of NRG Energy, Borrower, any Portfolio Entity or any Identified Project has occurred that has caused or evidences, either individually or in the aggregate, a Sponsor Material Adverse Effect, a Borrower Material Adverse Effect or a Project Material Adverse Effect.

3.1.17 Representations and Warranties. Each representation and warranty of NRG Energy, the Member, the Affiliate Pledgors and Portfolio Entities in any Credit Document

shall be true and correct in all material respects as of the Closing Date (unless any such representation and warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date).

3.1.18 No Default. No Inchoate Default, Project Inchoate Default, Project Default or Event of Default shall have occurred and be continuing as of the Closing Date.

3.1.19 No Litigation.

(a) There shall be no pending or, to the best knowledge of Borrower, threatened actions or proceedings of any kind, including actions or proceedings of or before any Governmental Authority, to which any Portfolio Entity or the Member is a party or is subject, or by which any of them or any of their properties are bound.

(b) There shall be no pending or, to the best knowledge of Borrower or NRG Energy, threatened actions or proceedings of any kind, including actions or proceedings of or before any Governmental Authority, to which NRG Energy is a party or is subject, or by which it or its properties are bound which, if adversely determined to or against NRG Energy, could reasonably be expected to have a Sponsor Material Adverse Effect, other than those actions or proceedings set forth in Exhibit G-5 hereto, provided that the Arrangers shall have completed, and shall be satisfied with the results of, their due diligence investigation of such actions or proceedings as a condition to and prior to the Closing Date.

3.1.20 Payment of Bank and Consultant Fees. Borrower shall have paid all outstanding amounts due and owing to (i) Banks, Administrative Agent and Lead Arranger under any fee letters or pursuant to Section 2.3, (ii) Banks' attorneys and consultants (including the Independent Consultants), for all services rendered and billed prior to the Closing Date and (iii) the Depositary Agent under the Depositary Agreement.

3.1.21 Certificate of Independent Engineer. Delivery to Lead Arranger of the Independent Engineer's certificate with respect to the Identified Projects, in substantially the form of Exhibit F-5 hereto, with the Independent Engineer's report with respect to the Identified Projects attached thereto, confirming, in form and substance satisfactory to the Arrangers, the feasibility

of the Identified Projects.

3.1.22 No Downgrade. The senior unsecured non-credit enhanced long-term debt of NRG Energy shall be rated at least "BBB-" by S&P and "Baa3" by Moody's, and such debt obligations shall not have been placed in any "credit-watch with negative implications" or similar type of category by S&P or Moody's.

3.1.23 NRG Fuel and Power Marketing Plan. Delivery to Administrative Agent of a plan prepared by an Affiliate of NRG Energy with respect to power marketing and fuel, which plan shall generally (a) describe Borrower's general marketing and risk management plan, (b) set forth Borrower's good faith assessment of the projected sales of power with respect to the Identified Projects and (c) set forth Borrower's good faith assessment of the fuel requirements with respect to the Identified Projects, which report shall be in form and substance reasonably satisfactory to the Arrangers.

3.1.24 Corporate Services Agreement. Delivery to Administrative Agent of a true and correct copy of a Corporate Services Agreement, in substantially the form of Exhibit G-14 hereto (unless and to the extent otherwise agreed by the Technical Committee), duly executed, delivered and authorized by each party thereto.

3.2 Conditions Precedent to the Initial Funding of each Subject Project. Subject to Section 3.12 (to the extent applicable), the obligation of Banks to make the initial Development Loans with respect to a particular Subject Project is subject to the prior satisfaction (or written waiver by Administrative Agent with the consent of Required Banks) of each of the following conditions (provided that the conditions precedent set forth in Sections 3.2.26 and 3.2.27 shall not be required to be satisfied in connection with any initial Development Loan for a Subject Project which has achieved Completion prior to the applicable Funding Date):

3.2.1 Resolutions. Delivery to Administrative Agent of (a) a copy of one or more resolutions or other authorizations, in form and substance reasonably satisfactory to Administrative Agent, of the board of directors or other similar governing body of the relevant Portfolio Entities, the relevant Affiliate Pledgor (if any) and each of the relevant Affiliated Major Project Participants (if any), authorizing the execution, delivery and performance of the Operative Documents with respect to the relevant Subject Project and any instruments or agreements required hereunder or thereunder to which such Person is a party, certified by the appropriate officers of each such Person as being in full force and effect on the applicable Funding Date, or (b) in so far as any of the materials delivered pursuant to Section 3.1.1 or 6.5.2 are sufficient (in the reasonable discretion of Administrative Agent) to satisfy the requirements set forth in this Section 3.2.1, Borrower shall deliver a certificate by the appropriate officers that the resolutions or other authorizations delivered pursuant to Section 3.1.1 or 6.5.2 have not been amended, modified or revoked and remain in full force and effect as of the applicable Funding Date.

3.2.2 Incumbency. Delivery to Administrative Agent of (a) a certificate, in form and substance reasonably satisfactory to Administrative Agent, from the relevant Portfolio Entities, the relevant Affiliate Pledgor (if any) and each of the relevant Affiliated Major Project Participants (if any), signed by the appropriate authorized officer of each such Person and dated the applicable Funding Date, as to the incumbency of the natural Persons authorized to execute and deliver the Operative Documents with respect to the relevant Subject Project and any instruments or agreements required hereunder or thereunder to which such Person is a party or (b) in so far as any of the certificates delivered pursuant to Section 3.1.2 or 6.5.2 are sufficient (in the reasonable discretion of Administrative Agent) to satisfy the requirements set forth in this Section 3.2.2, Borrower shall deliver a certificate by the appropriate officers that the certificates delivered pursuant to Section 3.1.2 or 6.5.2 have not been amended, modified or revoked and remains in full force and effect as of the applicable Funding Date.

3.2.3 Formation Documents. Delivery to Administrative Agent of (a) copies of the articles of incorporation or certificate of incorporation, certificate of formation or charter or other state certified constituent documents of the relevant Portfolio Entities, the relevant Affiliate Pledgor (if any) and each other relevant Affiliated Major Project Participant (if any), certified, if requested by Administrative Agent, by the secretary of state of such Person's state of formation or incorporation, as the case may be, and (b) copies of the Bylaws or other comparable

constituent documents of each such Person, certified by its secretary or an assistant secretary, or (c) in so far as any of the governing documents delivered pursuant to Section 3.1.3 or 6.5.2 are sufficient (in the reasonable discretion of Administrative Agent) to satisfy the requirements set forth in this Section 3.2.3, Borrower shall deliver a certificate by the appropriate officers that the governing documents delivered pursuant to Section 3.1.3 or 6.5.2 have not been amended, modified or revoked and remain in full force and effect as of the applicable Funding Date.

3.2.4 Good Standing Certificates. Delivery to Administrative Agent of certificates issued by the secretary of state of the state in which the relevant Portfolio Entities, the relevant Affiliate Pledgor (if any) and each other Major Project Participant (if any) with respect to the relevant Subject Project are formed or incorporated, as the case may be, together with certificates issued by the secretary of state of the state where such Subject Project is located, in each case (a) dated no more than 30 days prior to the applicable Funding Date and (b) certifying that such Person is in good standing and is qualified to do business in, and has paid all franchise taxes or similar taxes due to, such states (provided that, with respect to any Major Project Participant, which is not an Affiliate of NRG Energy, no such certificates shall be required if such Major Project Participant is not required to qualify to do business in such state in order to perform its obligations under any Project Document with respect to such Subject Project to which it is a party or where such Major Project Participant is not the type of Person for which a good standing certificates is reasonably available).

3.2.5 Third Party Consents. Delivery to Administrative Agent of a copy of any approval (other than any Consent) by any Person (including any Governmental Authority) required as of the applicable Funding Date in connection with any transaction herein contemplated with respect to the relevant Project Owner or Subject Project, which approvals shall be in form and substance reasonably satisfactory to Administrative Agent.

3.2.6 Operative Documents.

(a) Delivery to Administrative Agent of a true and correct copy of all documents, instruments, supplements or amendments necessary to create a valid and perfected first priority Lien on the assets related to the relevant Subject Project or to be acquired with the proceeds of the requested Development Loan, and all other Collateral relating to the relevant Project Owner or Subject Project then in existence (including the creation of a valid and perfected first priority Lien on the relevant Accounts and the relevant Pledged Equity Interests); provided, that unless a Mortgage Event has occurred and is continuing, with respect to any Subject Project located in the State of New York, no Deeds of Trust or Mortgages shall be required in any circumstance where Borrower reasonably determines and certifies (as verified by the Technical Committee) that the documentation, filing, recording and other fees and expenses reasonably anticipated to be incurred by any Portfolio Entity in connection with the drafting, negotiating, filing and recording of any such Deed of Trust or Mortgage are materially greater in the State of New York than the fees and expenses customarily incurred by borrowers in respect of real property located in other jurisdictions in the United States; provided, however, that, at all

times, Deeds of Trust or Mortgages, as the case may be, shall be required to be maintained on the real property interests underlying at least 50% of the Approved Projects then in existence (which percentage shall based on the amount of Loan proceeds attributable and allocated to, or contemplated to be attributable or allocated to, such Approved Projects).

(b) If the relevant Project Owner has elected to design, engineer, construct, install, start-up and test the relevant Subject Project pursuant to Option A set forth in Schedule 3.2.6 hereto, delivery to Administrative Agent of a true and correct copy of the relevant Turn-key EPC Contract in substantially the form of Exhibit G-12A hereto (or otherwise in form and substance reasonably satisfactory to Required Banks), together with a Consent and Agreement relating to such Turn-key EPC Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(c) If the relevant Project Owner has elected to design, engineer, construct, install, start-up and test the relevant Subject Project pursuant to Option B set forth in Schedule 3.2.6 hereto, delivery to Administrative Agent of a true and correct copy of (i) the relevant Alternative Turn-key Contract in substantially the form of Exhibit G-12B hereto (or otherwise in form and substance reasonably satisfactory to Required Banks), together with a Consent and Agreement relating to such Alternative Turn-key Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee) and (ii) the relevant Turbine Purchase Contract(s), together with a Consent and Agreement relating to each such Turbine Purchase Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(d) If the relevant Project Owner has elected to design, engineer, construct, install, start-up and test the relevant Subject Project pursuant to Option C set forth in Schedule 3.2.6 hereto, delivery to Administrative Agent of a true and correct copy of (i) the relevant Capped Turn-key Contract in substantially the form of Exhibit G-12C hereto (or otherwise in form and substance reasonably satisfactory to Required Banks), together with a Consent and Agreement relating to such Capped Turn-key Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee) and (ii) the relevant Turbine Purchase Contract(s), together with a Consent and Agreement relating to each such Turbine Purchase Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(e) If the relevant Project Owner has elected to design, engineer, construct, install, start-up and test the relevant Subject Project pursuant to Option D set forth in Schedule 3.2.6 hereto, delivery to Administrative Agent of a true and correct copy of (i) the relevant Supported Turn-key Contract in substantially the form of Exhibit G-12D hereto (or otherwise in form and substance reasonably satisfactory to Required Banks), together with a Consent and Agreement relating to such Supported Turn-key Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee), (ii) the relevant Turbine Purchase Contract(s), together with a Consent and Agreement relating to each such Turbine Purchase Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee) and (iii) a written acknowledgement, in form and substance reasonably satisfactory to the Technical Committee, duly executed by a Responsible Officer of NRG Energy, that the relevant Subject Project shall be included with the obligations undertaken pursuant to Section 2.1.7 of the NRG Energy Equity Undertaking.

(f) If the real property rights underlying the relevant Subject Project have been acquired pursuant to a Lease, delivery to Administrative Agent of a true and correct copy of the relevant Lease, together with a Consent and Agreement relating to such Lease (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(g) If any Person has agreed to provide major maintenance and overhaul services for the relevant Subject Project (or any material portion thereof) as of the applicable Funding Date, delivery to Administrative Agent of a true and correct copy of the relevant Maintenance Contracts, together with a Consent and Agreement relating to each such Maintenance Contract (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(h) If the relevant Project Owner is a party to any Major Fuel Supply Contract as of the applicable Funding Date, delivery to Administrative Agent of a true and correct copy of the relevant Major Fuel Contracts, together with a Consent and Agreement relating to each such Major Fuel Supply (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(i) If the relevant Project Owner is a party to any Major Fuel Transportation Agreement as of the applicable Funding Date, delivery to Administrative Agent of a true and correct copy of the relevant Major Fuel Transportation Agreements, together with a Consent and Agreement relating to each such Major Fuel Transportation Agreement (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(j) If the relevant Project Owner is a party to any Major Power Purchase Agreements as of the applicable Funding Date, delivery to Administrative Agent of a true and correct copy of the relevant Major Power Purchase Agreements, together with a Consent and Agreement relating to each such Major Power Purchase (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(k) Delivery to Administrative Agent of a true and correct copy of the relevant O&M Agreement in substantially the form of Exhibit G-13 hereto (or otherwise in form and substance reasonably satisfactory to Required Banks), together with a Consent and Agreement relating to such O&M Agreement (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(l) Delivery to Administrative Agent of a true and correct copy of the relevant electric transmission agreements (to the extent the relevant Project Owner is a party to any such agreements as of the applicable Funding Date) and interconnection agreements,

together with a Consent and Agreement relating to each such agreement (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(m) Delivery to Administrative Agent of a true and correct copy

of the relevant material water supply agreements (unless and to the extent otherwise agreed by the Technical Committee (which agreement may be based on whether the relevant Project Owner has demonstrated to the Technical Committee that there exists a sufficient and available water supply at the Site of the Subject Project)), together with a Consent and Agreement relating to each such agreement (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(n) Delivery to Administrative Agent of a true and correct copy of the relevant Power Marketing Agreement, together with a Consent and Agreement relating to each such agreement in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(o) Delivery to Administrative Agent of a true and correct copy of (i) each other Major Project Document which is contemplated to be in existence as of the applicable Funding Date under the Base Case Project Projections to be delivered pursuant to Section 3.2.21 and (ii) each Fuel Management Agreement which is contemplated to be in existence as of the applicable Funding Date under the relevant reports and plans referred to in Sections 3.2.12 and 3.2.15.

(p) If the relevant Project Owner is a Subsidiary of an Affiliate Pledgor, delivery to Administrative Agent of a true and correct copy of an Intercompany Loan Agreement (Borrower), in substantially the form of Exhibit Q hereto, pursuant to which Borrower shall agree to lend the proceeds of each Development Loan and Working Capital Loan related to the relevant Subject Project to the relevant Project Owner and the relevant Project Owner shall agree to prepay the loans made thereunder with the proceeds of all Project Revenues and Loss Proceeds related to the relevant Subject Project (it being acknowledged that such loans shall be subordinate to the prior payment in full of the Obligations in a manner satisfactory to the Technical Committee).

(q) If the relevant Project Owner is a Subsidiary of an Affiliate Pledgor, delivery to Administrative Agent of a true and correct copy of an Intercompany Loan Agreement (Affiliate), in substantially the form of Exhibit R hereto, pursuant to which the Project Owner shall agree to lend the proceeds of all Project Revenues and Loss Proceeds related to the relevant Subject Project to Borrower if all of the loans made under the applicable Intercompany Loan Agreement (Borrower) shall have been repaid in full (it being acknowledged that such loans shall be subordinate to the prior payment in full of the Obligations in a manner satisfactory to the Technical Committee).

(r) Delivery to Administrative Agent of (i) each Affiliate Subordination Agreement (which agreements shall be in substantially the form of Exhibit D-6 hereto) and (ii) each amendment to existing Affiliate Subordination Agreements (which

amendments shall be in form and substance reasonably satisfactory to the Technical Committee), if any, necessary to subordinate that portion of payment owed by the relevant Project Owner to an Affiliate of NRG Energy constituting profits (excluding any development fees or construction management fees which are set forth and provided for in any such Subject Project's Project Budget, Maintenance Budget or Annual Operating Budget, as the case may be) to the prior payment of the Obligations when and due hereunder.

(s) Subject to the first proviso to Section 3.2.6(a), all actions shall have been taken to provide Administrative Agent, for the benefit of Secured Parties, with a valid and perfected first priority Lien on the assets related to the relevant Subject Project or to be acquired with the proceeds of the requested Development Loan, and all other Collateral relating to the relevant Project Owner or Subject Project then in existence, including, to the extent necessary, (i) the filing of UCC-1, UCC-2 or UCC-3 financing statements,

as applicable, with respect to such assets and Collateral with the secretary of state and/or other appropriate filing office in the state in which such Subject Project and/or assets are located, in the state of formation of the relevant Project Owner or the state in which such Project Owner's principal place of business is located and the execution, delivery and recordation of the relevant Deed of Trust or Mortgage (if applicable) and (ii) fixture filings with respect to such Subject Project.

(t) Delivery to Administrative Agent of true and correct copies of each Project Document with respect to the relevant Subject Project in effect as of the applicable Funding Date (unless and to the extent otherwise agreed by the Technical Committee), certified by a Responsible Officer of Borrower as being true, complete and correct and in full force and effect on the applicable Funding Date. Such certificate shall also state that neither the relevant Project Owner nor, to the best knowledge of Borrower, any other party to any such Project Document is or, but for the passage of time or giving of notice or both will be, in breach of any material obligation thereunder, and that all conditions precedent to the performance of the parties under such Project Documents then required to have been performed have been satisfied.

(u) Delivery to Administrative Agent of (i) all shared use agreements and/or joint ownership agreements reasonably requested by the Technical Committee evidencing the relevant Project Owner's interests, rights and obligations with respect to any shared facilities incorporated into or used with respect to the relevant Subject Project and (ii) all intercreditor agreements and/or non-disturbance agreements reasonably requested by the Technical Committee establishing the relative rights and remedies between Administrative Agent and any other Persons with interests in any such shared facilities or other properties incorporated into or used with respect to such Subject Project, in each case in form and substance reasonably satisfactory to the Technical Committee (it being acknowledged and agreed that the Technical Committee shall only request such agreements if there are or will be shared facilities incorporated into or used with respect to the relevant Subject Project).

(v) Delivery to Administrative Agent of a true and correct copy of a Corporate Services Agreement, in substantially the form of Exhibit G-14 hereto (unless and to the extent otherwise agreed by the Technical Committee), together with a Consent and Agreement relating to such agreement in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(w) Delivery to Administrative Agent of a true and complete copy of a Project Owner Guaranty, in substantially the form of Exhibit D-2A hereto, duly executed by the relevant Project Owner.

(x) Delivery to Administrative Agent of a true and complete copy of a joinder agreement, in substantially the form of Exhibit E to the Depositary Agreement, duly executed by the relevant Project Owner.

(y) In the case of the initial Subject Project (but only if no Approved Project exists as of the applicable Funding Date), delivery to Administrative Agent of a true and complete copy of a Funds Administration Agreement, in substantially the form of Exhibit F to the Depositary Agreement, duly executed by Borrower and the relevant Project Owner.

(z) In the case of any Subject Project (unless the relevant Project Owner is a party to the Funds Administration Agreement as of the applicable Funding Date), delivery to Administrative Agent of a true and complete copy of a joinder agreement in respect of the Funds Administration Agreement, in form and substance reasonably satisfactory to Administrative Agent, duly executed by the relevant Project Owner.

Unless otherwise specified above, all the Credit Documents and Major Project

Documents specified above shall be in form and substance reasonably satisfactory to the Technical Committee and shall have been duly authorized, executed and delivered by the parties thereto.

3.2.7 Certificate of Borrower. Administrative Agent shall have received a certificate, dated as of the applicable Funding Date, duly executed by a Responsible Officer of Borrower, in substantially the form of Exhibit F-2 hereto.

3.2.8 Legal Opinions.

(a) Without duplication of any legal opinions of counsel delivered to Administrative Agent pursuant to Section 3.1.10 or 3.4.2, delivery to Administrative Agent of legal opinions of counsel to (i) the Portfolio Entities and Affiliate Pledgors that are party to Operative Documents relating to the relevant Project Owner or Subject Project and (ii) each Affiliated Major Project Participant that is a party to an Operative Document delivered pursuant to Section 3.2.6, in each case in form and substance satisfactory to the Technical Committee.

(b) Delivery to Administrative Agent of legal opinions of counsel to each Major Project Participant designated by the Technical Committee that is a party to a Major Project Document delivered pursuant to Section 3.2.6, in each case in substantially the form of Exhibit B to Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

3.2.9 Insurance. Delivery to Administrative Agent of the Insurance Consultant's certificate with respect to the relevant Subject Project, in substantially the form of Exhibit F-4 hereto, which certificate shall confirm that insurance with respect to the relevant Subject Project complying with the terms and conditions set forth in Exhibit K hereto shall be in full force and effect, and Administrative Agent and Insurance Consultant shall have received certificates of insurance, in form and substance reasonably satisfactory to Administrative Agent,

identifying underwriters, type of insurance, insurance limits and policy terms, listing the special provisions required as set forth in Exhibit K hereto and describing the insurance obtained, each signed by the insurer or a broker authorized to bind the applicable insurer.

3.2.10 Certificate of the Independent Engineer. Delivery to Administrative Agent of the Independent Engineer's certificate with respect to the relevant Subject Project, in substantially the form of Exhibit F-6 hereto, with the Independent Engineer's report with respect to such Subject Project attached thereto (which report shall (a) assess the technical aspects of such Subject Project, (b) contain assumptions and conclusions substantially similar to those set forth in Exhibit G-7 hereto and (c) not otherwise contain any materially negative conclusions, conclusions which are inconsistent with the conclusions set forth in Exhibit G-7 hereto, unfavorable conclusions with respect to the technical capabilities of the Turbine(s) assigned to such Subject Project or conclusions which do not support the reasonableness of the Permit Schedule, the Base Case Project Projections, the Project Budget or the Project Schedule contemplated to be delivered pursuant to Section 3.2.16, 3.2.21 or 3.2.22, as the case may be).

3.2.11 Reports of the Environmental Consultant. Delivery to Administrative Agent of (a) Borrower's Environmental Consultant's Phase I reports with respect to the relevant Subject Project, together with a corresponding reliance letter from such Environmental Consultant (which letter shall be in form and substance reasonably satisfactory to Administrative Agent), confirming that no evidence was found of Hazardous Substances, on or under the Site of such Subject Project or (b) if evidence was found of Hazardous

Substances in, on or under such real property pursuant to such Phase I environmental report or such report otherwise indicates that a Phase II environmental review is warranted, (i) a Phase II environmental report with respect to such real property, together with a corresponding reliance letter from such Environmental Consultant (which letter shall be in form and substance reasonably satisfactory to Administrative Agent), confirming, either (A) to the reasonable satisfaction of Administrative Agent, that no Hazardous Substances were found in, on or under such real property or (B) to the reasonable satisfaction of the Technical Committee, matters otherwise identified by the Technical Committee or (ii) an environmental indemnity agreement, in form and substance satisfactory to the Technical Committee, pursuant to which, among other things, an indemnitor satisfactory to Administrative Agent indemnifies the Portfolio Entities and Banks from any and all claims, losses, diminution in value in such real property, damages or other liabilities relating to or arising from Hazardous Substances then in, on or under such real property or otherwise caused by or attributable to such indemnitor.

3.2.12 Certificate of the Fuel Consultant. Delivery to Administrative Agent of the Fuel Consultant's certificate with respect to the relevant Subject Project, in substantially the form of Exhibit F-7 hereto, with the Fuel Consultant's report with respect to such Subject Project attached thereto (which report shall (a) assess the fuel requirements of such Subject Project and the ability of the Project Owner to satisfy such requirements, (b) contain assumptions and conclusions substantially similar to those set forth in Exhibit G-8 hereto and (c) not otherwise contain any materially negative conclusions, conclusions which are inconsistent with the conclusions set forth in Exhibit G-8 hereto or conclusions which do not support the reasonableness of the Base Case Project Projections, the Project Budget or the Project Schedule contemplated to be delivered pursuant to Section 3.2.21 or 3.2.22, as the case may be, or which

are materially inconsistent with the fuel plan contemplated to be delivered pursuant to Section 3.2.15).

3.2.13 Certificate of Power Marketing Consultant. Delivery to Administrative Agent of a Power Marketing Consultant's certificate with respect to the relevant Subject Project, in substantially the form of Exhibit F-8 hereto, with a Power Marketing Consultant's report with respect to such Subject Project attached thereto (which report shall (a) assess the demand for the power to be generated by such Subject Project, (b) contain assumptions and conclusions substantially similar to those set forth in Exhibit G-9 hereto and (c) not otherwise contain any materially negative conclusions, conclusions which are inconsistent with the conclusions set forth in Exhibit G-9 hereto or conclusions which do not support the reasonableness of the Base Case Project Projections, the Project Budget or the Project Schedule contemplated to be delivered pursuant to Section 3.2.21 or 3.2.22, as the case may be, or which are materially inconsistent with the power marketing plan contemplated to be delivered pursuant to Section 3.2.14).

3.2.14 Power Marketing Plan. Delivery to Administrative Agent of a plan prepared by an Affiliate of NRG Energy with respect to power marketing, which plan shall (a) set forth Borrower's good faith assessment of the projected sales of power with respect to the relevant Subject Project and (b) be substantially in the form of Exhibit G-10 hereto and otherwise satisfactory in form and substance to the Technical Committee and the Power Marketing Consultant.

3.2.15 Fuel Plan. Delivery to Administrative Agent of a plan prepared by an Affiliate of NRG Energy with respect to fuel, which plan shall (a) set forth Borrower's good faith assessment of the fuel requirements, costs and sources for the relevant Subject Project and (b) be substantially in the form of Exhibit G-11 hereto and otherwise satisfactory in form and substance to the Technical Committee and the Fuel Consultant.

3.2.16 Schedule of Applicable Permits and Applicable Third Party Permits.

(a) Delivery to Administrative Agent of the schedule(s) of Permits required to construct, own and operate the relevant Subject Project or required to be obtained by any Person that is party to any Major Project Document with respect to such Subject Project in order to perform its obligations thereunder (a "Permit Schedule"), in form and substance reasonably satisfactory to the Technical Committee, together with (i) copies of each Applicable Permit listed on Part I(A) of such Permit Schedule, each in form and substance reasonably satisfactory to the Technical Committee, and (ii) legal opinions of counsel to the Portfolio Entities with respect to the matters described in the next sentence, each in form and substance satisfactory to the Technical Committee. The relevant Project Owner (or such other Person responsible for constructing and operating the relevant Subject Project) shall have duly obtained or been assigned, and there shall be in full force and effect in the relevant Project Owner's (or such other Person responsible for constructing and operating the relevant Subject Project) name, and not subject to any current legal proceeding or to any unsatisfied condition that could reasonably be expected to result in material modification or revocation of, and all applicable appeal periods shall have expired with respect to, the Applicable Permits for such Subject Project set forth on Part I(A) of such Permit Schedule, constituting in the Technical Committee's

reasonable opinion all of the Applicable Permits for such Subject Project as of the applicable Funding Date.

(b) Each Major Project Participant with respect to which responsibility for an Applicable Third Party Permit is indicated in Part I(B) of such Permit Schedule shall have duly obtained or been assigned such Applicable Third Party Permit and there shall be in full force and effect in such Person's name, and not subject to any current legal proceeding or to any unsatisfied condition that could reasonably be expected to result in material modification or revocation of, and all applicable appeal periods shall have expired with respect to, each Applicable Third Party Permit for such Subject Project set forth on Part I(B) of such Permit Schedule, constituting in the Technical Committee's reasonable opinion all of the Applicable Third Party Permits for such Subject Project as of the applicable Funding Date.

(c) Part II(A) of such Permit Schedule shall list all other Permits required by the relevant Project Owner or other Person responsible for constructing and operating such Subject Project to construct, own and operate such Subject Project as contemplated by the Operative Documents. Part II(B) of such Permit Schedule shall list all other material Permits required by any other Major Project Participant with respect to such Subject Project to perform its obligations under the Operative Documents with respect to such Subject Project to which it is a party. The Permits listed in Parts II(A) and II(B) of such Permit Schedule shall either (a) in the Technical Committee's reasonable opinion, be timely obtainable at a cost consistent with the applicable Project Budget without material difficulty or delay prior to the time the relevant Project Owner or the applicable other Major Project Participant, as applicable, requires such Permits, or (b) there shall exist alternative solutions (the expected cost of which is reflected in the applicable Project Budget) reasonably satisfactory to the Technical Committee which would eliminate the need for such Permit.

(d) Except as disclosed in such Permit Schedule, the Permits listed in Parts I(A) and I(B) of such Permit Schedule shall not be subject to any restriction, condition, limitation or other provision that could reasonably be expected to have a Project Material Adverse Effect in respect of the relevant Project Owner or result in such Subject Project being operated in a manner substantially inconsistent with the assumptions underlying the Base Case Project

Projections.

3.2.17 No Change in Tax Laws. No change shall have occurred, since the date upon which this Agreement was executed and delivered, in any law or regulation or interpretation thereof that would subject any Bank to any material Tax or Other Tax the payment of which is not the ultimate responsibility of Borrower.

3.2.18 Payment of Fees. All taxes, fees and other costs payable in connection with the making of the requested Development Loans and the execution, delivery, recordation and filing of the documents and instruments referred to in this Section 3.2 shall have been paid in full or, as approved by the Technical Committee, provided for.

3.2.19 Financial Statements. Delivery to Administrative Agent of accurate and complete copies of (a) the most recent annual financial statements (audited if available) or Form 10-K filed with the Securities and Exchange Commission and (b) the most recent quarterly

financial statements or Form 10-Q filed with the Securities and Exchange Commission, in each case of the relevant Project Owner, the relevant Affiliate Pledgor (if any), each Affiliated Major Project Participant (if any) that are a party to an Operative Document delivered pursuant to Section 3.2.6 and, to the extent reasonably obtainable, each Major Project Participant (or their respective parent entities) that is a party to a Major Project Document delivered pursuant to Section 3.2.6, together with, in the case of any such Project Owner, Affiliate Pledgor or Affiliated Major Project Participant, certificates from the appropriate Responsible Officer thereof, stating that such financial statements have been prepared in conformity with GAAP and fairly present, in all material respects, the financial position (on a consolidated and, where applicable, consolidating basis) of the Persons described in such financial statements as at the respective dates thereof and the results of operations and cash flows (on a consolidated and, where applicable, consolidating basis) of the Persons described therein for each of the periods then ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year-end adjustments.

3.2.20 UCC Reports. Delivery to Administrative Agent of a UCC report of a date reasonably close to the applicable Funding Date for each of the jurisdictions in which any UCC-1 financing statements or amendments thereto are intended to be filed in respect of the Collateral described in Section 3.2.6(a), confirming that upon due filing or recording (assuming such filing or recordation occurred on the date of such respective reports), as the case may be, the security interests created under the relevant Collateral Documents will be prior to all other financing statements or other security documents wherein the security interest is perfected by filing in respect of such Collateral.

3.2.21 Base Case Project Projections. Delivery to Administrative Agent of the combined Base Case Project Projections of operating expenses and cash flow for the relevant Subject Project and all other Approved Projects, in substantially the form of those Base Case Project Projections delivered pursuant to Section 3.1.13 and otherwise in form and substance satisfactory to the Technical Committee, which satisfy the following conditions:

(a) with respect to the proposed funding of any Subject Project, demonstrating a minimum and average projected annual Interest Coverage Ratio over the period of time commencing on the first January 1 or July 1, as the case may be, to occur after the applicable Funding Date and ending on the scheduled Loan Maturity Date for such Subject Project and all such Approved Projects (taken as a whole) of no less than 2.10 to 1.0 and 2.25 to 1.0, respectively;

(b) with respect to the proposed funding of any Subject Project,

demonstrating a minimum and average projected annual Deemed Debt Service Coverage Ratio over the period of time commencing on January 1, 2006 and ending on December 31, 2030 for such Subject Project and all such Approved Projects (taken as a whole) of no less than 2.10 to 1.0 and 2.50 to 1.0, respectively;

(c) with respect to the proposed funding of any Subject Project which is an Identified Project, demonstrating a minimum and average projected annual Deemed Debt Service Coverage Ratio over the period of time commencing on January 1, 2006 and ending on December 31, 2030 for such Subject Project which is not materially worse than the minimum

and average projected annual Deemed Debt Service Coverage Ratios in respect of such Subject Project set forth in the Base Case Project Projections delivered pursuant to Section 3.1.13; and

(d) with respect to the proposed funding of any Subject Project which is a Non-Identified Project, demonstrating a minimum and average projected annual Deemed Debt Service Coverage Ratio over the period of time commencing on January 1, 2006 and ending on December 31, 2030 for such Subject Project of no less than 2.00 to 1.0.

3.2.22 Project Schedules; Project Budgets; Operating Budgets(a) . (a) If the relevant Subject Project has not achieved Provisional Acceptance as of the applicable Funding Date, delivery to Administrative Agent of (i) a Project Schedule for the relevant Subject Project, updated from the applicable Project Schedule submitted for such Subject Project pursuant to Section 3.1.12 (if any), and (ii) a Project Budget for such Subject Project, updated from the applicable budget submitted for such Project pursuant to Section 3.1.11 (if any), in each case in form and substance reasonably satisfactory to the Technical Committee.

(b) If the relevant Subject Project has achieved Provisional Acceptance as of the applicable Funding Date, delivery to Administrative Agent of an Annual Operating Budget prepared in a manner consistent with, and in compliance with the requirements of, Section 5.11 and otherwise in form and substance reasonably satisfactory to the Technical Committee.

3.2.23 Real Estate Rights; A.L.T.A. Surveys. The Technical Committee shall (a) be reasonably satisfied that the relevant Project Owner shall have obtained all real estate rights necessary for construction and operation of the relevant Subject Project (other than (i) such rights as can be obtained through eminent domain proceedings or (ii) rights, the procurement of which, in the Technical Committee's reasonable judgment, is not subject to the discretion of any third party, and in the case of either clause (i) or (ii) above, the Technical Committee shall be reasonably satisfied that any rights which have not been obtained can be obtained without material difficulty or delay by the time they are needed), and (b) have received A.L.T.A. surveys of the Site and, unless not required by the Technical Committee, the Easements with respect to such Subject Project in existence on the applicable Funding Date (which surveys shall be reasonably current and in form and substance reasonably satisfactory to the Technical Committee and the Title Insurer), certified to the Technical Committee by a licensed surveyor reasonably satisfactory to the Technical Committee, showing (A) as to such Site, the exact location and dimensions thereof (including the location of all means of access thereto and all easements relating thereto and showing the perimeter within which all foundations are or are to be located); (B) as to such Easements in existence on the applicable Funding Date, the exact location and dimensions thereof (including the location of all means of access thereto, and all improvements or other encroachments in or on such Easements in existence on the applicable Funding Date); (C) the existing utility facilities servicing such Subject Project (including water, electricity, gas, telephone, sanitary sewer and storm water distribution and detention facilities); (D) that such existing improvements do not encroach or interfere with adjacent property or existing easements or other rights (whether

on, above or below ground), and that there are no gaps, gores, projections, protrusions or other survey defects; (E) whether such Site or any portion thereof is located in a special earthquake or flood hazard zone; and (F) that there are no other matters that could reasonably be expected to be disclosed by a survey constituting a defect in title other than

Permitted Encumbrances with respect to such Subject Project; provided, however, that the matters described in clauses (B) and (E) of this subsection (b) may be shown by separate maps, surveys or other information reasonably satisfactory to the Technical Committee, and the surveyor shall not be required to certify as to the location of any easements, foundations, improvements, encroachments, utilities or other matters which do not exist as of the applicable Funding Date.

3.2.24 Title Policies. (i) With respect to any Subject Project which will be, or is required pursuant to the terms hereof to be, encumbered by a Deed of Trust or Mortgage, delivery to Administrative Agent of a lender's A.L.T.A. policy of title insurance (with, in the case of Easements with respect to which A.L.T.A. surveys were not required by the Technical Committee pursuant to Section 3.2.23, appropriate survey exceptions), together with such endorsements as are reasonably required by the Technical Committee (and, in any event, without a mechanics' or materialmen's exception included in such title policy, except where applicable Governmental Rules prevent the deletion of such exception), or commitment to issue such policy, dated as of the applicable Funding Date, (1) in an amount equal to 65% of the aggregate amount of Project Costs set forth in the Project Budget contemplated by Section 3.2.22 (or such other lesser amount as is reasonably acceptable to the Technical Committee) and (2) with such reinsurance as is reasonably satisfactory to the Technical Committee, issued by the Title Insurer in form and substance reasonably satisfactory to the Technical Committee, insuring (or agreeing to insure) that:

(a) the relevant Project Owner has an insurable fee or leasehold title to or right to control, occupy and use the Site and the Easements with respect to such Subject Project, free and clear of liens, encumbrances or other exceptions to title (other than (i) Permitted Liens described in clause (a), (b) or (e) of the definition thereof, (ii) those permitted pursuant to this Section 3.2.24 and (iii) those reasonably satisfactory to the Technical Committee and specified on such policy); and

(b) to the extent applicable, the Deed of Trust or Mortgage, as the case may be, with respect to such Subject Project creates (or will create when recorded) a valid first lien on the Mortgaged Property with respect to such Subject Project, free and clear of all liens, encumbrances and exceptions to title whatsoever (other than those encumbrances permitted pursuant to Section 3.2.24(a)), or

(ii) With respect to any Subject Project which will not be encumbered by a Deed of Trust or Mortgage (as permitted by Sections 3.2.6(a) and 5.12.3), delivery to Administrative Agent of a true and correct copy of an owner's A.L.T.A. policy of title insurance in respect of such Subject Project, which policy shall (A) provide the relevant Project Owner with the types and amounts of coverages described in Section 3.2.24(i)(a) above and (B) otherwise be in form and substance reasonably satisfactory to the Technical Committee.

3.2.25 Regulatory Status. The relevant Subject Project (a) (i) shall have complied with the requirements of 18 C.F.R. ss. 292.207 required to be complied with as of the applicable Funding Date and (ii) Borrower shall have delivered to Administrative Agent, in form and substance satisfactory to the Technical Committee, either (A) a certificate of FERC certifying such Subject Project as a Qualifying Facility, or (B) documentation evidencing the

self-certification of such Subject Project as a Qualifying Facility and a legal opinion of counsel to the relevant Project Owner with respect to the effectiveness of such documentation to qualify such Subject Project as a Qualifying Facility or (b) (1) shall be an Eligible Facility (and the relevant Project Owner shall have received a determination that it is an Exempt Wholesale Generator) or (2) shall be capable of becoming an Eligible Facility, and Administrative Agent shall have received a legal opinion of counsel to the relevant Project Owner in form and substance reasonably satisfactory to the Technical Committee to the effect that there exists no reasonable basis for FERC to deny an application filed by such Project Owner for Exempt Wholesale Generator status.

3.2.26 Notice to Proceed. The Contractors with respect to the relevant Subject Project shall have been (or shall concurrently be) given an unconditional notice to proceed or otherwise been (or concurrently will be) unconditionally directed to begin performance under the Prime Construction Contracts to which it is a party on or prior to the applicable Funding Date, and Administrative Agent shall have received reasonably satisfactory written evidence thereof.

3.2.27 Utilities. Delivery to Administrative Agent of evidence reasonably acceptable to the Technical Committee showing that all gas and electrical interconnection and utility services necessary for the construction and the operation of the relevant Subject Project for its intended purposes are available at such Subject Project or will be so available as and when required upon commercially reasonable terms consistent with the Project Budget and Project Schedule contemplated by Section 3.2.22 and the Base Case Project Projections contemplated by Section 3.2.21.

3.2.28 Election of Applicable Ratio. At least four Banking Days prior to the applicable Funding Date, Borrower shall have delivered to Administrative Agent a properly completed Ratio Election Certificate, dated as of the applicable Funding Date and signed by a Responsible Officer of Borrower, pursuant to which Borrower shall certify, among other things, after taking into consideration the making of the Development Loans being requested, (a) to the then current Deemed Development Loan Ratio, (b) to the then current Applicable Development Loan Ratio for such Subject Project and each other Approved Project, (c) to the then current Blended Development Loan Ratio for all Approved Projects, (d) to the then current Blended Ratio for all Approved Projects and (e) to the then current Capped Commitment Amount.

3.2.29 Diversified Revenue Requirements. After taking into consideration the making of the requested Development Loan, as of the applicable Funding Date, no more than 40% of the Portfolio Megawatts, and no more than 30% of the EBITDA of Portfolio Entities, shall be attributable to Approved Projects with an (a) actual or projected capacity factor of less than 10% in any three years and (b) average capacity factor of less than 20% over all years, in each case during the 25 year period commencing on the date of Provisional Acceptance or date of acquisition of the Approved Project most recently achieving Provisional Acceptance or acquired in accordance with the terms hereof.

3.2.30 Updated Exhibits. Borrower shall have delivered to Administrative Agent a supplement to (a) Exhibit K hereto (which Exhibit shall be automatically amended without further action to give effect to such supplement on the applicable Funding Date) reflecting any additional or revised insurance policies required by the Insurance Consultant in respect of the

relevant Subject Project, (b) Exhibit G-6 hereto (which Exhibit shall be automatically amended without further action to give effect to such supplement on the applicable Funding Date) referencing the environmental reports in respect

of such Subject Project that were delivered to Administrative Agent pursuant to Section 3.2.11 and (c) Exhibit D-5 hereto (which Exhibit shall be automatically amended without further action to give effect to such supplement on the applicable Funding Date) reflecting the filings and recordings required to be made to perfect security interests in the Collateral described in Section 3.2.6(a), in each case which supplement shall be in form and substance reasonably satisfactory to the Technical Committee.

3.2.31 Joint Venture Projects (Joint Ownership of Project Owner). In the case of a Subject Project owned by a Project Owner which is not Borrower or a wholly-owned Subsidiary of Borrower, (a) Administrative Agent shall have received the organizational and governing documents relating to the joint ownership, operation or governance of such Project Owner (collectively, the "Co-Ownership Organization Documents"), in form and substance reasonably satisfactory to the Technical Committee, (b) such Co-Ownership Organization Documents shall vest sole control over such Project Owner and the Subject Project in the shareholder, member or partner, as the case may be, which is Borrower or a Subsidiary of Borrower (the "NRG Co-Project Owner"), provided that decisions related to (i) the dissolution, liquidation, sale or merger of such Project Owner, (ii) the admission or substitution of a new shareholder, member or partner, as the case may be, (iii) the sale or refinancing of such Subject Project), (iv) material capital expenditures, (v) the incurrence of indebtedness (other than any indebtedness under any of the Credit Documents) other than in the ordinary course of business and individually in an aggregate principal amount in excess of $10,000,000, (vi) the change in the nature of the relevant Project Owner's business and (vii) any matter which each shareholder, member or partner, as the case may be, must approve or consent to as a matter of applicable law, in each case may be subject to the approval or consent of each of or a supermajority of the applicable shareholders, members or partners, as the case may be, (c) the NRG Co-Project Owner owns more than 50% of the equity interests in such Project Owner, (d) each of the shareholders, members or partners, as the case may be, of such Project Owner (collectively, the "Co-Project Owners") has executed and delivered all documents, instruments, supplements and amendments necessary to create a valid and perfected first priority Lien in favor Administrative Agent, for the benefit of Secured Parties, on each such Co-Project Owners' equity interests in the Project Owner and, subject to the proviso set forth in Section 3.2.6(a), the assets of the Project Owner and (e) each Co-Project Owner shall be a special purpose vehicle which shall have no assets or liabilities other than its equity interests in such Project Owner and whose sole purpose is the ownership and maintenance of such equity interests (the requirements set forth in clauses (a) through (e) shall herein be referred to, collectively, as the "Co-Project Owner Requirements").

3.3 Conditions Precedent to Each Development Credit Event. The obligation of Banks to make each Development Loan (including the initial Development Loan for each Approved Project) (a "Development Credit Event") is subject to the prior satisfaction (or written waiver by Administrative Agent with the consent of Required Banks) of each of the following conditions (provided that (a) the conditions precedent set forth in Sections 3.3.3, 3.3.4, 3.3.5, 3.3.7, 3.3.8 and 3.3.11 shall not be required to be satisfied in connection with any initial Development Loan for an Approved Project, (b) the conditions precedent set forth in Section 3.3 shall not be required to be satisfied in connection with any initial Development Loan for any

Subject Acquisition, so long as the proceeds of such initial Development Loan are solely to be used to make payments due under the relevant Acquisition Documents and pay related transaction costs and (c) the conditions precedent set forth in Section 3.3 shall not be required to be satisfied in connection with any Development Loan for any Major Maintenance):

3.3.1 Notice of Development Loan Borrowing. Borrower shall have delivered a Notice of Development Loan Borrowing to Administrative Agent in accordance with the procedures specified in Section 2.1.

3.3.2 Development Drawdown Certificate and Engineer's Certificate. (a) At least seven Banking Days prior to each Development Credit Event, Borrower shall have provided Administrative Agent with a certificate, dated the applicable Funding Date and signed by a Responsible Officer of Borrower, substantially in the form of Exhibit C-5 hereto, in respect of each Approved Project for which a disbursement of funds is being requested and (b) at least four Banking Days prior to each Development Credit Event, the Independent Engineer shall have provided Administrative Agent with a certificate of the Independent Engineer, dated the applicable Funding Date and signed by an authorized representative of the Independent Engineer, substantially in the form of Exhibit C-6 hereto. Such certificates shall certify, among other things, that:

(i) after taking into consideration the making of the Development Loans being requested, Available Development Funds are not less than the aggregate unpaid amount of Project Costs required to cause the Completion Date of all Approved Projects that have not achieved Completion to occur in accordance with all Legal Requirements, the relevant Prime Construction Contracts and the terms of the Credit Documents prior to the earlier of the Loan Maturity Date and guaranteed completion date with respect to each such Approved Project set therefor in such Approved Project's Project Schedule and to pay or provide for all anticipated non-construction Project Costs as to each such Approved Project (as determined by reference to such Approved Project's then current Project Schedule and Project Budget);

(ii) the aggregate amount of Project Costs for each such Approved Project (excluding expenses not allocable to a particular Approved Project) for which the disbursement of funds is being requested is not projected to exceed 110% of the anticipated aggregate amount of Project Costs for such Approved Project as set forth in such Approved Project's Project Budget delivered pursuant to Section 3.2 or 3.5; and

(iii) the aggregate amount of Project Costs for all Approved Projects then under construction is not projected to exceed 105% of the anticipated aggregate amount of Project Costs for all such Approved Projects as set forth in the respective Project Budgets delivered pursuant to Section 3.2 or 3.5;

provided, however, that if the condition described in clause (ii) or (iii) above is not satisfied with respect to the relevant Approved Project for which funds are being requested, such condition shall be deemed to be satisfied if (A) Borrower demonstrates to the reasonable satisfaction of the Technical Committee that (1) the minimum and average projected annual Interest Coverage Ratios over the period of time commencing on the first January 1 or July 1, as the case may be, to occur after the applicable Funding Date and ending on the scheduled Loan Maturity Date for

the relevant Approved Project and all Approved Projects (taken as a whole) are not less than 2.10 to 1.0 and 2.25 to 1.0, respectively and (2) the minimum and average projected annual Deemed Debt Service Coverage Ratios over the period of time commencing on January 1, 2006 and ending on December 31, 2030 for the relevant Approved Project and all Approved Projects (taken as a whole) are not less than 2.10 to 1.0 and 2.50 to 1.0, respectively, or (B) NRG Energy unconditionally and irrevocably commits (such commitment to be made pursuant to Section 2.1.8 of the NRG Energy Equity Undertaking) to make equity contributions to the relevant Project Owner to fund the Project Costs for the relevant Approved Project or Approved Projects, as the case may be, then under construction which are in excess of the anticipated aggregate amount of Project Costs for such Approved Project or Approved Projects (as set forth in the respective Project Budgets delivered pursuant to Section 3.2 or 3.5) as and when the same may be due and payable.

3.3.3 Title Policy Endorsement. Borrower shall have provided, or

Administrative Agent shall be adequately assured that the Title Insurer is committed at the time of the applicable Development Credit Event to issue to Administrative Agent, a date-down endorsement of the relevant Title Policies, if any, to the date of such Development Credit Event, (a) insuring or otherwise establishing to the satisfaction of Administrative Agent the continuing first priority of the relevant Deeds of Trust or Mortgages, as the case may be, if any (subject only to relevant Permitted Encumbrances and Permitted Liens described in clause (a), (b) or (c) of the definition thereof), and (b) otherwise in form and substance reasonably satisfactory to Administrative Agent.

3.3.4 Lien Releases. If requested by Administrative Agent and subject to Borrower's right to contest liens as described in the definition of "Permitted Liens", Borrower shall have delivered to Administrative Agent duly executed acknowledgments of payments and releases of mechanics' and materialmen's liens, in form and substance reasonably satisfactory to Administrative Agent, from each relevant Contractor thereof for all work, services and materials (including equipment and fixtures of all kinds) done, previously performed or furnished for the construction of the Approved Project for which the disbursement of funds is being requested; provided, however, that such releases may be conditioned upon receipt of payment with respect to work, services and materials to be paid for with the proceeds of the requested Loans pursuant to this Section 3.3.

3.3.5 Applicable Permits(a) . (a) Except as disclosed in the Permit Schedule applicable to the Approved Project for which the disbursement of funds is being requested, if any, all Applicable Permits and Applicable Third Party Permits (as of the date of the Development Credit Event) with respect to the construction and, if applicable, operation of the relevant Approved Project required to have been obtained by the relevant Project Owner (or such Project Owner and its Joint Venturers, if applicable) or any other applicable Major Project Participant by the date of such Development Credit Event from any Governmental Authority shall have been issued and be in full force and effect and not subject to current legal proceedings or to any unsatisfied conditions that could reasonably be expect to result in material modification or revocation, and all applicable appeal periods with respect thereto shall have expired.

(b) With respect to any Permits not yet obtained and, if the Approved Project for which the disbursement of funds is being requested has an associated

Permit Schedule, listed in Part II(A) or II(B) of the applicable Permit Schedule, either (a) in the Technical Committee's reasonable opinion, such Permit will be timely obtainable at a cost consistent with the applicable Project Budget without material difficulty or delay prior to the time the relevant Project Owner (or such Project Owner and its Joint Venturers, if applicable) or the applicable other Major Project Participant, as applicable, requires such Permit, or (b) there shall exist alternate solutions (the expected cost of which is reflected in the applicable Project Budget) reasonably satisfactory to the Technical Committee which would eliminate the need for such Permit.

(c) Except as disclosed in the applicable Permit Schedule, if any, such Permits which have been obtained by the relevant Project Owner (or such Project Owner and its Joint Venturers, if applicable) or any applicable Major Project Participant shall not be subject to any restriction, condition, limitation or other provision that could reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the Approved Project for which the disbursement of funds is being requested.

3.3.6 Additional Documentation. With respect to Additional Project Documents which are Major Project Documents and Applicable Permits with respect to the relevant Approved Project, entered into or obtained, transferred or

required (whether because of the status of the construction or operation of the such Approved Project or otherwise) since the date of the most recent Development Credit Event, in furtherance of, among other things, the Lien on such Approved Project and related Collateral granted on the Closing Date or the applicable Funding Date, as the case may be, there shall have been delivery and satisfaction of such matters as are described in (and subject to the limitations, approvals and other requirements set forth in) Sections 3.2.1 through 3.2.6 and 3.2.8 and, if reasonably requested by Administrative Agent, Section 3.2.9 to the extent applicable to such Additional Project Documents or Applicable Permits.

3.3.7 Casualty. If at the time of any Development Credit Event, the relevant Approved Project shall have been materially injured or damaged by flood, fire or other casualty, Administrative Agent shall have received insurance proceeds or money or other assurances sufficient in the reasonable judgment of Administrative Agent and the Independent Engineer to assure restoration and Completion of such Approved Project prior to the scheduled Loan Maturity Date and each of the conditions set forth in Section 2.3.3 through 2.3.5 of the Depositary Agreement have been satisfied.

3.3.8 Insurance. Insurance complying with the requirements of Section 5.13 and Section 4.10 of the applicable Project Owner Guaranty shall be in effect, and, upon the request of Administrative Agent, evidence thereof shall be provided to Administrative Agent.

3.3.9 Representations and Warranties. Each representation and warranty of the Member and NRG Energy with respect to the relevant Approved Project, if any, in any Credit Document, and each representation and warranty of Borrower, the Project Owner, the other Portfolio Entities and, if applicable, the relevant Affiliate Pledgors with respect to each such Approved Project and, if applicable, the Co-Project Owners with respect to each such Approved Project in any of the other Operative Documents, in each case with respect to itself or each such Approved Project, shall be true and correct in all material respects as of the applicable Funding

Date (unless any such representation and warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date).

3.3.10 No Default. No Event of Default or Inchoate Default, or Project Default or Project Inchoate Default in respect of the relevant Project Owner, has occurred and is continuing or will result from such Development Credit Event.

3.3.11 Operative Documents, Applicable Permits and Applicable Third Party Permits in Effect. Each Credit Document, Major Project Document, Additional Project Document, Applicable Permit (except as provided in Section 3.3.5) and Applicable Third Party Permit (except as provided in Section 3.3.5) related to the relevant Approved Project remains in full force and effect in accordance with its terms and no material defaults have occurred thereunder.

3.3.12 No Material Adverse Effect. Since the Closing Date, no event or circumstance having a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner has occurred and is continuing.

3.3.13 No Litigation. No action, suit, proceeding or investigation shall have been instituted or threatened against any Portfolio Entity or Affiliate Pledgor in respect of the relevant Approved Project which could reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner.

3.3.14 Development Loan Limitation. In the case of any Approved Project in respect of which NRG Energy has made an Initial Plant Payment Contribution in accordance with Section 2.1.3 of the NRG Energy Equity Undertaking and Section 3.5.37, the aggregate amount of the requested Development Loans in respect of such Approved Project shall not exceed the relevant Development Loan Limitation.

3.4 Conditions Precedent to the Funding of Working Capital Loans. The obligation of Banks to make each Working Capital Loan (a "Working Capital Credit Event") is subject to the prior satisfaction (or written waiver by Administrative Agent with the consent of Required Banks) of each of the following conditions:

3.4.1 Operative Documents.

(a) With respect to the initial Working Capital Loan for a particular Material Asset or Turbine, delivery to Administrative Agent of a true and correct copy of (i) all documents, instruments, supplements or amendments necessary to create a valid and perfected first priority Lien on the assets to be acquired with the proceeds of the requested Working Capital Loan (including any Turbine) and (ii) a Consent and Agreement relating to the applicable Material Asset Contract or Turbine Purchase Contract, as the case may be (unless the Technical Committee shall otherwise agree), in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(b) With respect to the initial Working Capital Loan for a particular Material Asset or Turbine, all actions shall have been taken to provide Administrative Agent, for the benefit of Secured Parties, with a valid and perfected first priority Lien on the assets being

acquired with the proceeds of the requested Working Capital Loan and on all other Collateral then in existence related to the relevant Portfolio Entities which will directly or indirectly receive the proceeds of such Working Capital Loan (including the creation of a valid and perfected first priority Lien on the relevant Accounts and the relevant Pledged Equity Interests), including to the extent necessary, the execution, delivery and filing of UCC-1, UCC-2 or UCC-3 financing statements, as applicable, with respect to such Collateral with the secretary of state and/or other appropriate filing office in the states of formation of the relevant Project Owner, in the state where any such assets are located or the states in which such Project Owner's principal place of business is located.

(c) With respect to the initial Working Capital Loan for a particular Material Asset or Turbine, delivery to Administrative Agent of true and correct copies of each Turbine Purchase Contract or Material Asset Purchase Contract with respect to such Turbine or Material Asset, as the case may be, in effect as of the applicable Funding Date, certified by a Responsible Officer of Borrower as being true, complete and correct and in full force and effect on the applicable Funding Date. Each such certificate shall also state that neither the relevant Project Owner nor, to the best knowledge of Borrower, any other party to any such Turbine Purchase Contract or Material Asset Purchase Contract, as the case may be, is or, but for the passage of time or giving of notice or both will be, in breach of any material obligation thereunder, and that all conditions precedent to the performance of the parties under such Turbine Purchase Contract or Material Asset Purchase Contract, as the case may be, then required to have been performed have been satisfied.

(d) With respect to the initial Working Capital Loan for a particular Material Asset or Turbine, delivery to Administrative Agent of a true and complete copy of a Project Owner Guaranty, in the form of Exhibit D-2A hereto, duly executed by the relevant Project Owner.

Unless otherwise specified above, all the Credit Documents, Material

Asset Contracts and Turbine Purchase Contracts specified above shall be in form and substance reasonably satisfactory to the Technical Committee and shall have been duly authorized, executed and delivered by the parties thereto.

3.4.2 Legal Opinions.

(a) Without duplication of any legal opinions of counsel delivered to Administrative Agent pursuant to Section 3.1.10, 3.2.8 or 3.5.9, with respect to the initial Working Capital Loan for a particular Material Asset or Turbine, delivery to Administrative Agent of legal opinions of counsel to each Portfolio Entity which will directly or indirectly receive the proceeds of such Working Capital Loan, in each case in form and substance satisfactory to the Technical Committee.

(b) Without duplication of any legal opinions of counsel delivered to Administrative Agent pursuant to Section 3.1.10, 3.2.8, 3.4.2(a) or 3.5.9, with respect to the initial Working Capital Loan for a particular Material Asset or Turbine, delivery to Administrative Agent of legal opinions of counsel to each Person designated by the Technical Committee that is a party to a Material Asset Contract or Turbine Purchase Contract delivered

pursuant to Section 3.4.1(c), in each case in substantially the form of Exhibit B to Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

3.4.3 Payment of Fees. All taxes, fees and other costs payable in connection with the execution, delivery, recordation and filing of the documents and instruments referred to in this Section 3.4, shall have been paid in full or, as approved by the Technical Committee, provided for.

3.4.4 Notice of Working Capital Loan Borrowing. Borrower shall have delivered a Notice of Working Capital Loan Borrowing to Administrative Agent in accordance with the procedures specified in Section 2.1.

3.4.5 Working Capital Drawdown Certificate and Engineer's Certificate. If the proceeds of the requested Working Capital Loan are to be used to make progress payments in respect of any Turbine or Material Asset, or otherwise to acquire any Turbine or any Material Asset, (i) at least seven Banking Days prior to each such Working Capital Credit Event, Borrower shall have provided Administrative Agent with a certificate, dated the applicable Funding Date and signed by an authorized officer of Borrower, substantially in the form of Exhibit C-7 hereto, in respect of each Turbine or Material Asset for which a disbursement of funds are being requested and (ii) at least four Banking Days prior to each such Working Capital Credit Event, the Independent Engineer shall have provided Administrative Agent with a certificate of the Independent Engineer, dated the applicable Funding Date and signed by an authorized representative of the Independent Engineer, substantially in the form of Exhibit C-8 hereto.

3.4.6 Maximum Amount of Drawdown. After taking into consideration the making of the Working Capital Loan being requested, the aggregate amount of Working Capital Loans then outstanding do not exceed 17.5% of the aggregate Project Costs incurred or to be incurred (as set forth in the then current Project Budgets, Maintenance Budgets or Annual Operating Budgets, as the case may be) for each Approved Project (other than any Approved Project which is as of the applicable Funding Date the subject of a Project Inchoate Default or a Project Default); provided, however, that such limitation shall not apply to the making of any Working Capital Loans on the Closing Date the proceeds of which shall be used solely to fund the fees and expenses referred to in Section 3.1.20 and other expenses of Borrower reasonably incidental to the closing of the transactions contemplated hereby.

3.4.7 Insurance. If the proceeds of the requested Working Capital Loan are to be used to make progress payments in respect of any Turbine or Material Asset, or otherwise to acquire any Turbine or any Material Asset, delivery to Administrative Agent of the Insurance Consultant's certificate with respect to the relevant Turbine or Material Asset, as the case may be, in substantially the form of Exhibit F-4 hereto, which certificate shall confirm that insurance complying with the requirements of Section 5.13 and Section 4.10 of the relevant Project Owner Guaranty with respect to such Turbine or Material Asset, as the case may be, shall be in effect, and, upon the request of Administrative Agent, evidence thereof shall be provided to Administrative Agent.

3.4.8 Representations and Warranties. Each representation and warranty of Borrower, the relevant Affiliate Pledgor (if any) and the relevant Portfolio Entities in any of the Operative Documents and, if the proceeds of the requested Working Capital Loan are to be used to make progress payments in respect of any Turbine, or otherwise to acquire any Turbine or Material Asset, as the case may be, each representation and warranty of the Member and NRG Energy with respect to such Turbine or Material Asset, if any, in any Credit Document, in each case with respect to itself or, if applicable, such Turbine or Material Asset, as the case may be, shall be true and correct in all material respects as of the applicable Funding Date (unless any such representation and warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date).

3.4.9 No Default. No Event of Default or Inchoate Default has occurred and is continuing or will result from such Working Capital Credit Event.

3.4.10 Operative Documents in Effect. Each Credit Document, and if the proceeds of the requested Working Capital Loan are to be used to make progress payments in respect of any Approved Turbine, or otherwise acquire any Approved Turbine or Material Asset, as the case may be, the relevant Turbine Purchase Contract or Material Asset Purchase Contract, as the case may be, remains in full force and effect in accordance with its terms and no material defaults have occurred thereunder.

3.4.11 No Material Adverse Effect. Since the Closing Date, no event or circumstance having a Borrower Material Adverse Effect has occurred and is continuing.

3.4.12 No Litigation. No action, suit, proceeding or investigation shall have been instituted or threatened which could reasonably be expected to have a Borrower Material Adverse Effect.

3.5 Conditions Precedent to Approved Acquisitions. Subject to Section 3.12 (to the extent applicable), the obligation of Banks to make any Development Loan with respect to a particular Subject Acquisition (an "Acquisition Credit Event") is subject to the prior satisfaction (or written waiver by Administrative Agent with the consent of Required Banks) of each of the following conditions:

3.5.1 Diligence. The Technical Committee shall have completed, and shall be satisfied with the results of, their due diligence (including legal, accounting, tax, business and technical due diligence) investigation of the Subject Acquisition and the Acquisition Plant to be acquired pursuant to such Subject Acquisition.

3.5.2 Resolutions. Delivery to Administrative Agent of (a) a copy of one or more resolutions or other authorizations, in form and substance reasonably satisfactory to Administrative Agent, of the board of directors or other similar governing body of the relevant Portfolio Entities, the relevant Affiliate Pledgor (if any) and each of the relevant Affiliated Major Project Participants (if any), authorizing the execution, delivery and performance of the Operative Documents with respect to the relevant Subject Acquisition and any instruments or agreements required hereunder or thereunder to which such Person is a party, certified by the appropriate officers of each such Person as being

in full force and effect on the applicable

Funding Date, or (b) in so far as any of the materials delivered pursuant to Section 3.1.1, 3.2.1 or 6.5.2 are sufficient (in the reasonable discretion of Administrative Agent) to satisfy the requirements set forth in this Section 3.5.2, Borrower shall deliver a certificate by the appropriate officers that the resolutions or other authorizations delivered pursuant to Section 3.1.1, 3.2.1 or 6.5.2 have not been amended, modified or revoked and remain in full force and effect as of the applicable Funding Date.

3.5.3 Incumbency. Delivery to Administrative Agent of (a) a certificate, in form and substance reasonably satisfactory to Administrative Agent, from the relevant Portfolio Entities, the relevant Affiliate Pledgor (if any) and each of the relevant Affiliated Major Project Participants (if any), signed by the appropriate authorized officer of each such Person and dated the applicable Funding Date, as to the incumbency of the natural Persons authorized to execute and deliver the Operative Documents with respect to the relevant Subject Acquisition and any instruments or agreements required hereunder or thereunder to which such Person is a party, or (b) in so far as any of the certificates delivered pursuant to Section 3.1.2, 3.2.2 or 6.5.2 are sufficient (in the reasonable discretion of Administrative Agent) to satisfy the requirements set forth in this Section 3.5.3, Borrower shall deliver a certificate by the appropriate officers that the certificates delivered pursuant to Section 3.5.3 have not been amended, modified or revoked and remains in full force and effect as of the applicable Funding Date.

3.5.4 Formation Documents. Delivery to Administrative Agent of (a) copies of the articles of incorporation, certificate of formation or certificate of incorporation or charter or other state certified constituent documents of the relevant Portfolio Entities, the relevant Affiliate Pledgor (if any) and each other relevant Affiliated Major Project Participant (if any), certified, if requested by the Technical Committee, by the secretary of state of such Person's state of formation or incorporation, as the case may be, and (b) copies of the Bylaws or other comparable constituent documents of each such Person, certified by its secretary or an assistant secretary, or (c) in so far as any of the governing documents delivered pursuant to Section 3.1.3, 3.2.3 or 6.5.2 are sufficient (in the reasonable discretion of Administrative Agent) to satisfy the requirements set forth in this Section 3.5.4, Borrower shall deliver a certificate by the appropriate officers that the governing documents delivered pursuant to this Section 3.5.4 have not been amended, modified or revoked and remain in full force and effect as of the applicable Funding Date.

3.5.5 Good Standing Certificates. Delivery to Administrative Agent of certificates issued by the secretary of state of the state in which the relevant Portfolio Entities, the relevant Affiliate Pledgor (if any) and each other Major Project Participant (if any) with respect to relevant Subject Acquisition are formed or incorporated, as the case may be, together with certificates issued by the secretary of state of the state where the Acquisition Plant to be acquired pursuant to such Subject Acquisition is located, in each case (a) dated no more than 30 days prior to the applicable Funding Date and (b) certifying that such Person is in good standing and is qualified to do business in, and has paid all franchise taxes or similar taxes due to, such states (provided that, with respect to any Major Project Participant which is not an Affiliate of NRG Energy, no such certificates shall be required if such Major Project Participant is not required to qualify to do business in such state in order to perform its obligations under any Project Document with respect to such Subject Acquisition or where such Major Project Participant is not the type of Person for which a good standing certificates is reasonably available).

3.5.6 Third Party Consents. Delivery to Administrative Agent of a copy of any approval (other than any Consent) by any Person (including any Governmental Authority) required as of the applicable Funding Date in connection with any transaction herein contemplated with respect to the relevant Project Owner or Subject Acquisition (including any approvals required to consummate the Subject Acquisition), which approvals shall be in form and substance reasonably satisfactory to Administrative Agent.

3.5.7 Operative Documents.

(a) Delivery to Administrative Agent of a true and correct copy of all documents, instruments, supplements or amendments necessary to create a valid and perfected first priority Lien on the assets (including the relevant Acquisition Plant) related to the relevant Subject Acquisition and all other Collateral relating to the relevant Project Owner or Subject Acquisition then in existence (including the creation of a valid and perfected first priority Lien on the relevant Accounts and the relevant Pledged Equity Interests); provided, that unless a Mortgage Event has occurred and is continuing, with respect to any Acquisition Plant located in the State of New York, no Deeds of Trust or Mortgages shall be required in any circumstance where Borrower reasonably determines and certifies (as verified by the Technical Committee) that the documentation, filing, recording and other fees and expenses reasonably anticipated to be incurred by any Portfolio Entity in connection with the drafting, negotiating, filing and recording of any such Deed of Trust or Mortgage are materially greater in the State of New York than the fees and expenses customarily incurred by borrowers in respect of real property located in other jurisdictions in the United States; provided, however, that, at all times, Deeds of Trust or Mortgages, as the case may be, shall be required to be maintained on the real property interests underlying at least 50% of the Approved Projects then in existence (which percentage shall based on the amount of Loan proceeds attributable and allocated to, or contemplated to be attributable or allocated to, such Approved Projects).

(b) Subject to the proviso to Section 3.5.7(a), all actions shall have been taken to provide Administrative Agent, for the benefit of Secured Parties, with a valid and perfected first priority Lien on the assets related to the relevant Subject Acquisition (including the relevant Acquisition Plant) and all other Collateral relating to the relevant Project Owner or Subject Acquisition then in existence, including, to the extent necessary, (i) the filing of UCC-1, UCC-2 or UCC-3 financing statements, as applicable, with respect to such assets and Collateral with the secretary of state and/or other appropriate filing office in the state in which the assets to be acquired pursuant to such Subject Acquisition are located, in the state of formation of the relevant Project Owner or the state in which such Project Owner's principal place of business is located and the execution, delivery and recordation of the relevant Deed of Trust or Mortgage, as the case may be (if applicable), and (ii) fixture filings with respect to the assets to be acquired pursuant to such Subject Acquisition.

(c) If the relevant Acquisition Plant has not achieved Completion as of the applicable Funding Date and if the relevant Project Owner has elected to design, engineer, construct, install, start-up and test the relevant Subject Acquisition pursuant to Option A set forth in Schedule 3.2.6 hereto, delivery to Administrative Agent of a true and correct copy of the relevant Turn-key EPC Contract in substantially the form of Exhibit G-12A hereto (or otherwise in form and substance reasonably satisfactory to Required Banks), together with a Consent and

Agreement relating to such Turn-key EPC Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(d) If the relevant Acquisition Plant has not achieved Completion as of the applicable Funding Date and if the relevant Project Owner has elected to design, engineer, construct, install, start-up and test the relevant Subject Acquisition pursuant to Option B set forth in Schedule 3.2.6 hereto, delivery to Administrative Agent of a true and correct copy of (i) the relevant Alternative Turn-key Contract in substantially the form of Exhibit G-12B hereto (or otherwise in form and substance reasonably satisfactory to Required Banks), together with a Consent and Agreement relating to such Alternative Turn-key Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee) and (ii) the relevant Turbine Purchase Contract(s), together with a Consent and Agreement relating to each such Turbine Purchase Contract (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(e) If the relevant Acquisition Plant has not achieved Completion as of the applicable Funding Date and if the relevant Project Owner has elected to design, engineer, construct, install, start-up and test the relevant Subject Acquisition pursuant to Option C set forth in Schedule 3.2.6 hereto, delivery to Administrative Agent of a true and correct copy of (i) the relevant Capped Turn-key Contract in substantially the form of Exhibit G-12C hereto (or otherwise in form and substance reasonably satisfactory to Required Banks), together with a Consent and Agreement relating to such Capped Turn-key Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee) and (ii) the relevant Turbine Purchase Contract(s), together with a Consent and Agreement relating to each such Turbine Purchase Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(f) If the relevant Acquisition Plant has not achieved Completion as of the applicable Funding Date and if the relevant Project Owner has elected to design, engineer, construct, install, start-up and test the relevant Subject Acquisition pursuant to Option D set forth in Schedule 3.2.6 hereto, delivery to Administrative Agent of a true and correct copy of (i) the relevant Supported Turn-key Contract in substantially the form of Exhibit G-12D hereto (or otherwise in form and substance reasonably satisfactory to Required Banks), together with a Consent and Agreement relating to such Supported Turn-key Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee), (ii) the relevant Turbine Purchase Contract(s), together with a Consent and Agreement relating to each such Turbine Purchase Contract in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee) and (iii) a written acknowledgement, in form and substance reasonably satisfactory to the Technical Committee, duly executed by a Responsible Officer of NRG Energy, that the relevant Subject Acquisition shall be included with the obligations undertaken pursuant to Section 2.1.7 of the NRG Energy Equity Undertaking.

(g) If the real property rights underlying the relevant Subject Acquisition have been acquired pursuant to a Lease, delivery to Administrative Agent of a true

and correct copy of the relevant Lease, together with a Consent and Agreement relating to such Lease (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(h) If any Person has agreed to provide major maintenance and overhaul services for the relevant Subject Acquisition (or any material portion thereof) as of the applicable Funding Date, delivery to Administrative Agent of

a true and correct copy of the relevant Maintenance Contracts, together with a Consent and Agreement relating to each such Maintenance Contract (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(i) If the relevant Project Owner is a party to any Major Fuel Supply Contract as of the applicable Funding Date, delivery to Administrative Agent of a true and correct copy of the relevant Major Fuel Contracts, together with a Consent and Agreement relating to each such Major Fuel Supply Contract (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(j) If the relevant Project Owner is a party to any Major Fuel Transportation Agreement as of the applicable Funding Date, delivery to Administrative Agent of a true and correct copy of the relevant Major Fuel Transportation Agreements, together with a Consent and Agreement relating to each such Major Fuel Transportation Agreement (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(k) If the relevant Project Owner is a party to any Major Power Purchase Agreements as of the applicable Funding Date, delivery to Administrative Agent of a true and correct copy of the relevant Major Power Purchase Agreements, together with a Consent and Agreement relating to each such Major Power Purchase Agreement (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(l) Delivery to Administrative Agent of a true and correct copy of the relevant O&M Agreement in substantially the form of Exhibit G-13 hereto (or otherwise in form and substance reasonably satisfactory to Required Banks), together with a Consent and Agreement relating to such O&M Agreement (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(m) Delivery to Administrative Agent of a true and correct copy of the relevant electric transmission agreements (to the extent the relevant Project Owner is a party to any such agreements as applicable Funding Date) and interconnection agreements, together with a Consent and Agreement relating to each such agreement (unless and to the extent otherwise

agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(n) Delivery to Administrative Agent of a true and correct copy of the relevant material water supply agreements (unless and to the extent otherwise agreed by the Technical Committee (which agreement may be based on whether the relevant Project Owner has demonstrated to the Technical Committee that there exists a sufficient and available water supply at the Site of the Acquisition Plant)), together with a Consent and Agreement relating to each such agreement (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(o) Delivery to Administrative Agent of a true and correct copy of each relevant Acquisition Document pursuant to which the counterparty thereunder has liabilities and obligations in favor of the relevant Project

Owner which survive the closing of the contemplated Acquisition, together with a Consent and Agreement relating to each such agreement (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(p) Delivery to Administrative Agent of a true and correct copy of the relevant Power Marketing Agreement, together with a Consent and Agreement relating to each such agreement (unless and to the extent otherwise agreed by the Technical Committee) in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(q) Delivery to Administrative Agent of a true and correct copy of (i) each other Major Project Document which is contemplated to be in existence as of the applicable Funding Date under the Base Case Project Projections to be delivered pursuant to Section 3.5.22 and (ii) each Fuel Management Agreement which is contemplated to be in existence as of the applicable Funding Date under the relevant reports and plans referred to in Sections 3.5.13 and 3.5.16.

(r) If the relevant Project Owner is a Subsidiary of an Affiliate Pledgor, delivery to Administrative Agent of a true and correct copy of an Intercompany Loan Agreement (Borrower), in substantially the form of Exhibit Q hereto, pursuant to which Borrower shall agree to lend the proceeds of each Development Loan and Working Capital Loan related to the relevant Acquisition Plant and the relevant Project Owner shall agree to prepay the loans made thereunder with the proceeds of all Project Revenues and Loss Proceeds related to the Subject Acquisition (it being acknowledged that such loans shall be subordinate to the prior payment in full of the Obligations in a manner satisfactory to the Technical Committee).

(s) If the relevant Project Owner is a Subsidiary of an Affiliate Pledgor, delivery to Administrative Agent of a true and correct copy of an Intercompany Loan Agreement (Affiliate), in substantially the form of Exhibit R hereto, pursuant to which the Project Owner shall agree to lend the proceeds of all Project Revenues and Loss Proceeds related to the relevant Acquisition Plant to Borrower if all of the loans made under the applicable

Intercompany Loan Agreement (Borrower) shall have been repaid in full (it being acknowledged that such loans shall be subordinate to the prior payment in full of the Obligations in a manner satisfactory to the Technical Committee).

(t) Delivery to Administrative Agent of (i) each Affiliate Subordination Agreement (which agreement shall be in substantially the form of Exhibit D-6 hereto) and (ii) each amendment to existing Affiliate Subordination Agreements (which amendment shall be in form and substance reasonably satisfactory to the Technical Committee), if any, necessary to subordinate that portion of payment owed by the relevant Project Owner to an Affiliate of NRG Energy constituting profits (excluding any development fees or construction management fees which are set forth and provided for in any such Subject Acquisition's Project Budget, Maintenance Budget or Annual Operating Budget, as the case may be) to the prior payment of the Obligations when and due hereunder.

(u) Delivery to Administrative Agent of true and correct copies of (i) each Acquisition Document which will be delivered in connection with the closing of the Subject Acquisition and (ii) each other Project Document (other than any Acquisition Document) with respect to the relevant Subject Acquisition in effect as of the applicable Funding Date (unless and to the extent otherwise agreed by the Technical Committee), in each case certified by a Responsible Officer of Borrower as being true, complete and correct and in full force and effect on the applicable Funding Date. Such certificate shall also state that

neither the relevant Project Owner nor, to the best knowledge of Borrower, any other party to any such Acquisition Document or Project Document is or, but for the passage of time or giving of notice or both will be, in breach of any material obligation thereunder, and that all conditions precedent to the performance of the parties under such Acquisition Documents and Project Documents then required to have been performed have been satisfied (other than the payment of the purchase price in respect of such Subject Acquisition).

(v) Delivery to Administrative Agent of (i) all shared use agreements and/or joint ownership agreements reasonably requested by the Technical Committee evidencing the relevant Project Owner's interests, rights and obligations with respect to any shared facilities incorporated into or used with respect to the Acquisition Plant to be acquired pursuant to the relevant Subject Acquisition and (ii) all intercreditor agreements and/or non-disturbance agreements reasonably requested by the Technical Committee establishing the relative rights and remedies between Administrative Agent on behalf of Banks and any other Persons with interests in any such shared facilities or other properties incorporated into or used with respect to such Acquisition Plant, in each case in form and substance reasonably satisfactory to the Technical Committee (it being acknowledged and agreed that the Technical Committee shall only request such agreements if there are or will be shared facilities incorporated into or used with respect to the relevant Acquisition Plant).

(w) Delivery to Administrative Agent of a true and correct copy of a Corporate Services Agreement, in substantially the form of Exhibit G-14 hereto (unless and to the extent otherwise agreed by the Technical Committee), together with a Consent and Agreement relating to such agreement in substantially the form of Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(x) Delivery to Administrative Agent of a true and complete copy of a Project Owner Guaranty, in substantially the form of Exhibit D-2A hereto, duly executed by the relevant Project Owner.

(y) Delivery to the Administrative Agent of a true and correct copy of a joinder agreement, in substantially the form of Exhibit E to the Depositary Agreement, duly executed by the relevant Project Owner.

(z) In the case of the initial Subject Acquisition (but only if no Approved Project exists as of the applicable Funding Date), delivery to Administrative Agent of a true and complete copy of a Funds Administration Agreement, in substantially the form of Exhibit F to the Depositary Agreement, duly executed by Borrower and the relevant Project Owner.

(aa) In the case of any Subject Acquisition (unless the relevant Project Owner is a party to the Funds Administration Agreement as of the applicable Funding Date), delivery to Administrative Agent of a true and complete copy of a joinder agreement in respect of the Funds Administration Agreement, in form and substance reasonably satisfactory to Administrative Agent, duly executed by the relevant Project Owner.

Unless otherwise specified above, all the Credit Documents, Major Project Documents and Acquisition Documents specified above shall be in form and substance reasonably satisfactory to the Technical Committee and shall have been duly authorized, executed and delivered by the parties thereto.

3.5.8 Certificate of Borrower. Administrative Agent shall have received a certificate, dated as of the applicable Funding Date, duly executed by a Responsible Officer of Borrower, in substantially the form of Exhibit F-3 hereto.

3.5.9 Legal Opinions.

(a) Without duplication of any legal opinions of counsel

delivered to Administrative Agent pursuant to Section 3.1.10, 3.2.8 or 3.4.2, delivery to Administrative Agent of legal opinions of counsel to (i) the Portfolio Entities and Affiliate Pledgors that are party to Operative Documents relating to the relevant Project Owner or Subject Acquisition and (ii) each Affiliated Major Project Participant that is a party to an Operative Document delivered pursuant to Section 3.5.7, in each case in form and substance satisfactory to the Technical Committee.

(b) Delivery to Administrative Agent of legal opinions of counsel to each Major Project Participant (other than the seller of the relevant Acquisition Plant) designated by the Technical Committee that is a party to a Major Project Document delivered pursuant to Section 3.5.7, in each case in substantially the form of Exhibit B to Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(c) To the extent reasonably available (as determined in good faith by Borrower, after consultation with the Technical Committee), delivery to Administrative Agent of a reliance letter from legal counsel to the seller of the relevant Acquisition Plant (which reliance letter shall (i) permit Administrative Agent and Banks to rely on the legal opinions rendered by

such counsel to the relevant Affiliates of NRG Energy and (ii) be form and substance reasonably satisfactory to the Technical Committee).

3.5.10 Insurance. Delivery to Administrative Agent of the Insurance Consultant's certificate with respect to the relevant Subject Acquisition, in substantially the form of Exhibit F-4 hereto, which certificate shall confirm that insurance with respect to the relevant Acquisition Plant complying with the terms and conditions set forth in Exhibit K hereto shall be in full force and effect, and Administrative Agent and Insurance Consultant shall have received certificates of insurance, in form and substance satisfactory to Administrative Agent, identifying underwriters, type of insurance, insurance limits and policy terms, listing the special provisions required as set forth in Exhibit K hereto and describing the insurance obtained, each signed by the insurer or a broker authorized to bind the applicable insurer.

3.5.11 Certificate of the Independent Engineer. Delivery to Administrative Agent of the Independent Engineer's certificate with respect to the relevant Subject Acquisition and the Acquisition Plant related thereto, in substantially the form of Exhibit F-6 hereto, with the Independent Engineer's report with respect to such Subject Acquisition attached thereto (which report shall (a) assess the technical aspects of such Subject Acquisition and any contemplated Major Maintenance which is proposed to be funded with the proceeds of any of the Development Loans, (b) contain assumptions and conclusions substantially similar to those set forth in Exhibit G-7 hereto and (c) not otherwise contain any materially negative conclusions, conclusions which are inconsistent with the conclusions set forth in Exhibit G-7 hereto, unfavorable conclusions with respect to the technical capabilities of the Turbine(s) assigned to such Subject Acquisition or conclusions which do not support the reasonableness of the Permit Schedule, the Base Case Project Projections, the Project Budget, the Annual Operating Budget or the Project Schedule contemplated to be delivered pursuant to Section 3.5.17, 3.5.22 or 3.5.23, as the case may be).

3.5.12 Reports of the Environmental Consultant. Delivery to Administrative Agent of (a) Borrower's or, to the extent reasonably acceptable to the Technical Committee, the applicable seller's Environmental Consultant's Phase I (or similar) reports with respect to the Acquisition Plant to be acquired pursuant to the relevant Subject Acquisition, together with a corresponding reliance letter from such Environmental Consultant (which letter shall be in form and substance reasonably satisfactory to Administrative Agent), confirming that no evidence was found of Hazardous Substances, on or under the Site of such Acquisition Plant or (b) if evidence was found of Hazardous

Substances in, on or under such real property pursuant to such Phase I environmental report or such report otherwise indicates that a Phase II (or similar) environmental review is warranted, (i) a Phase II (or similar) environmental report with respect to such real property, together with a corresponding reliance letter from such Environmental Consultant (which letter shall be in form and substance reasonably satisfactory to Administrative Agent), confirming, either (A) to the reasonable satisfaction of Administrative Agent, that no Hazardous Substances were found in, on or under such real property or (B) to the reasonable satisfaction of the Technical Committee, matters otherwise identified by the Technical Committee or (ii) an environmental indemnity agreement, in form and substance satisfactory to the Technical Committee, pursuant to which, among other things, an indemnitor satisfactory to Administrative Agent indemnifies the Portfolio Entities and Banks from any and all claims, losses, diminution in value in such real property, damages or other liabilities relating to or arising from Hazardous

Substances then in, on or under such real property or otherwise caused by or attributable to such indemnitor.

3.5.13 Certificate of the Fuel Consultant. Delivery to Administrative Agent of the Fuel Consultant's certificate with respect to the Acquisition Plant to be acquired pursuant to the relevant Subject Acquisition, in substantially the form of Exhibit F-7 hereto, with the Fuel Consultant's report with respect to such Acquisition Plant attached thereto (which report shall (a) assess the fuel requirements of such Subject Acquisition and the ability of the Project Owner to satisfy such requirements, (b) contain assumptions and conclusions substantially similar to those set forth in Exhibit G-8 hereto and (c) not otherwise contain any materially negative conclusions, conclusions which are inconsistent with the conclusions set forth in Exhibit G-8 hereto or conclusions which do not support the reasonableness of the Base Case Project Projections, the Project Budget, the Annual Operating Budget or the Project Schedule contemplated to be delivered pursuant to Section 3.5.22 or 3.5.23, as the case may be, or which are materially inconsistent with the fuel plan contemplated to be delivered pursuant to Section 3.5.16).

3.5.14 Certificate of Power Marketing Consultant. Delivery to Administrative Agent of a Power Marketing Consultant's certificate with respect to the Acquisition Plant to be acquired pursuant to the relevant Subject Acquisition, in substantially the form of Exhibit F-8 hereto, with a Power Marketing Consultant's report with respect to such Acquisition Plant attached thereto (which report shall (a) assess the demand for the power to be generated by such Subject Acquisition, (b) contain assumptions and conclusions substantially similar to those set forth in Exhibit G-9 hereto and (c) not otherwise contain any materially negative conclusions, conclusions which are inconsistent with the conclusions set forth in Exhibit G-9 hereto or conclusions which do not support the reasonableness of the Base Case Project Projections, the Project Budget, the Annual Operating Budget or the Project Schedule contemplated to be delivered pursuant to Section 3.5.22 or 3.5.23, as the case may be, or which are materially inconsistent with the power marketing plan contemplated to be delivered pursuant to Section 3.5.15).

3.5.15 Power Marketing Plan. Delivery to Administrative Agent of a plan prepared by an Affiliate of NRG Energy with respect to power marketing, which plan shall (a) set forth Borrower's good faith assessment of the projected sales of power with respect to the Acquisition Plant to be acquired pursuant to the relevant Subject Acquisition and (b) be substantially in the form of Exhibit G-10 hereto and otherwise satisfactory in form and substance to the Technical Committee and the Power Marketing Consultant.

3.5.16 Fuel Plan. Delivery to Administrative Agent of a plan prepared by an Affiliate of NRG Energy with respect to fuel, which plan shall (a) set forth Borrower's good faith assessment of the projected requirements, costs and sources of fuel in respect of the relevant Subject Acquisition and (b) be

substantially in the form of Exhibit G-11 hereto and otherwise satisfactory in form and substance to the Technical Committee and the Fuel Consultant.

3.5.17 Schedule of Applicable Permits and Applicable Third Party Permits.

(a) Delivery to Administrative Agent of the schedule(s) of Permits required to construct, own and operate the relevant Acquisition Plant to be acquired pursuant to

the Subject Acquisition or required to be obtained by any Person that is party to any Major Project Document with respect to such Acquisition Plant in order to perform its obligations thereunder (an "Acquisition Plant Permit Schedule"), in form and substance reasonably satisfactory to the Technical Committee, together with (i) copies of each Applicable Permit listed on Parts I(A) of such Acquisition Plant Permit Schedule, each in form and substance reasonably satisfactory to the Technical Committee, and (ii) legal opinions of counsel to the Portfolio Entities with respect to the matters described in the next sentence, each in form and substance satisfactory to the Technical Committee. The relevant Project Owner (or such other Person responsible for constructing and operating the relevant Acquisition Plant) shall have duly obtained or been assigned, and there shall be in full force and effect in the relevant Project Owner's (or such other Person responsible for constructing and operating the relevant Acquisition Plant) name, and not subject to any current legal proceeding or to any unsatisfied condition that could reasonably be expected to result in material modification or revocation of, and all applicable appeal periods shall have expired with respect to, the Applicable Permits for such Acquisition Plant set forth on Part I(A) of such Acquisition Plant Permit Schedule, constituting in the Technical Committee's reasonable opinion all of the Applicable Permits for such Acquisition Plant as of the relevant Funding Date.

(b) Each Major Project Participant with respect to which responsibility for an Applicable Third Party Permit is indicated in Part I(B) of such Acquisition Plant Permit Schedule shall have duly obtained or been assigned such Applicable Third Party Permit and there shall be in full force and effect in such Person's name, and not subject to any current legal proceeding or to any unsatisfied condition that could reasonably be expected to result in material modification or revocation of, and all applicable appeal periods shall have expired with respect to, each Applicable Third Party Permit for such Acquisition Plant set forth on Part I(B) of such Acquisition Plant Permit Schedule, constituting in the Technical Committee's reasonable opinion all of the Applicable Third Party Permits for such Acquisition Plant as of the relevant Funding Date.

(c) Part II(A) of such Acquisition Plant Permit Schedule shall list all other Permits required by the relevant Project Owner or other Person responsible for constructing and operating such Acquisition Plant to construct, own and operate such Acquisition Plant as contemplated by the Operative Documents. Part II(B) of such Acquisition Plant Permit Schedule shall list all other material Permits required by any other Major Project Participant with respect to such Acquisition Plant to perform its obligations under the Operative Documents with respect to such Acquisition Plant to which it is a party. The Permits listed in Parts II(A) and II(B) of such Acquisition Plant Permit Schedule shall either (a) in the Technical Committee's reasonable opinion, be timely obtainable at a cost consistent with the applicable Project Budget or Annual Operating Budget, as the case may be, without material difficulty or delay prior to the time the relevant Project Owner or the applicable other Major Project Participant, as applicable, requires such Permits, or (b) there shall exist alternative solutions (the expected cost of which is reflected in the applicable Project Budget or Annual Operating Budget, as the case may be) reasonably satisfactory to the Technical Committee which would eliminate the need for such Permit.

(d) Except as disclosed in such Permit Schedule, the Permits listed in Parts I(A) and I(B) of such Permit Schedule shall not be subject to any restriction, condition, limitation or other provision that could reasonably be expected to have a Project Material

Adverse Effect in respect of the relevant Project Owner or result in such Acquisition Plant being operated in a manner substantially inconsistent with the assumptions underlying the Base Case Project Projections.

3.5.18 No Change in Tax Laws. No change shall have occurred, since the date upon which this Agreement was executed and delivered, in any law or regulation or interpretation thereof that would subject any Bank to any material Tax or Other Tax the payment of which is not the ultimate responsibility of Borrower.

3.5.19 Payment of Fees. All taxes, fees (including any Activation Fees) and other costs payable in connection with the making of the requested Development Loans and the execution, delivery, recordation and filing of the documents and instruments referred to in this Section 3.5 shall have been paid in full or, excluding the payment of any Activation Fees, as approved by the Technical Committee, provided for.

3.5.20 Financial Statements. Delivery to Administrative Agent of accurate and complete copies of (a) the most recent annual financial statements (audited if available) or Form 10-K filed with the Securities and Exchange Commission and (b) the most recent quarterly financial statements or Form 10-Q filed with the Securities and Exchange Commission, in each case of the relevant Project Owner, the relevant Affiliate Pledgor (if any), each Affiliated Major Project Participant (if any) that are a party to an Operative Document delivered pursuant to Section 3.5.7 and, to the extent reasonably obtainable, each Major Project Participant (or their respective parent entities) that is a party to a Major Project Document delivered pursuant to Section 3.5.7, together with, in the case of any such Project Owner, Affiliate Pledgor or Affiliated Major Project Participant, certificates from the appropriate Responsible Officer thereof, stating that such financial statements have been prepared in conformity with GAAP and fairly present, in all material respects, the financial position (on a consolidated and, where applicable, consolidating basis) of the Persons described in such financial statements as at the respective dates thereof and the results of operations and cash flows (on a consolidated and, where applicable, consolidating basis) of the Persons described therein for each of the periods then ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year-end adjustments.

3.5.21 UCC Reports. Delivery to Administrative Agent of a UCC report of a date reasonably close to the applicable Funding Date for each of the jurisdictions in which any UCC-1 financing statements or amendments thereto are intended to be filed in respect of the Collateral described in Section 3.5.7(a), confirming that upon due filing or recording (assuming such filing or recordation occurred on the date of such respective reports), as the case may be, the security interests created under the relevant Collateral Documents will be prior to all other financing statements or other security documents wherein the security interest is perfected by filing in respect of such Collateral.

3.5.22 Base Case Project Projections. Delivery to Administrative Agent of the combined Base Case Project Projections of operating expenses and cash flow for the relevant Subject Acquisition and all other Approved Projects, in substantially the form of those Base Case Project Projections delivered pursuant to Section 3.1.13 and otherwise in form and substance satisfactory to the Technical Committee, which satisfy the following conditions:

(a) with respect to the proposed funding of any Subject Acquisition, demonstrating a minimum and average projected annual Interest Coverage Ratio over the period of time commencing on the first January 1 or July 1, as the case may be, to occur after the applicable Funding Date and ending on the scheduled Loan Maturity Date for such Subject Project and all such Approved Projects (taken as a whole) of no less than 2.10 to 1.0 and 2.25 to 1.0, respectively;

(b) with respect to the proposed funding of any Subject Acquisition, demonstrating a minimum and average projected annual Deemed Debt Service Coverage Ratio over the period of time commencing on January 1, 2006 and ending on December 31, 2030 for such Subject Acquisition and all such Approved Projects (taken as a whole) of no less than 2.10 to 1.0 and 2.50 to 1.0, respectively; and

(c) with respect to the proposed funding of any Subject Acquisition, demonstrating a minimum and average projected annual Deemed Debt Service Coverage Ratio over the period of time commencing on January 1, 2006 and ending on December 31, 2030 for such Subject Acquisition of no less than 2.00 to 1.0.

3.5.23 Project Schedules; Project Budgets; Operating Budgets.

(a) If the relevant Acquisition Plant has not achieved Completion as of the applicable Funding Date, delivery to Administrative Agent of (i) a Project Schedule for the relevant Acquisition Plant to be acquired pursuant to the relevant Subject Acquisition, updated from the applicable Project Schedule submitted for such Acquisition Plant pursuant to Section 3.1.12 (if any), and (ii) a Project Budget for such Acquisition Plant, updated from the applicable budget submitted for such Acquisition Plant pursuant to Section 3.1.11 (if any), in each case in form and substance reasonably satisfactory to the Technical Committee.

(b) If the relevant Acquisition has achieved Completion as of the applicable Funding Date, delivery to Administrative Agent of an Annual Operating Budget with respect to the relevant Acquisition Plant for the year in which such Acquisition Plant is to be acquired, in form and substance reasonably satisfactory to the Technical Committee and otherwise prepared in a manner consistent with, and in compliance with the requirements set forth in, Section 5.11.

3.5.24 Real Estate Rights; A.L.T.A. Surveys. The Technical Committee shall (a) be reasonably satisfied that the relevant Project Owner shall have obtained (or will obtain after the consummation of the Subject Acquisition) all real estate rights necessary for construction and operation of the relevant Acquisition Plant to be acquired pursuant to the relevant Subject Acquisition (other than (i) such rights as can be obtained through eminent domain proceedings or (ii) rights, the procurement of which, in the Technical Committee's reasonable judgment, is not subject to the discretion of any third party, and in the case of either clause (i) or (ii) above, the Technical Committee shall be satisfied that any rights which have not been obtained can be obtained without material difficulty or delay by the time they are needed), and (b) have received A.L.T.A. surveys of the Site and, unless not required by the Technical Committee, the Easements with respect to such Acquisition Plant in existence on the applicable Funding Date (which surveys shall be reasonably current and in form and substance reasonably

satisfactory to the Technical Committee and the Title Insurer), certified to the Technical Committee by a licensed surveyor satisfactory to the Technical Committee, showing (A) as to such Site, the exact location and dimensions thereof (including the location of all means of access thereto and all easements relating thereto and showing the perimeter within which all foundations are or

are to be located); (B) as to such Easements in existence on the applicable Funding Date, the exact location and dimensions thereof (including the location of all means of access thereto, and all improvements or other encroachments in or on such Easements in existence on the applicable Funding Date); (C) the existing utility facilities servicing such Acquisition Plant (including water, electricity, gas, telephone, sanitary sewer and storm water distribution and detention facilities); (D) that such existing improvements do not encroach or interfere with adjacent property or existing easements or other rights (whether on, above or below ground), and that there are no gaps, gores, projections, protrusions or other survey defects; (E) whether such Site or any portion thereof is located in a special earthquake or flood hazard zone; and (F) that there are no other matters that could reasonably be expected to be disclosed by a survey constituting a defect in title other than Permitted Encumbrances with respect to such Acquisition Plant; provided, however, that the matters described in clauses (B) and (E) of this subsection (b) may be shown by separate maps, surveys or other information reasonably satisfactory to the Technical Committee, and the surveyor shall not be required to certify as to the location of any easements, foundations, improvements, encroachments, utilities or other matters which do not exist as of the applicable Funding Date.

3.5.25 Title Policies. (i) With respect to any Acquisition Plant which will be, or is required pursuant to the terms hereof to be, encumbered by a Deed of Trust or Mortgage, delivery to Administrative Agent of a lender's A.L.T.A. policy of title insurance (with, in the case of Easements with respect to which A.L.T.A. surveys were not required by the Technical Committee pursuant to Section 3.5.24, appropriate survey exceptions), together with such endorsements as are reasonably required by the Technical Committee (without a mechanics' or materialmen's exception included in such title policy, except where applicable Governmental Rules prevent the deletion of such exception), or commitment to issue such policy, dated as of the applicable Funding Date, (1) in an amount equal to 65% of the aggregate amount of Project Costs set forth in the Project Budget or Annual Operating Budget, as the case may be, contemplated by Section 3.5.23 (or such other lesser amount as is reasonably acceptable to the Technical Committee) and (2) with such reinsurance as is reasonably satisfactory to the Technical Committee, issued by the Title Insurer in form and substance reasonably satisfactory to the Technical Committee, insuring (or agreeing to insure) that:

(a) the relevant Project Owner has an insurable fee or leasehold title to or right to control, occupy and use the Site and the Easements with respect to such Acquisition Plant, free and clear of liens, encumbrances or other exceptions to title (other than (i) Permitted Liens described in clause (a), (b) or (e) of the definition thereof, (ii) those permitted pursuant to this Section 3.5.25 and (iii) those satisfactory to the Technical Committee and specified on such policy); and

(b) to the extent applicable, the Deed of Trust or Mortgage, as the case may be, with respect to such Acquisition Plant creates (or will create when recorded) a valid first lien on the Mortgaged Property with respect to such Acquisition Plant, free and clear of all liens,

encumbrances and exceptions to title whatsoever (other than those encumbrances permitted pursuant to Section 3.5.25(a)), or

(ii) With respect to any Acquisition Plant which will not be encumbered by a Deed of Trust or Mortgage (as permitted by Sections 3.5.7(a) and 5.12.3), delivery to Administrative Agent of a true and correct copy of an owner's A.L.T.A. policy of title insurance in respect of such Acquisition Plant, which policy shall (A) provide the relevant Project Owner with the types and amounts of coverages described in Section 3.5.25(i)(a) above and (B) otherwise be in form and substance reasonably satisfactory to the Technical Committee.

3.5.26 Regulatory Status. The relevant Acquisition Plant to be acquired

pursuant to the relevant Subject Acquisition (a) (i) shall have complied with the requirements of 18 C.F.R. ss. 292.207 required to be complied with as of the applicable Funding Date and (ii) Borrower shall have delivered to Administrative Agent, in form and substance satisfactory to the Technical Committee, either (A) a certificate of FERC certifying such Acquisition Plant as a Qualifying Facility, or (B) documentation evidencing the self-certification of such Acquisition Plant as a Qualifying Facility and a legal opinion of counsel to the relevant Project Owner with respect to the effectiveness of such documentation to qualify such Acquisition Plant as a Qualifying Facility or (b) be an Eligible Facility (or, in the case of an Acquisition Plant which has not achieved Provisional Acceptance as of the applicable Funding Date, be or be capable of being an Eligible Facility and, if not yet an Eligible Facility, Administrative Agent shall have received a legal opinion of counsel to the relevant Project Owner in form and substance satisfactory to the Technical Committee to the effect that there exists no reasonable basis for FERC to deny an application filed by such Project Owner for Exempt Wholesale Generator status).

3.5.27 Election of Ratio. At least four Banking Days prior to the applicable Funding Date, Borrower shall have delivered to Administrative Agent a properly completed Ratio Election Certificate, dated as of the applicable Funding Date and signed by a Responsible Officer of Borrower, pursuant to which Borrower shall certify, among other things, after taking into consideration the making of the Development Loans being requested, (a) to the then current Deemed Development Loan Ratio, (b) to the then current Applicable Development Loan Ratio for such Subject Acquisition and each other Approved Project, (c) to the then current Blended Development Loan Ratio for all Approved Projects, (d) to the then current Blended Ratio for all Approved Projects and (e) to the then current Capped Commitment Amount.

3.5.28 Diversified Revenue Requirements. After giving effect to the proposed Subject Acquisition, as of the applicable Funding Date, no more than 40% of the Portfolio Megawatts, and no more than 30% of the EBITDA of Portfolio Entities, shall be attributable to Approved Projects (including the relevant Acquisition Plant) with an (a) actual or projected capacity factor of less than 10% in any three years and (b) average capacity factor of less than 20% over all years, in each case during the 25 year period commencing on the applicable Funding Date.

3.5.29 Notice of Development Loan Borrowing. Borrower shall have delivered a Notice of Development Loan Borrowing to Administrative Agent in accordance with the procedures specified in Section 2.1.

3.5.30 Representations and Warranties. Each representation and warranty of the Member and NRG Energy with respect to the relevant Subject Acquisition, if any, in any Credit Document, and each representation and warranty of Borrower, the Project Owner, the other Portfolio Entities and the relevant Affiliate Pledgors with respect to such Subject Acquisition in any of the Operative Documents, in each case with respect to itself or such Subject Acquisition, shall be true and correct in all material respects as of the applicable Funding Date (unless any such representation and warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date).

3.5.31 No Default. No Event of Default or Inchoate Default, or Project Default or Project Inchoate Default in respect of the relevant Project Owner, has occurred and is continuing or will result from such Acquisition Credit Event.

3.5.32 No Material Adverse Effect. Since the Closing Date, no event or circumstance having a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner has occurred and is continuing.

3.5.33 No Litigation. No action, suit, proceeding or investigation

shall have been instituted or threatened against any Portfolio Entity or Affiliate Pledgor in respect of the relevant Subject Acquisition which could reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner.

3.5.34 Joint Ventures (Joint Ownership of Acquisition Plant). After giving effect to the consummation of the Subject Acquisition, in the case of an Acquisition Plant that is only partially owned by the relevant Project Owner, the Subject Acquisition shall satisfy the Co-Joint Venturer Requirements.

3.5.35 Joint Venture Projects (Joint Ownership of Project). In the case of a Subject Acquisition that is only partially owned by the relevant Project Owner, (a) Administrative Agent shall have received the joint venture, joint tenancy, joint operating or other documents relating to the joint ownership, operation or governance of such Subject Acquisition (collectively, the "Joint Venture Agreements"), in form and substance reasonably satisfactory to the Technical Committee (which satisfaction shall be based in part on whether the applicable Joint Venture Agreement contains provisions (i) requiring all parties to such Joint Venture Agreement (the "Joint Venturers") to fund their respective obligations in connection with the operation of such Subject Acquisition, providing reasonable remedies in the event any Joint Venturer fails to fund any portion of such obligations, and permitting the relevant Project Owner to fund such unfunded obligations if any of the Joint Venturers fail to do so, (ii) permitting the relevant Project Owner to grant a Lien on its interest in the Subject Acquisition in favor of Administrative Agent, for benefit of Secured Parties, pursuant to the Credit Documents, and (iii) prohibiting any of the other Joint Venturers from granting a Lien on or otherwise encumbering the relevant Project Owner's interest in such Subject Acquisition), (b) such Subject Plant shall have achieved Provisional Acceptance (as determined by the Technical Committee and the Independent Engineer), (c) each of the Joint Venturers shall be sufficiently creditworthy to fulfill its obligations under the applicable Joint Venture Agreement (as reasonably determined by the Technical Committee) or, with respect to any Joint Venturer which is reasonably determined not to be sufficiently creditworthy, the Technical Committee shall be

reasonably satisfied that such Joint Venture will not have any payment obligations in respect of the Subject Acquisition from and after the applicable Funding Date and (d) if required by applicable Legal Requirements or if required by Administrative Agent, such Joint Venture Agreement or the relative rights of the Joint Venturers in such Subject Acquisition (or a memorandum thereof) shall have been recorded or filed, as applicable, in the appropriate public records in order to give third parties notice of such Joint Venture Agreement (the requirements set forth in clauses (a) through (d) above shall herein be referred to, collectively, as the "Co-Joint Venturer Requirements").

3.5.36 Updated Exhibits. Borrower shall have delivered to Administrative Agent a supplement to (a) Exhibit K hereto (which Exhibit shall be automatically amended without further action to give effect to such supplement if the applicable Funding Date) reflecting any additional or revised insurance policies required by the Insurance Consultant to account for the relevant Subject Acquisition, (b) Exhibit G-6 hereto (which Exhibit shall be automatically amended without further action to give effect to such supplement on the applicable Funding Date) referencing the environmental reports in respect of such Subject Acquisition that were delivered to Administrative Agent pursuant to Section 3.5.12 and (c) Exhibit D-5 hereto (which Exhibit shall be automatically amended without further action to give effect to such supplement on the applicable Funding Date) reflecting the filings and recordings required to be made to perfect security interests in the Collateral described in Section 3.5.7(a), in each case which supplement shall be in form and substance reasonably satisfactory to the Technical Committee.

3.5.37 Equity Funding. In the case of any Subject Acquisition in respect of which NRG Energy is required to make an Initial Plant Payment Contribution in accordance with Section 2.1.3 of the NRG Energy Equity Undertaking, (a) the aggregate amount of the requested Development Loans in respect of such Subject Acquisition shall not exceed the product of (i) the Projected Capitalization of the relevant Acquisition Plant (as set forth in the Base Case Project Projections contemplated to be delivered pursuant to Section 3.5.22) multiplied by (ii) the Applicable Development Loan Ratio for such Subject Acquisition as of the applicable Funding Date (the "Development Loan Limitation") and (b) NRG Energy shall have, or shall have caused to be, made available to the relevant Project Owner by wire transfer of immediately available funds in Dollars to the account of the relevant Project Owner or the relevant Major Project Participants the amount of the relevant Initial Plant Payment Contribution for application to the purchase price due under the applicable Acquisition Documents, all in a manner and pursuant to arrangements reasonably satisfactory to the Technical Committee.

3.5.38 Major Maintenance Election.

In the case of any Subject Acquisition in respect of which Borrower contemplates utilizing the proceeds of Development Loans for the payment of costs, expenses and fees associated with Major Maintenance (as contemplated by the Base Case Project Projections contemplated to be delivered pursuant to Section 3.5.22), Borrower shall have delivered to Administrative Agent a Major Maintenance Election Certificate, in substantially the form of Exhibit F-10 hereto, pursuant to which Borrower shall certify, among other things, (a) to the general nature and description of the contemplated Major Maintenance, (b) to the anticipated schedule for commencing and completing such contemplated Major Maintenance, (c) to the anticipated costs to be incurred in connection with such contemplated Major Maintenance

(WHICH COSTS SHALL NOT EXCEED 30% OF THE AGGREGATE AMOUNT OF PROJECTED PROJECT COSTS IN RESPECT OF SUCH SUBJECT ACQUISITION WITHOUT THE PRIOR APPROVAL OF REQURIED BANKS (AS SET FORTH IN THE Base Case Project Projections contemplated to be delivered pursuant to Section 3.5.22)) and (d) to the anticipated sources of funds which will be utilized to fund the payment of the costs, expenses and fees related to such contemplated Major Maintenance (it being acknowledged and agreed that such certifications shall be consistent with the Base Case Project Projections contemplated to be delivered pursuant to Section 3.5.22).

3.6 Conditions Precedent to Each Development Loan Related to Major Maintenance. The obligation of Banks to make each Development Loan with respect to the funding of any Major Maintenance is subject to the prior satisfaction (or written waiver by Administrative Agent with the consent of Required Banks) of each of the following conditions:

3.6.1 Notice of Development Loan Borrowing. Borrower shall have delivered a Notice of Development Loan Borrowing to Administrative Agent in accordance with the procedures specified in Section 2.1.

3.6.2 Representations and Warranties. Each representation and warranty of the Member and NRG Energy with respect to the relevant Approved Project, if any, in any Credit Document, and each representation and warranty of Borrower, the Project Owner, the other Portfolio Entities and the relevant Affiliate Pledgors with respect to such Approved Project in any of the Credit Documents and the relevant Major Maintenance Documents, in each case with respect to itself or such Approved Project, shall be true and correct in all material respects as of the applicable Funding Date (unless any such representation and warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date).

3.6.3 No Default. No Event of Default or Inchoate Default, or Project Default or Project Inchoate Default in respect of the relevant Project Owner, has occurred and is continuing or will result from the making of the requested Development Loans.

3.6.4 No Material Adverse Effect. Since the Closing Date, no event or circumstance having a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner has occurred and is continuing.

3.6.5 No Litigation. No action, suit, proceeding or investigation shall have been instituted or threatened which could reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner.

3.6.6 Operative Documents.

(a) With respect to the initial Development Loan for the funding of Major Maintenance for the relevant Approved Project, delivery to Administrative Agent of a true and correct copy of, (i) to the extent not previously delivered pursuant to Section 3.5.7, all documents, instruments, supplements or amendments necessary to create a valid and perfected first priority Lien on the assets to be acquired with the proceeds of the requested Development Loan and, (ii) to the extent reasonably requested by the Technical Committee, a Consent and Agreement relating to each relevant Major Maintenance Document, in substantially the form of

Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

(b) With respect to the initial Development Loan for the funding of Major Maintenance for the relevant Approved Project, all actions shall have been taken to provide Administrative Agent, for the benefit of Secured Parties, with a valid and perfected first priority Lien on the assets being acquired with the proceeds of the requested Development Loan and on all other Collateral then in existence related to the relevant Project Owner, including to the extent necessary, the execution, delivery and filing of UCC-1, UCC-2 or UCC-3 financing statements, as applicable, with respect to such Collateral with the secretary of state and/or other appropriate filing office in the states of formation of the relevant Project Owner, in the state where any such assets are located or the states in which such Project Owner's principal place of business is located.

(c) With respect to the initial Development Loan for the funding of Major Maintenance for the relevant Approved Project, delivery to Administrative Agent of true and correct copies of each relevant Major Maintenance Document, certified by a Responsible Officer of Borrower as being true, complete and correct and in full force and effect on the applicable Funding Date. Each such certificate shall also state that neither the relevant Project Owner nor, to the best knowledge of Borrower, any other party to any such Major Maintenance Document is or, but for the passage of time or giving of notice or both will be, in breach of any material obligation thereunder, and that all conditions precedent to the performance of the parties under each such Major Maintenance Document then required to have been performed have been satisfied.

Unless otherwise specified above, all the Credit Documents and Major Maintenance Documents specified above shall be in form and substance reasonably satisfactory to the Technical Committee and shall have been duly authorized, executed and delivered by the parties thereto.

3.6.7 Operative Documents in Effect. Each Credit Document and each relevant Major Maintenance Document remains in full force and effect in accordance with its terms and no material defaults have occurred thereunder.

3.6.8 Legal Opinions. Without duplication of any legal opinions of counsel delivered to Administrative Agent pursuant to Section 3.1.10, 3.2.8, 3.4.2 or 3.5.9, with respect to the initial Development Loan for the funding of Major Maintenance for the relevant Approved Project, delivery to Administrative Agent of legal opinions of counsel to each Person designated by the Technical Committee that is a party to a Major Maintenance Document delivered pursuant to Section 3.6.6(c), in each case in substantially the form of Exhibit B to Exhibit E-1 hereto (or otherwise in form and substance reasonably satisfactory to the Technical Committee).

3.6.9 Third Party Consents. Delivery to Administrative Agent of a copy of any approval (other than any Consent) by any Person (including any Governmental Authority) required as of the applicable Funding Date in connection with the relevant Major Maintenance, which approvals shall be in form and substance reasonably satisfactory to Administrative Agent.

3.6.10 Insurance. Insurance complying with the requirements of Section 5.13 and Section 4.10 of the applicable Project Owner Guaranty shall be in effect, and, upon the request of Administrative Agent, evidence thereof shall be provided to Administrative Agent.

3.6.11 Maintenance Budget. With respect to the initial Development Loan for the funding of Major Maintenance for the relevant Approved Project, delivery to Administrative Agent of a maintenance budget, in form and substance reasonably satisfactory to the Technical Committee (a "Maintenance Budget"), for all anticipated costs to be incurred in connection with the contemplated Major Maintenance (which anticipated costs shall not be substantially higher than the anticipated costs set forth in the relevant Major Maintenance Election Certificate delivered by Borrower pursuant to Section 3.5.38 without the prior consent of the Technical Committee), including in such budget all construction and non-construction costs, all interest, taxes and other carrying costs and such other information as the Technical Committee may require, together with a balanced statement of sources (including an allocation between Loan proceeds and Contributions) and uses of proceeds.

3.6.12 Major Maintenance Drawdown Certificate and Engineer's Certificate. If the proceeds of the requested Development Loan are to be used to make progress payments in respect of any Major Maintenance for the relevant Approved Project, (i) at least seven Banking Days prior to the making of each such Development Loan, Borrower shall have provided Administrative Agent with a certificate, dated the applicable Funding Date and signed by an authorized officer of Borrower, substantially in the form of Exhibit C-9 hereto, in respect of the Major Maintenance for which a disbursement of funds are being requested and (ii) at least four Banking Days prior to the making of each such Development Loan, the Independent Engineer shall have provided Administrative Agent with a certificate of the Independent Engineer, dated the applicable Funding Date and signed by an authorized representative of the Independent Engineer, substantially in the form of Exhibit C-10 hereto.

3.6.13 Certificate of Borrower. With respect to the initial Development Loan for the funding of Major Maintenance for the relevant Approved Project, at least four Banking Days prior to the applicable initial Funding Date, Borrower shall have delivered to Administrative Agent a properly completed Borrower's Major Maintenance Funding Certificate, substantially in the form of Exhibit F-11 hereto, dated as of the applicable Funding Date and signed by a Responsible Officer of Borrower, pursuant to which Borrower shall certify (unless and to the extent otherwise agreed by the Technical Committee), among other things, to the continued accuracy (in all material respects) of each of the certifications contained in the relevant Major Maintenance Election Certificate delivered by Borrower pursuant to Section 3.5.38.

3.6.14 Certificate of Independent Engineer. With respect to the initial Development Loan for the funding of Major Maintenance for the relevant Approved

Project, at least four Banking Days prior to the applicable initial Funding Date, the Independent Engineer shall have delivered to Administrative Agent a properly completed Engineer's Major Maintenance Funding Certificate, substantially in the form of Exhibit F-12 hereto, dated as of the applicable Funding Date and signed by an authorized representative of the Independent Engineer, pursuant to which the Independent Engineer shall certify (unless and to the extent otherwise agreed by the Technical Committee) that the assumptions and conclusions in respect of the contemplated Major Maintenance set forth in the Independent Engineer's report with

respect to such Approved Project delivered pursuant to Section 3.5.11 are true and correct in all material respects as of the applicable Funding Date.

3.6.15 Sufficiency of Funds. The Technical Committee shall be reasonably satisfied that, after taking into consideration the making of the Development Loans being requested, the anticipated Development Loans to be made in connection with all Approved Projects, and the anticipated Development Loans to be made in connection with the contemplated Major Maintenance:

(a) Available Development Funds are not less than the aggregate unpaid amount of Project Costs required to cause the Completion Date of all Approved Projects that have not achieved Completion to occur in accordance with all Legal Requirements, the relevant Prime Construction Contracts and the terms of the Credit Documents prior to the earlier of the Loan Maturity Date and guaranteed completion date with respect to each such Approved Project set therefor in such Approved Project's Project Schedule and to pay or provide for all anticipated non-construction Project Costs as to each such Approved Project (as determined by reference to such Approved Project's then current Project Schedule and Project Budget);

(b) Available Development Funds are not less than the aggregate unpaid amount of Project Costs required to cause the completion of the contemplated Major Maintenance to occur in accordance with all Legal Requirements, the relevant Major Maintenance Documents and the terms of the Credit Documents prior to the Loan Maturity Date and to pay or provide for all anticipated non-construction Project Costs related thereto; and

(c) the aggregate amount of Project Costs for relevant Major Maintenance in respect of which the disbursement of funds is being requested is not projected to exceed 110% of the anticipated aggregate amount of Project Costs for such Major Maintenance as set forth in such Approved Project's Maintenance Budget delivered pursuant to Section 3.6.11; provided, however, that if the condition described in this clause (c) above is not satisfied with respect to the relevant Major Maintenance for which funds are being requested, such condition shall be deemed to be satisfied if:

(i) Borrower demonstrates to the reasonable satisfaction of the Technical Committee that (A) the minimum and average projected annual Interest Coverage Ratios over the period of time commencing on the first January 1 or July 1, as the case may be, to occur after the applicable Funding Date and ending on the scheduled Loan Maturity Date for the relevant Approved Project and all Approved Projects (taken as a whole) are not less than 2.10 to 1.0 and 2.25 to 1.0, respectively and (B) the minimum and average projected annual Deemed Debt Service Coverage Ratios over the period of time commencing on January 1, 2006 and ending on December 31, 2030 for the relevant Approved Project and all Approved Projects (taken as a whole) are not less than 2.10 to 1.0 and 2.50 to 1.0, respectively; or

(ii) NRG Energy unconditionally and irrevocably commits (such commitment to be in form and substance satisfactory to the Technical Committee) to make equity contributions to the relevant Project Owner to fund the Project Costs for the relevant Major Maintenance which are in excess of the anticipated

aggregate amount of Project Costs for such Major

Maintenance (as set forth in the Maintenance Budget delivered pursuant to Section 3.6.11) as and when the same may be due and payable.

3.6.16 Base Case Project Projections. With respect to the initial Development Loan for the funding of Major Maintenance for the relevant Approved Project, and only if such initial Development Loan occurs after the 18 month anniversary of the initial Funding Date for such Approved Project, delivery to Administrative Agent of the combined Base Case Project Projections of operating expenses and cash flow for all Approved Projects, in substantially the form of those Base Case Project Projections delivered pursuant to Section 3.1.13 and otherwise in form and substance satisfactory to the Technical Committee, which satisfy the following conditions:

(a) demonstrating a minimum and average projected annual Interest Coverage Ratio over the period of time commencing on the first January 1 or July 1, as the case may be, to occur after the applicable Funding Date and ending on the scheduled Loan Maturity Date for all Approved Projects (taken as a whole) of no less than 2.10 to 1.0 and 2.25 to 1.0, respectively;

(b) demonstrating a minimum and average projected annual Deemed Debt Service Coverage Ratio over the period of time commencing on January 1, 2006 and ending on December 31, 2030 for all Approved Projects (taken as a whole) of no less than 2.10 to 1.0 and 2.50 to 1.0, respectively; and

(c) demonstrating a minimum and average projected annual Deemed Debt Service Coverage Ratio over the period of time commencing on January 1, 2006 and ending on December 31, 2030 for such Approved Project of no less than 2.00 to 1.0.

3.6.17 Payment of Filing Fees. All taxes, fees and other costs payable in connection with the making of the requested Development Loans and the execution, delivery, recordation and filing of the documents and instruments referred to in this Section 3.6 shall have been paid in full or, as approved by the Technical Committee, provided for.

3.6.18 Additional Information. With respect to the initial Development Loan for the funding of Major Maintenance for the relevant Approved Project, at least ten Banking Days prior to the applicable Funding Date, Borrower shall have delivered to the Technical Committee and the Independent Engineer such reports, statements, forecasts and other information concerning the contemplated Major Maintenance and, to the extent reasonably available, the Major Project Participants as the Technical Committee or the Independent Engineer shall reasonably require to verify the satisfaction of the conditions precedent set forth in this Section 3.6.

3.7 Conditions Precedent to Initial Distributions of Project Revenues Generated by a Particular Approved Project. Without limiting anything set forth in Section 6.6, no Restricted Payment shall be made in respect of funds associated with or attributable to an Approved Project until the following conditions shall have been satisfied (or waived in writing by Administrative Agent with consent of Required Banks), which satisfaction may be demonstrated in connection with the satisfaction of the conditions precedent to Section 3.5 for any Acquisition Plant:

3.7.1 Notice of Completion. Delivery to Administrative Agent, in form and substance reasonably satisfactory to Administrative Agent, of evidence that (a) all work with respect to the relevant Approved Project requiring inspection

by municipal and other Governmental Authorities having jurisdiction has been duly inspected and approved by such authorities, (b) that the relevant Project Owner (or Co-Project Owner) has duly recorded a notice of completion for such Approved Project, (c) all parties performing such work have been or will be paid for such work, and (d) no mechanics' and/or materialmen's liens or application therefor have been filed and all applicable filing periods for any such mechanics' and/or materialmen's liens have expired; provided, however, that in the event Borrower delivers to Administrative Agent either (i) a policy of title insurance or endorsement thereto, in form and substance satisfactory to Administrative Agent, insuring against loss arising by reason of any mechanics' or materialmen's lien gaining priority over the relevant Deed of Trust or Mortgage, as the case may be (except where applicable Governmental Rules prevent the insurance against such a loss), or (ii) a bond, in form and substance satisfactory to Administrative Agent, in the amount of all payments owed to any contractor, subcontractor or any other Person, and covering the relevant Project Owner's liability to such contractors, subcontractors or other Persons, Administrative Agent shall waive the requirements referred to in clause (d) above.

3.7.2 Completion. Completion with respect to the relevant Approved Project shall have occurred, and Administrative Agent shall have received a certification by the applicable Owner's Representative, Borrower and the Independent Engineer to such effect.

3.7.3 Annual Budget. Administrative Agent shall have received the Annual Operating Budget with respect to the relevant Approved Project for the year in which such Approved Project achieved Provisional Acceptance, which Annual Operating Budget shall have been prepared in a manner consistent with, and in compliance with the requirements set forth in, Section 5.11. In the event that such Annual Operating Budget does not, in Administrative Agent's opinion, properly reflect the operation of such Approved Project during such year as a result of the actual date of Final Acceptance being different from the date anticipated therefor and set forth in such Annual Operating Budget, Administrative Agent shall have received an amendment to such Annual Operating Budget properly reflecting the actual date of Final Acceptance.

3.7.4 Insurance. Insurance complying with the requirements of Section 5.13 and Section 4.10 of the applicable Project Owner Guaranty shall be in effect and, upon the request of Administrative Agent, evidence thereof shall be provided to Administrative Agent.

3.7.5 Applicable Permits and Applicable Third Party Permits. The relevant Project Owner shall have obtained or caused to be obtained and delivered to Administrative Agent all Applicable Permits with respect to the relevant Approved Project, in form and substance reasonably satisfactory to Administrative Agent, together with copies of each such Applicable Permit and a certificate of an authorized officer of Borrower certifying that all such Applicable Permits have been obtained. Each Major Project Participant with respect to such Approved Project shall have obtained or caused to be obtained all Applicable Third Party Permits applicable to such Person with respect to such Approved Project, in form and substance reasonably satisfactory to Administrative Agent, and Borrower shall have delivered or cause to be delivered to Administrative Agent copies or other evidence of each such Applicable Third

Party Permit and a certificate of an authorized officer of Borrower certifying that all such Applicable Third Party Permits have been obtained. All such Applicable Permits and Applicable Third Party Permits shall be in full force and effect, not subject to any then current legal proceeding or to any unsatisfied condition that could reasonably be expected to result in material modification or revocation, and all applicable appeal periods with respect thereto shall have expired.

3.7.6 Real Estate Rights; A.L.T.A. Surveys. Administrative Agent shall have received as-built A.L.T.A. surveys of the Site and the Easements with respect to the relevant Approved Project (or such other documentation acceptable to Administrative Agent), in form and substance reasonably satisfactory to Administrative Agent and the Title Insurer, certified to Administrative Agent as to completeness and accuracy as of not more than four weeks prior to Final Acceptance by a licensed surveyor reasonably satisfactory to Administrative Agent, showing (a) as to such Site, the exact location and dimensions thereof, including the location of all means of access thereto and all easements relating thereto and showing the perimeter within which all foundations are located; (b) as to such Easements, the exact location and dimensions thereof, including the location of all means of access thereto, and all improvements or other encroachments in or on such Easements; (c) the location and dimensions of all improvements, fences or encroachments located in or on such Site or such Easements; (d) that the location of such Approved Project does not encroach on or interfere with adjacent property or existing easements or other rights (whether on, above or below ground), and that there are no gaps, gores, projections, protrusions or other survey defects; (e) whether such Site or any portion thereof is located in a special earthquake or flood hazard zone; and (f) that there are no other matters that could reasonably be expected to be disclosed by a survey constituting a defect in title other than relevant Permitted Encumbrances; provided, however, that the matters described in clauses (b) and (e) may be shown by separate maps, surveys or other information reasonably satisfactory to Administrative Agent.

3.7.7 Title Policy. Administrative Agent shall have received an endorsement to the A.L.T.A. Policy delivered to Administrative Agent pursuant to Section 3.2.24 or 3.5.25 (if any), as the case may be, in respect of the relevant Approved Project confirming and insuring the continued first priority of the Lien on the relevant Mortgaged Property evidenced by the relevant Deed of Trust or Mortgage, as the case may be (without a mechanics' and materialmen's exception included in such title policy, except where applicable Governmental Rules prevent the deletion of such exception), and such other matters as Administrative Agent may reasonably request.

3.7.8 Operating Plans. Borrower shall have provided to Administrative Agent a plan setting forth the relevant Project Owner's procedures for operating the Approved Project, fuel procurement and power marketing, in form and substance reasonably satisfactory to Administrative Agent.

3.7.9 Recourse Obligations Certification. Borrower shall have delivered to Administrative Agent a certificate, in form and substance reasonably satisfactory to Administrative Agent and duly executed by a Responsible Officer of Borrower, pursuant to which Borrower shall certify (a) to the then current Non-Recourse Loans attributable to or

associated with the relevant Approved Project and, (b) to the extent applicable, to the Final Plant Funding Payment for such Approved Project.

3.8 Failure of Conditions Precedent to be Satisfied for a Particular Project or Acquisition. In the event that Borrower requests a Loan with respect to more than one Subject Project, Approved Project or Subject Acquisition, and the applicable conditions set forth in this Article 3 for such Loan have not been satisfied for one or more of such Projects or Acquisitions, then such Loan shall be permitted to occur for the Subject Project(s), Approved Project(s) or Subject Acquisition(s) in respect of which all applicable conditions have been satisfied (or waived in accordance with the terms hereof), unless the failure of any condition to be satisfied with respect to any Subject Project, Approved Project or Subject Acquisition has the effect of causing an Event of Default or Inchoate Default to occur, in which case the requested Loan shall not be permitted to occur until such time as the Event of Default or Inchoate Default has been cured and the applicable conditions have been satisfied (or waived in

accordance with the terms hereof).

3.9 Funding of Equity. Notwithstanding any other provision of this Agreement to the contrary, Borrower shall have the right to, at any time, make a Contribution into the Development Account or any sub-account therein and have such funds applied to the payments of Project Costs in accordance with Section 2.1.3 of the Depositary Agreement.

3.10 No Approval of Work. The making of any Loan hereunder shall not be deemed an approval or acceptance by Administrative Agent, the Technical Committee or any Bank of any work, labor, supplies, materials or equipment furnished or supplied with respect to any of the Approved Projects, Approved Turbines, Material Assets or other assets funded or acquired with the proceeds of the Loans made hereunder.

3.11 Waiver of Funding; Adjustment of Drawdown Requests.

(a) Subject to Section 9.9, notwithstanding the foregoing, the Required Banks, without waiving any of Banks' rights hereunder, shall have the right to effect a Development Credit Event, Working Capital Credit Event or an Acquisition Credit Event hereunder without full compliance by Borrower with the conditions described in this Article 3.

(b) In the event Administrative Agent determines that an item or items listed in a Drawdown Certificate as a Cost is not properly included in such Drawdown Certificate, Administrative Agent, in consultation with the Independent Engineer, may in its reasonable discretion cause to be made a Loan or Loans in the amount requested in such Drawdown Certificate less the amount of such item or items or may reduce the amount of Loans made pursuant to any subsequent Drawdown Certificate by such amount. In the event that Borrower prevails in any dispute as to whether such Project Costs were properly included in such Drawdown Certificate, Loans in the amount requested but not initially made shall forthwith be made.

3.12 Conditions Precedent Related to Permitted IDA Financings.

(a) The Technical Committee (and not Administrative Agent, the Required Banks or Banks) shall have the ability to supplement or modify Borrower's required

satisfaction of any condition precedent set forth in Section 3.2 or 3.5, as the case may be, with respect to any Subject Project or Subject Acquisition, as the case may be, which is contemplated to be constructed, maintained, operated, owned and financed pursuant to a Permitted IDA Structure; provided that (i) Borrower approves in writing any such supplement or modification, as the case may be, (ii) in the reasonable opinion of the Technical Committee, any such supplement or modification, as the case may be, is not reasonably likely to have a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner, (iii) any such supplement or modification, as the case may be, is strictly limited to the relevant Subject Project or Subject Acquisition, as the case may be, and (iv) any such supplement or modification, as the case may be, is being proposed, granted or agreed solely because the Credit Documents (other than this Section 3.12) do not contemplate the construction, maintenance, operation, ownership or financing of an Approved Project under a Permitted IDA Structure.

(b) In connection with the granting of any supplement or modification pursuant to Section 3.12(a), Administrative Agent (on behalf of Banks and upon the written direction of the Technical Committee) shall enter into each supplemental agreement with Borrower or the other relevant Portfolio Entities which is required to (i) supplement any of the definitions set forth in any Credit Document (including, to the extent necessary, the definitions of

"Major Project Documents", "Major Project Participants", "Permitted Debt", "Permitted Investment", "Permitted Liens", "Project Costs", "Project Documents", and "Project Operating Revenues"), (ii) supplement any representation and warranty set forth in any Credit Document (including, to the extent necessary, Sections 3.23 and 3.25 of the relevant Project Owner Guaranty) and (iii) supplement any covenant set forth in any Credit Document (including, to the extent necessary, Section 5.12 and Sections 4.1, 4.9, 4.11, 4.13 and 5.13 of the relevant Project Owner Guaranty), in each case solely because the Credit Documents (other than this Section 3.12) do not contemplate the acquisition, construction, maintenance, operation, ownership or financing of an Approved Project under a Permitted IDA Structure. Each such supplemental agreement shall be in form and substance reasonably satisfactory to the Technical Committee and Borrower and, if entered into in compliance with this Section 3.12, shall be deemed to satisfy the requirements of Section 9.9.

ARTICLE 4.
REPRESENTATIONS AND WARRANTIES

Borrower makes the following representations and warranties to and in favor of Lead Arranger, Administrative Agent and Banks as of the Closing Date and as of each Funding Date, in each case to the extent set forth in Article 3.

4.1 Organization.

4.1.1 Borrower. Borrower is a limited liability company duly constituted, validly existing and in good standing under the laws of the State of Delaware and is duly qualified, authorized to do business and in good standing in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary. Borrower has all requisite power and authority to (a) own or hold under lease and operate the property it purports to own or hold under lease, (b) carry on its business as now being conducted

and as now proposed to be conducted (including all activities with respect to the Acquisitions and the Approved Projects), (c) execute, deliver and perform each Operative Document to which it is a party and (d) take each action as may be necessary to consummate the transactions contemplated thereunder.

4.1.2 Member. Member (a) is a limited liability company duly formed and validly existing in good standing under the laws of the State of Delaware with all requisite power and authority under the laws of the State of Delaware to enter into the Limited Liability Company Agreement and, as the sole member of the Borrower, to perform its obligations thereunder and to consummate the transactions contemplated thereby, (b) is duly qualified, authorized to do business and in good standing in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary, except where the failure to do so could reasonably be expected to have a Borrower Material Adverse Effect and (c) has the power (i) to carry on its business as now being conducted and as now proposed to be conducted by it, (ii) to execute, deliver and perform each Operative Document to which it is a party (in its individual capacity), (iii) to take all action as may be necessary to consummate the transactions contemplated thereunder.

4.2 Capitalization.

(a) The equity interests in Borrower are duly authorized, validly issued and (if applicable) fully paid and nonassessable. As of the Closing Date, Member is the sole member of Borrower.

(b) All of the Portfolio Entities are identified in Schedule 4.2 hereto (as such Schedule 4.2 may be supplemented from time to time by written notice to Administrative Agent upon the creation of any new Portfolio Entity in accordance with the terms of Section 6.5.2). The equity interests of each

Portfolio Entity are identified in Schedule 4.2 hereto (as so supplemented) and such equity interests are duly authorized, validly issued and (if applicable), fully paid and nonassessable. Schedule 4.2 hereto (as so supplemented) completely and correctly sets forth the ownership of each Portfolio Entity. Except as permitted pursuant to Sections 3.2 or 3.5 and 5.16 and 6.5.2, each Portfolio Entity (other than Borrower) is a direct or indirect wholly-owned Subsidiary of NRG Energy and a wholly-owned Subsidiary of Borrower or an Affiliate Pledgor.

(c) Except as permitted pursuant to Sections 3.2 or 3.5 and 5.16 and 6.5.2, there are no options, warrants, convertible securities or other rights to acquire any equity interests in Borrower or any other Portfolio Entity.

4.3 Authorization; No Conflict. Borrower has duly authorized, executed and delivered, or has been properly assigned, each Operative Document to which it is a party and neither Borrower's execution and delivery thereof nor its consummation of the transactions contemplated thereby nor its compliance with the terms thereof (a) does or will contravene the constituent documents or any other Legal Requirement applicable to or binding on Borrower or any of its properties, (b) does or will contravene or result in any breach of or constitute any default under, or result in or require the creation of any Lien (other than Permitted Liens) upon any of its properties under, any agreement or instrument to which Borrower is a party or by

which it or any of its properties may be bound or affected or (c) does or will require the consent or approval of any Person, and with respect to any Governmental Authority, does or will require any registration with, or notice to, or any other action of, with or by any applicable Governmental Instrumentality, in each case which has not already been obtained and disclosed in writing to Administrative Agent.

4.4 Enforceability. Each of the Credit Documents and Major Project Documents to which Borrower is a party is a legal, valid and binding obligation of Borrower enforceable against Borrower in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights or by the effect of general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law). Since the Closing Date, none of the Operative Documents to which Borrower is a party has been amended or modified except in accordance with this Agreement.

4.5 Compliance with Law. There are no violations by Borrower, or, to the best knowledge of Borrower, the Member, any Affiliate Pledgor or NRG Energy, of any Legal Requirement which could reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect.

4.6 Contracts, Joint Ventures.

4.6.1 Borrower is not party to nor is it bound by any material contract other than the Credit Documents and Acquisition Documents to which it is a party.

4.6.2 Borrower is not a general partner nor is it a limited partner in any general or limited partnership or a member in any limited liability company.

4.7 Investment Company Act, Etc. Neither Borrower nor the Member nor any Affiliate Pledgor is an investment company or a company controlled by an investment company, within the meaning of the Investment Company Act of 1940, as amended, and neither Borrower nor the Member nor any Affiliate Pledgor is or has

been determined by the Securities and Exchange Commission or any other Governmental Authority to be subject to, or not exempt from, regulation under PUHCA or the FPA (other than as provided by PURPA or as an Exempt Wholesale Generator).

4.8 ERISA. Either (a) there are no ERISA Plans or Multiemployer Plans for any Portfolio Entity or any member of the Controlled Group or (b) (i) each Portfolio Entity and each member of the Controlled Group have fulfilled their obligations (if any) under the minimum funding standards of ERISA and the Code for each ERISA Plan, (ii) each ERISA Plan or Multiemployer Plan is in compliance in all material respects with the currently applicable provisions of ERISA and the Code and (iii) neither any Portfolio Entity nor any Controlled Group member has incurred any liability to the PBGC or any ERISA Plan or Multiemployer Plan under Title IV of ERISA (other than liability for premiums due in the ordinary course). None of any Portfolio Entity's assets constitute assets of an employee benefit plan within the meaning of 29 CFR Section 2510.3-101.

4.9 Permits. With respect to each Approved Project in the case of Sections 4.9.1 and 4.9.2, and with respect to each Funded Working Capital Asset (including each Approved Turbine) in the case of Section 4.9.3:

4.9.1 There are no Permits under existing law as such Approved Project is designed that are or will become Applicable Permits other than the Applicable Permits described in the applicable Permit Schedule. Except as disclosed therein, each Applicable Permit listed in Part I(A) of the applicable Permit Schedule is in full force and effect and is not subject to any current legal proceeding or to any unsatisfied condition that could reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner, and all applicable appeal periods with respect thereto have expired. Each Permit listed in Part II(A) of the applicable Permit Schedule is either (1) timely obtainable at a cost consistent with the applicable Project Budget or Annual Operating Budget, as the case may be, prior to the time the applicable Project Owner requires such Permit and is of a type that is routinely granted upon application and that would not normally be obtained before contemplated by Borrower or the relevant Project Owner or (2) able to be eliminated as an Applicable Permit through the implementation of alternative solutions at a cost consistent with the applicable Project Budget or Annual Operating Budget, as the case may be. No fact or circumstance exists, to the best knowledge of Borrower, which indicates that any Permit identified in Part II(A) of the applicable Permit Schedule shall not be timely obtainable at a cost consistent with the applicable Project Budget or Annual Operating Budget, as the case may be, without material difficulty or delay by the relevant Project Owner before it becomes an Applicable Permit. Each Project Owner with respect to an Approved Project is in compliance in all material respects with all Applicable Permits.

4.9.2 There are no Permits under existing law as such Approved Project is designed that are or will become Applicable Third Party Permits other than the Permits described in the applicable Permit Schedule (or Permits the failure of which to obtain could not reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner). Except as disclosed therein, each Applicable Third Party Permit listed in Part I(B) of the applicable Permit Schedule is in full force and effect and is not subject to current legal proceeding or to any unsatisfied condition that could reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner, and all applicable appeal periods with respect thereto have expired. No fact or circumstance exists, to the best knowledge of Borrower, which indicates that any Applicable Third Party Permit shall not be timely obtainable at a cost consistent with the applicable Project Budget or Annual Operating Budget, as the case may be, without material difficulty or delay by the applicable Major Project Participant before it becomes an Applicable Third Party Permit. To the best knowledge of Borrower, each Major Project Participant is in compliance in all material respects with its respective Applicable Third Party Permits, each

other Major Project Participant possesses all licenses, franchises, patents, copyrights, trademarks and trade names, or rights thereto necessary to perform its duties under the Operative Documents to which it is a party, and such Person is not in violation of any valid rights of others with respect to any of the foregoing which could reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect in respect of the relevant Project Owner.

4.9.3 To the best knowledge of Borrower, each Turbine Purchase Contractor and Material Asset Purchase Contractor possesses all material licenses, franchises, patents, copyrights, trademarks and trade names, or rights thereto necessary to perform its duties under each Turbine Purchase Contract and Material Asset Purchase Contract to which it is a party, and such Turbine Purchase Contractor and Material Asset Purchase Contractor is not in violation of any valid rights of others with respect to any of the foregoing which could reasonably be expected to have a Borrower Material Adverse Effect.

4.10 Intellectual Property. Borrower owns or has the right to use all material patents, trademarks, service marks, trade names, copyrights, licenses and other similar rights, which are necessary for the operation of its business. Except as set forth on Exhibit G-5 hereto, nothing has come to the attention of Borrower to the effect that (a) any material product, process, method, substance, part or other material presently contemplated to be sold by or employed by Borrower in connection with its business will infringe any patent, trademark, service mark, trade name, copyright, license or other right owned by any other Person, (b) there is pending or threatened any claim or litigation against or affecting Borrower contesting its right to sell or use any such product, process, method, substance, part or other material or (c) there is, or there is pending or proposed, any patent, invention, device, application or principle or any statute, law, rule, regulation, standard or code relating to the use of technology or intellectual property by Borrower, in each case which could reasonably have a Borrower Material Adverse Effect or a Project Material Adverse Effect.

4.11 Hazardous Substance.

4.11.1 Except as set forth in Exhibit G-6 hereto: (a) neither any Portfolio Entity nor the Member nor NRG Energy (for the purposes of this Section, the "Subject Companies"), with respect to the Sites, Improvements or other Mortgaged Properties owned or leased by a Portfolio Entity, is or has in the past been in violation of any Hazardous Substance Law which violation could reasonably be expected to result in a material liability to any of the Subject Companies or their respective properties and assets or in an inability of any Portfolio Entity to perform its obligations under any Operative Document; (b) none of the Subject Companies nor, to the best knowledge of Borrower, any third party has used, released, discharged, generated, manufactured, produced, stored, or disposed of in, on, under, or about the Sites, Improvements or other Mortgaged Properties owned or leased by any Portfolio Entity, or transported thereto or therefrom, any Hazardous Substances that could reasonably be expected to subject any Bank to liability or any Subject Company to material liability, under any Hazardous Substance Law; (c) to the best knowledge of Borrower, there are no underground tanks, whether operative or temporarily or permanently closed, located on the Sites, Improvements or other Mortgaged Properties owned or leased by any Portfolio Entity; (d) there are no Hazardous Substances used, stored or present at, on or, to the best knowledge of Borrower, near the Sites, Improvements or other Mortgaged Properties owned or leased by any Portfolio Entity, except in compliance with Hazardous Substance Laws and other Legal Requirements or as disclosed in the Environmental Reports; and (e) to the best knowledge of Borrower, there neither is nor has been any condition, circumstance, action, activity or event that could reasonably be expected to be a material violation by any Subject Company of any Hazardous Substance Law, or to result in liability to any Bank or material liability to any Subject Company under any Hazardous Substance Law.

4.11.2 Except as set forth on Exhibit G-5 hereto or Exhibit G-6 hereto, there is no pending or, to the best knowledge of Borrower, threatened, action or proceeding by any Governmental Authority (including the U.S. Environmental Protection Agency) or any non-governmental third party with respect to the presence or Release of Hazardous Substances in, on, from or to the Sites, Improvements or other Mortgaged Properties owned or leased by any Portfolio Entity.

4.11.3 (a) Except as set forth on Exhibit G-5 hereto or Exhibit G-6 hereto, no Subject Company has knowledge of any past or existing violations of any Hazardous Substances Laws by any Person relating in any way to the Sites, Improvements or other Mortgaged Properties owned or leased by any Portfolio Entity, in each case which could reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect.

4.12 Litigation.

(a) As of the Closing Date, except as set forth on Exhibit G-5 hereto, there are no pending or, to the best knowledge of Borrower, threatened actions or proceedings of any kind, including actions or proceedings of or before any Governmental Authority, to which Borrower, any Affiliate Pledgor or the Member or an Identified Project, Approved Project or Acquisition Plant is a party or is subject, or by which any of them or any of their properties or an Identified Project, Approved Project or Acquisition Plant are bound.

(b) As of the Closing Date, except as set forth on Exhibit G-5 hereto, there are no pending or, to the best knowledge of Borrower, threatened actions or proceedings of any kind (including actions or proceedings of or before any Governmental Authority) to which NRG Energy or, to the best knowledge of Borrower, any other Major Project Participants is a party or is subject, or by which any of them or any of their properties are bound, which if adversely determined to or against NRG Energy, the Member or any Affiliate Pledgor or any other Major Project Participant could reasonably be expected to have a Sponsor Material Adverse Effect or a Borrower Material Adverse Effect.

(c) After the Closing Date, there are no pending or, to the best knowledge of Borrower, threatened actions or proceedings of any kind, including actions or proceedings of or before any Governmental Authority, to which Borrower, the Member, any Affiliate Pledgor or NRG Energy is a party or is subject, or by which any of them or any of their properties are bound which have not been disclosed by Borrower to Administrative Agent in accordance with, and to the extent required by, Section 5.3.

4.13 Labor Disputes and Acts of God. Neither the business nor the properties of Borrower, the Member, any Affiliate Pledgor or NRG Energy, or, to the best knowledge of Borrower, any other Major Project Participant are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy, or other casualty (whether or not covered by insurance), which could reasonably be expected to have a Borrower Material Adverse Effect.

4.14 Project Documents. Except as permitted by Section 3.2.6(t) or 3.5.7(u), copies of all of the Project Documents and Turbine Purchase Contracts and Material Asset Purchase

Contracts in effect with respect to the Approved Projects, Funded Working Capital Assets and Acquisitions, as the case may be, as of such date have been delivered to Administrative Agent by Borrower.

4.15 Disclosure. Neither this Agreement nor any certificate or other documentation (other than the Project Budgets, the Annual Operating Budgets, the Maintenance Budgets and the Base Case Project Projections) furnished to Administrative Agent, the Lead Arranger or the Technical Committee, or to any consultant submitting a report to Administrative Agent, the Lead Arranger or the Technical Committee, by or, to the best knowledge of Borrower, on behalf of NRG Energy or the Member in connection with the transactions contemplated by this Agreement or the Project Documents or the design, description, testing or operation of an Acquisition, Approved Project or an Approved Turbine, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading under the circumstances in which they were made at the time such statements are made. As of the Closing Date, there is no fact known to Borrower which has had or could reasonably be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect which has not been set forth in this Agreement or in the other documents, certificates and written statements furnished to Administrative Agent and/or the Independent Consultants, by or on behalf of Borrower in connection with the transactions contemplated hereby.

4.16 Private Offering by Borrower. Assuming that Banks are acquiring the Notes for investment purposes only, and not for purposes of resale or distribution thereof except for assignments or participations as provided in Sections 9.13 and 9.14, no registration of the Notes under the Securities Act of 1933, as amended, or under the securities laws of the State of New York, or any other state in which an Approved Project, Funding Working Capital Asset or Acquisition is located is required in connection with the offering, issuance and sale of the Notes hereunder. Neither Borrower nor anyone acting on its behalf has taken, or will take, any action which would subject the issuance or sale of the Notes to Section 5 of the Securities Act of 1933, as amended.

4.17 Taxes. All tax returns and reports of the Member, each Affiliate Pledgor and Borrower required to be filed by any such Person have been timely filed, and all taxes required to be paid with respect to such tax returns to be due and payable and all material assessments, utility charges, fees and other governmental charges upon the Member, each Affiliate Pledgor and Borrower and upon their respective properties, assets, income, businesses and franchises which are due and payable have been paid when due and payable, other than those taxes, assessments, fees and charges being contested in good faith and by appropriate proceedings and for which reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefor. Borrower knows of no proposed tax assessment against NRG Energy, the Member, Borrower, any Affiliate Pledgor or any Portfolio Entity which could reasonably be expected to have a Borrower Material Adverse Effect that is not being actively contested by such Person in good faith and by appropriate proceedings and for which reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall not have been made or provided therefor. For federal income tax purposes, Borrower is a limited liability company and not an association taxed as a corporation.

4.18 Governmental Regulation. Except to the extent that the FPA or PUHCA is applicable to Borrower solely by reason of Borrower being an Exempt Wholesale Generator or the owner of a Qualifying Facility, none of Borrower, the Member, any Affiliate Pledgor, Administrative Agent, or any Bank, nor any Affiliate of any of them will, solely as a result of the construction, ownership, leasing or operation of any Identified Project or Non-Identified Project or any Turbine, the sale of electricity, capacity or ancillary services therefrom or the entering into any Operative Document or any transaction contemplated hereby or thereby, be subject to, or not exempt from, regulation under the FPA or PUHCA or under state laws and regulations respecting the rates or the financial or organizational regulation of electric utilities. Borrower is not subject to regulation under any Governmental Rule as to securities, rates or financial or organizational matters that would preclude the making or repayment of any Loans, or the incurrence by Borrower of any of the Obligations or the execution,

delivery and performance by Borrower of the Operative Documents to which it is a party. Borrower will not be deemed by any Governmental Authority having jurisdiction to be subject to financial, organizational or rate regulation as an "electric utility," "electric corporation," "electrical company," "public utility," "public utility holding company" or any similar Person under any existing law, rule or regulation of any Governmental Authority.

4.19 Margin Stock. Borrower is not engaged principally, or as one of its principal activities, in the business of extending credit for the purpose of "buying", "carrying" or "purchasing" margin stock (as defined in Regulations T, U or X of the Federal Reserve Board), and no part of the proceeds of the Loans or the Project Revenues or the proceeds of any loans made under any Intercompany Loan Agreement will be used by Borrower to buy, carry or purchase any such margin stock or to extend credit to others for the purpose of "buying", "carrying" or "purchasing" any such margin stock or for any other purpose which violates the provisions of the regulations of the Federal Reserve Board.

4.20 Budgets; Projections. Borrower has prepared the Project Budgets, the Annual Operating Budgets, the Maintenance Budgets (to the extent applicable) and the Base Case Project Projections and is responsible for developing the assumptions on which the Project Budgets, the Annual Operating Budgets, the Maintenance Budgets (to the extent applicable) and the Base Case Project Projections are based; and the Project Budgets, the Annual Operating Budgets, the Maintenance Budgets (to the extent applicable) and the Base Case Project Projections for the Identified Projects, the Approved Projects and Acquisitions (a) as of the date delivered, updated or supplemented are based on reasonable assumptions (including as to all legal and factual matters material to the estimates set forth therein), (b) as of the date delivered, updated or supplemented are consistent with the provisions of the Project Documents in effect as of such date and (c) as of the date delivered, updated or supplemented indicate that the estimated Project Costs with respect to such Project or Acquisition, as the case may be, will not exceed funds available (including Committed Equity Funds) to pay Project Costs with respect to such Project or Acquisition, as the case may be. In the reasonable opinion of Borrower, as of the date delivered, updated or supplemented, the textual material accompanying the Base Case Project Projections for the Identified Projects, the Approved Projects and Acquisitions discloses all information reasonably necessary for an understanding of the Base Case Project Projections, and does not contain any material misstatements or omit any information which, in conjunction with other information given, would be necessary to make such information not materially misleading. Lead Arranger, Arrangers, the Technical Committee and Banks acknowledge that

the Project Budgets, the Annual Operating Budgets, the Maintenance Budgets (to the extent applicable) and the Base Case Project Projections, in so far as the Project Budgets, the Annual Operating Budgets, the Maintenance Budgets (to the extent applicable) and the Base Case Project Projections relate to future events, cannot be viewed as fact and that actual results during the period or periods specified therein may differ from the budgeted or projected results set forth therein.

4.21 Financial Statements. In the case of each financial statement and accompanying information delivered by Borrower hereunder (including financial statements of the Portfolio Entities, NRG Energy, the Member, any Affiliate Pledgor and any Affiliated Major Project Participants delivered pursuant to Sections 3.1.14, 3.2.19, 3.5.20 and 5.4, but excluding any financial statements of any Major Project Participant which is not an Affiliate of NRG Energy), each such financial statement and information shall have been prepared in conformity with GAAP and fairly present, in all material respects, the financial position (on a consolidated and, where applicable, consolidating basis) of the Persons described in such financial statements as at the respective dates thereof and the results of operations and cash flows (on a consolidated and, where

applicable, consolidating basis) of the Persons described therein for each of the periods then ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year-end adjustments. Except for obligations under the Operative Documents to which it is a party, Borrower does not (and will not following the funding of the initial Loans) have any contingent obligations, unmatured liabilities, contingent liability or liability for taxes, long-term lease or forward or long-term commitment that is not reflected in the foregoing financial statements or the notes thereto and which in any such case is material in relation to the business, operations, properties, assets, financial condition or prospects of Borrower and the other Portfolio Entities taken as a whole.

4.22 Existing Defaults. Borrower is not in default under any material term of any Operative Document relating to the Approved Projects, the Funded Working Capital Assets or the Acquisitions or any agreement relating to any obligation of Borrower for or with respect to borrowed money. To the best knowledge of Borrower, no other party to any Operative Document is in default thereunder, which default could reasonably be expected to have a Borrower Material Adverse Effect.

4.23 Offices, Location of Collateral.

4.23.1 The chief executive office or chief place of business (as such term is used in Article 9 of the Uniform Commercial Code as in effect in each state where the Collateral is located and the State of New York from time to time) of Borrower and each Portfolio Entity is set forth in Schedule 4.23 hereto (as such schedule may be supplemented from time to time by 30 days' notice to Administrative Agent pursuant to Section 6.15). Borrower's federal employer identification number is 41-1006241 and each of the other Portfolio Entities' federal employer numbers are set forth in Schedule 4.23 hereto (as so supplemented) or as otherwise delivered to Administrative Agent in connection with the satisfaction of the requirements for initial funding of Development Loans or Working Capital Loans under Section 3.2, 3.4 or 3.5, as the case may be.

4.23.2 With respect to each Approved Project, Funded Working Capital Asset or Acquisition, all of the tangible Collateral (other than the Accounts, Mortgaged Properties and general intangibles) related thereto, is, or when acquired or installed pursuant to the Project Documents will be, located in a jurisdiction where a properly completed financing statement has been filed with the appropriate filing office for the creation of a security interest therein or at the address set forth in Schedule 4.23 hereto (as such schedule may be supplemented from time to time by 30 days' notice to Administrative Agent).

4.23.3 The location of Borrower's books of accounts and records is set forth in Schedule 4.23 hereto (as such schedule may be supplemented from time to time by 30 days' notice to Administrative Agent).

4.24 Title and Liens.

(a) With respect to the properties and assets attributable to the Initial Contribution, Borrower with respect to such properties and assets has good, and with respect to real property, marketable and insurable title to such properties and assets, in each case free and clear of all Liens, encumbrances or other exceptions to title other than Permitted Liens.

(b) Except as contemplated by Sections 3.2 or 3.5 and 5.16, (i) each Project Owner is a direct or indirect wholly-owned Subsidiary of NRG Energy and (A) Borrower or (B) an Affiliate Pledgor, (ii) each Project Owner owns 100% of its respective Identified Project or Non-Identified Project and (iii) each Project Owner holds title to only one Identified Project or Non-Identified Project or one Approved Turbine and any Funded Working Capital Assets related thereto.

(c) The Lien of the Collateral Documents constitutes a valid lien on all Collateral comprising the Initial Contribution. The Lien of the Collateral Documents constitutes a first priority perfected security interest in all the personal property relating to the Initial Contribution, subject to no Liens except (i) Permitted Liens described in clauses (a), (b) and (e) of the definition thereof and (ii) to the extent required by Governmental Rule, clauses (c) and (g) of the definition of "Permitted Liens".

(d) The Lien of the Collateral Documents (to the extent then existing) constitutes a valid lien on all Collateral relating to the Approved Projects, the Funded Working Capital Assets and any other asset (including any Acquisition Plants) acquired with the proceeds of any Loan. The Lien of the Collateral Documents (to the extent then existing) constitutes a valid and subsisting first priority Lien of record on all the Mortgaged Properties relating to the Approved Projects and Acquisition Plants described in the Deeds of Trust or Mortgages, as the case may be (to the extent required pursuant to Article 3 and Section 5.12.3), and, a first priority perfected security interest in all the personal property relating to the Approved Projects, the Funded Working Capital Assets and the other assets described in the Collateral Documents, subject to no Liens except (i) Permitted Liens described in clauses (a), (b) and (e) of the definition thereof, (ii) to the extent required by Governmental Rule, clauses (c) and (g) of the definition of "Permitted Liens" and (iii) Permitted Encumbrances.

4.25 Collateral. The security interests granted to Administrative Agent, for the benefit of Secured Parties, pursuant to the Collateral Documents in the Collateral related to the Initial Contribution, the Approved Projects, the Funded Working Capital Assets and the other assets described in such Collateral Documents (a) constitute as to personal property included in the Collateral and, with respect to subsequently acquired personal property included in the Collateral, will constitute, a perfected security interest under the UCC to the extent a security interest can be perfected by filing or, in the case of the Accounts, and the Pledged Equity Interests (the Pledged Equity Interests being "certificated securities" as defined in Article 8 of the UCC), by possession by or on behalf of the secured party and (b) are, and, with respect to such subsequently acquired personal property, will be, as to Collateral related to the Initial Contribution, the Approved Projects, the Funded Working Capital Assets and the other assets described in such Collateral Documents perfected under the UCC as aforesaid, superior and prior to the rights of all third Persons now existing or hereafter arising whether by way of mortgage, lien, security interests, encumbrance, assignment or otherwise. Except to the extent possession of portions of such Collateral is required for perfection, all such action as is necessary has been taken to establish and perfect Administrative Agent's, for the benefit of Secured Parties, rights in and to such Collateral to the extent Administrative Agent's, for the benefit of Secured Parties, security interest can be perfected by filing, including any recording, filing, registration, giving of notice or other similar action. No filing, recordation, re-filing or re-recording other than those listed on Exhibit D-5 hereto (as the same may be supplemented pursuant to Article 3 from time to time) is necessary to perfect and maintain the perfection of the interest, title or Liens of the Collateral Documents related to the Initial Contribution, the Approved Projects, the Funded Working Capital Assets and the other assets described in such Collateral Documents, and all such filings or recordings will have been made to the extent Administrative Agent's, for the benefit of Secured Parties, security interest can be perfected by filing. The Member, each Affiliate Pledgor and each Portfolio Entity has properly delivered or caused to be delivered to Administrative Agent all such Collateral that requires perfection of the Lien and security interest described above by possession.

ARTICLE 5.
AFFIRMATIVE COVENANTS OF BORROWER

Borrower covenants and agrees that, so long as any of the Commitments shall remain in effect and until payment and performance in full of all of the Loans

and Obligations, Borrower will perform, and, to the extent specified below, will cause each of the other Portfolio Entities, all covenants set forth in this Article 5.

5.1 Use of Proceeds and Revenues.

5.1.1 Proceeds. Unless otherwise applied by Administrative Agent pursuant to this Agreement, Borrower shall (a) deposit the proceeds of the Loans advanced hereunder and the Contributions made pursuant to Section 3.9 in the relevant Development Sub-Accounts, (b) hold such proceeds as a trust fund for the payment of Project Costs and other expenditures permitted hereunder, (c) subject to the following clause and sentence, use them solely to pay Project Costs for Approved Projects and Acquisitions and for working capital purposes in accordance with the terms hereof, and (d) loan such proceeds to any Project Owner which is not a Subsidiary of Borrower pursuant to an Intercompany Loan Agreement (Borrower), provided

that, in the case of clause (d), such loans are subordinate to the prior payment in full in cash of the Obligations in a manner satisfactory to the Technical Committee (provided that such subordination shall only be in effect so long as the relevant Project Owner is a party to a Project Owner Guaranty which has not been terminated pursuant to Section 9.13 thereof); provided, however, that Working Capital Loans shall only be used (i) by Borrower and Project Owners, (ii) for working capital purposes in respect of any Approved Project which has achieved Provisional Acceptance and (iii) to make progress payments in respect of, or to otherwise acquire, any Approved Turbine. Notwithstanding anything to the contrary herein (but subject to Section 6.6), Borrower may also use the proceeds of any Loan advanced hereunder to fund one or more Restricted Payments to the Member, any Affiliate Pledgor or NRG Energy, provided that the aggregate amount of such Restricted Payments shall not exceed the aggregate amount of Contributions made by the Member, any Affiliate Pledgor or NRG Energy to Borrower in accordance with Section 3.9 (exclusive of any such Contributions which were made (A) for the purpose of providing Borrower with sufficient Available Development Funds to cause the timely Completion of the Approved Projects in accordance with, and pursuant to, Section 3.3.2(iii)(B) or (B) contemplated by Section 2.1.8(c)).

5.1.2 Revenues. With respect to each Approved Project and any other asset acquired with the proceeds of a Loan, unless otherwise applied by Administrative Agent pursuant to Article 7 and the terms of the Depositary Agreement, Borrower shall (a) deposit all Project Revenues received by or due to Borrower (other than Insurance Proceeds, Eminent Domain Proceeds and damage payments described in Section 2.2.2 of the Depositary Agreement) received prior to Completion of such Approved Project in the relevant Development Sub-Account for application toward Project Costs and otherwise for application as set forth in Section 2.1.3 of the Depositary Agreement, (b) deposit all Project Revenues received by or due to Borrower (other than Insurance Proceeds, Eminent Domain Proceeds and damage payments described in Sections 2.1.2, 2.3 and 2.7 of the Depositary Agreement) received after Completion of such Approved Project in the Revenue Account for application solely for the purposes and in the order and manner provided in Section 2.2.3 of the Depositary Agreement, (c) deposit all Insurance Proceeds and Eminent Domain Proceeds described in Section 2.3.2 of the Depositary Agreement received at any time in the Loss Proceeds Account for application solely for the purposes, and in the order and manner, provided in Sections 2.3.3, 2.3.4 and 2.3.5 of the Depositary Agreement and (d) deposit all proceeds received by Borrower pursuant to an Intercompany Loan Agreement (Affiliate) in the Revenue Account in accordance with Section 2.2.2 of the Depositary Agreement and apply such proceeds in the manner provided in Section 2.2.3 of the Depositary Agreement.

5.2 Payment. Borrower shall pay all sums due under this Agreement and the other Credit Documents to which it is a party according to the terms hereof and

thereof.

5.3 Notices. Borrower shall promptly, upon acquiring notice or giving notice, as the case may be, or obtaining knowledge thereof, give written notice (with copies of any such underlying notices) to Administrative Agent of:

5.3.1 Any litigation pending or, to the best knowledge of Borrower, threatened against Borrower, the Member, any Affiliate Pledgor or NRG Energy and involving claims against any such Person in excess of $500,000 (or, in the case of NRG Energy, $25,000,000) in

the aggregate per year or involving any injunctive, declaratory or other equitable relief, such notice to include, if reasonably requested by Administrative Agent, copies of all papers filed in such litigation and to be given monthly if any such papers have been filed since the last notice given;

5.3.2 Any dispute or disputes which may exist between Borrower, the Member, any Affiliate Pledgor or NRG Energy and any Governmental Authority and which involve (a) claims against any such Person which exceed $500,000 (or, in the case of NRG Energy, $25,000,000) the aggregate per year, (b) injunctive or declaratory relief, or (c) any Liens (other than Permitted Liens) relating to an Approved Project, Acquisition Plant or a Funded Working Capital Asset for taxes due but not paid;

5.3.3 Any Event of Default, Inchoate Default, Project Default or Project Inchoate Default;

5.3.4 Any casualty, damage or loss, whether or not insured, through fire, theft, other hazard or casualty, or any act or omission of Borrower, its employees, agents, contractors, consultants or representatives, or of any other Person if such casualty, damage or loss affects Borrower, in excess of $1,000,000 for any one casualty or loss or $5,000,000 in the aggregate in any policy period;

5.3.5 Any cancellation, suspension or material change in the terms, coverage or amounts of any insurance described in Exhibit K hereto;

5.3.6 Any matter which has had, or, in Borrower's reasonable judgment, could reasonably be expected to have, a Borrower Material Adverse Effect or a Project Material Adverse Effect, including any PUC or FERC proceedings affecting any Acquisition or Approved Project which, if adversely determined, reasonably could be expected to have a Borrower Material Adverse Effect or a Project Material Adverse Effect;

5.3.7 Any act by Borrower to become a surety, guarantor, endorser or accommodation endorser for a third party other than endorsement of negotiable instruments for collection purposes or Permitted Debt;

5.3.8 Promptly, but in no event later than 30 days prior to the time any Person will become an equity holder of Borrower or the occurrence of any other change in or transfer of ownership interests in Borrower notice thereof, which notice shall identify such Person and such Person's interest in Borrower and shall describe, in reasonable detail, such other change or transfer;

5.3.9 Any material notices delivered to or received from any Person (other than a Portfolio Entity) under any Project Document relating to an Approved Project, an Approved Turbine or an Acquisition Document.

5.3.10 Any downgrade by Moody's or S&P in the credit rating(s) of NRG Energy, the Member or Borrower, or any credit rating assigned to the Loans and transactions contemplated hereby.

5.4 Financial Statements.

5.4.1 Unless Administrative Agent otherwise consents, Borrower shall deliver or cause to be delivered to Administrative Agent, in form and detail reasonably satisfactory to Administrative Agent:

(a) As soon as practicable and in any event within 60 days after the end of the first, second and third quarterly accounting periods of its fiscal year (commencing with the quarter ending March 31, 2001), an unaudited balance sheet of NRG Energy, Borrower and each Project Owner which owns an Approved Project which has achieved Provisional Acceptance, and, to the extent reasonably requested by the Technical Committee, the other Project Owners, as of the last day of such quarterly period and the related statements of income, cash flows, and partners' capital (where applicable) for such quarterly period and (in the case of second and third quarterly periods) for the portion of the fiscal year ending with the last day of such quarterly period, setting forth in each case in comparative form corresponding unaudited figures from the preceding fiscal year (such requirement may be satisfied with respect to any Person by delivery of the appropriate Form 10-Q filed with the Securities and Exchange Commission);

(b) As soon as available but no later than 60 days after the end of the second and fourth quarterly accounting periods of its fiscal year (commencing with the quarter ending March 31, 2001), unaudited financial statements of each Affiliated Major Project Participant, including a statement of equity, a balance sheet as of the close of such year, an income and expense statement, reconciliation of capital accounts and a statement of sources and uses of funds, setting forth in each case in comparative form corresponding unaudited figures from the preceding fiscal year (such requirement may be satisfied with respect to any Person by delivery of the appropriate Form 10-Q filed with the Securities and Exchange Commission); and

(c) As soon as available but no later than 120 days after the close of each applicable fiscal year, audited financial statements of NRG Energy, Borrower and each Project Owner which owns an Approved Project which has achieved Provisional Acceptance, and, to the extent reasonably requested by the Technical Committee, the other Project Owners and (in lieu of any financial statements to be provided pursuant to clause (b) above and only if reasonably requested by the Technical Committee) any Affiliated Major Project Participant, including a statement of equity, a balance sheet as of the close of such year, an income and expense statement, reconciliation of capital accounts and a statement of sources and uses of funds, all prepared in accordance with GAAP and in the case of audited financial statements, certified by an independent certified public accountant selected by the Person whose financial statements are being prepared and satisfactory to Administrative Agent. Such certificate for each Portfolio Entity, each Affiliated Major Project Participant (to the extent applicable) and NRG Energy shall not be qualified or limited because of restricted or limited examination by such accountant of any material portion of the records of the applicable Person. Such requirement may be satisfied with respect to any Person by delivery of the appropriate Form 10-K filed with the Securities and Exchange Commission.

(d) Each time the financial statements are delivered under Section 5.4.1(a), (b) or (c) above for the Portfolio Entities, each Affiliate Pledgor, the Member,

NRG Energy and each Affiliated Major Project Participant, deliver or cause to be delivered, along with such financial statements, a certificate signed by a Responsible Officer of such Person, certifying that such officer has made or caused to be made a review of the transactions and financial condition of such

Person during the relevant fiscal period and that such review has not, to the best of such Responsible Officer's knowledge, disclosed the existence of any event or condition which constitutes an Event of Default or Inchoate Default (or, in the case of the Portfolio Entities, a Project Default or Project Inchoate Default), or if any such event or condition existed or exists, the nature thereof and the corrective actions that such Person has taken or proposes to take with respect thereto, and also certifying that such Person is in compliance with all applicable material provisions of each Credit Document to which such Person is a party or, if such is not the case, stating the nature of such non-compliance and the corrective actions which such Person has taken or proposes to take with respect thereto.

5.5 Books, Records, Access. Borrower shall maintain or cause to be maintained adequate books, accounts and records and prepare all financial statements required hereunder in accordance with GAAP and in compliance with the regulations of any Governmental Authority having jurisdiction thereof.

5.6 Compliance with Laws, Instruments, Etc. Borrower shall comply, or cause compliance, in all material respects, with all Legal Requirements relating to Borrower, including Legal Requirements relating to pollution control, environmental protection, equal employment opportunity or employee benefit plans, ERISA Plans, Mutliemployer Plans and employee safety.

5.7 Reports. With respect to each Approved Project, Borrower shall:

5.7.1 Deliver to Administrative Agent on the last Banking Day of each month (if any) prior to Final Acceptance of such Approved Project in which no Loan is made to such Approved Project a certificate of an authorized officer of Borrower as to the matters required by Section 3.3.2 in respect of such Approved Project, substantially in the form of the Development Drawdown Certificate.

5.7.2 Provide to Administrative Agent promptly upon request such reports, statements, lists of property, accounts, budgets, forecasts and other information concerning such Approved Project or Turbine and, to the extent reasonably available, the Major Project Participants and at such times as Administrative Agent shall reasonably require, including such reports and information as are reasonably required by the Independent Consultants.

5.7.3 Within 30 days of the end of each fiscal year after the Closing Date, deliver to Administrative Agent a certificate, substantially in the form of Exhibit I hereto, and otherwise in form and substance satisfactory to Administrative Agent in consultation with the Insurance Consultant, certifying that the insurance requirements set forth in Exhibit K hereto have been implemented and are being complied with in all material respects.

5.8 Existence, Conduct of Business, Properties, Etc. Except as otherwise expressly permitted under this Agreement, Borrower shall (a) maintain and preserve its existence as a limited liability company formed under the laws of the State of Delaware and all material rights, privileges and franchises necessary or desirable in normal conduct of its business, (b) engage

only in the business contemplated by the Operative Documents and (c) perform all of its contractual obligations under the Credit Documents.

5.9 Calculation of Ratios.

5.9.1 For purposes of this Agreement (including Article 3 and Sections 6.4.2 and 6.6.1 hereof), each Project Owner Guaranty and each other Credit Document, Borrower shall, and shall cause each Portfolio Entity to, calculate the Deemed Debt Service Coverage Ratios, the Historical Debt Service Coverage Ratios, the Projected Debt Service Coverage Ratios and the Interest Coverage Ratios (a) without taking into account the EBITDA and Project Revenues produced

by an Approved Project in respect of which a Project Default or Project Inchoate Default shall have occurred and be continuing, (b) in a manner which is consistent with and supported by the conclusions set forth in the most recently delivered Independent Consultants' reports and (c) with respect to any calculation of a Deemed Debt Service Coverage Ratio, in a manner which is consistent with and supported by the most recently delivered Base Case Project Projections.

5.9.2 (a) In connection with the making of an initial Development Loan for a Subject Project or a Subject Acquisition or the release of the Liens of the Collateral Documents in respect of an Approved Project, Borrower shall deliver a properly completed Ratio Election Certificate, in substantially the form of Exhibit F-9 hereto, pursuant to which Borrower shall elect a ratio of non-recourse loans to capitalization (the "Applicable Development Loan Ratio") for (i) with respect to any elections made pursuant to Section 3.2.28, the relevant Subject Project and all Approved Projects, (ii) with respect to any elections made pursuant to Section 3.5.27, the relevant Subject Acquisition and all Approved Projects and (iii) with respect to any elections made pursuant to Section 6.4.2(a)(iii), all Approved Projects (other than the Approved Project which is proposed to be released). Such elected Applicable Development Loan Ratio shall be equal to or lower than the Deemed Development Loan Ratio in effect immediately after giving effect to the proposed initial funding or release, as the case may be.

(b) Without limiting anything set forth in clause (a) above, with respect to any Subject Project or Approved Project which was initially funded after the satisfaction of the conditions precedent set forth in Section 3.2 and (in each case) which is an Identified Project, Borrower may elect any such Applicable Development Loan Ratio only if it demonstrates to the reasonable satisfaction of the Technical Committee that (as of such initial funding date or release date, as the case may be and based in part on the proposed Applicable Development Loan Ratios) the minimum and average projected annual Deemed Debt Service Coverage Ratios for such Subject Project or such Approved Project, as the case may be, satisfy the requirements set forth in Section 3.2.21(c).

(c) Without limiting anything set forth in clause (a) or (b) above, with respect to any Subject Project or Approved Project which was initially funded after the satisfaction of the conditions precedent set forth in Section 3.2 and (in each case) which is a Non-Identified Project, Borrower may elect any such Applicable Development Loan Ratio only if it demonstrates to the reasonable satisfaction of the Technical Committee that (as of such initial funding date or release date, as the case may be and based in part on the proposed Applicable Development Loan Ratios) the minimum and average projected annual Deemed Debt

Service Coverage Ratios for such Subject Project or such Approved Project, as the case may be, satisfy the requirements set forth in 3.2.21(d).

(d) Without limiting anything set forth in clause (a), (b) or (c) above, with respect to any Subject Acquisition or Approved Project which was initially funded after the satisfaction of the conditions precedent set forth in Section 3.5, Borrower may elect any such Applicable Development Loan Ratio only if it demonstrates to the reasonable satisfaction of the Technical Committee that (as of such initial funding date or release date, as the case may be and based in part on the proposed Applicable Development Loan Ratios) the minimum and average projected annual Deemed Debt Service Coverage Ratios for such Subject Acquisition or such Approved Project, as the case may be, satisfy the requirements set forth in 3.5.22(c).

5.10 Indemnification.

5.10.1 Borrower shall, and shall cause each other Portfolio Entity to, indemnify, defend and hold harmless Lead Arranger, Arrangers, Administrative

Agent, each member of the Technical Committee and each Bank, and in their capacities as such, their respective officers, directors, shareholders, controlling Persons, employees, agents and servants (collectively, the "Indemnitees") from and against and reimburse the Indemnitees for:

(a) any and all claims, obligations, liabilities, losses, damages, injuries (to Person, property, or natural resources), penalties, stamp or other similar taxes, actions, suits, judgments, costs and expenses (including reasonable attorney's fees) of whatever kind or nature, whether or not well founded, meritorious or unmeritorious, demanded, asserted or claimed against any such Indemnitee (collectively, "Subject Claims") in any way relating to, or arising out of or in connection with this Agreement, the other Operative Documents, any Identified Project or Non-Identified Project, any Acquisition, any Approved Project or any Funded Working Capital Asset, except for claims by a Portfolio Entity against an Indemnitee that are in whole or in part successful;

(b) any and all Subject Claims arising in connection with the release or presence of any Hazardous Substances at any Identified Project, Non-Identified Project and Approved Project, whether foreseeable or unforeseeable, including all costs of removal and disposal of such Hazardous Substances, all reasonable costs required to be incurred in (i) determining whether any Identified Project, Non-Identified Project and Approved Project is in compliance and (ii) causing each Identified Project, Non-Identified Project and Approved Project to be in compliance, with all applicable Legal Requirements, all reasonable costs associated with claims for damages to Persons or property, and reasonable attorneys' and consultants' fees and court costs; and

(c) any and all Subject Claims in any way relating to, or arising out of or in connection with any claims, suits, liabilities against any Portfolio Entity, the Member, NRG Energy or any of their Affiliates.

5.10.2 The foregoing indemnities shall not apply with respect to an Indemnitee, to the extent arising as a result of the gross negligence or willful misconduct of such Indemnitee, but shall continue to apply to other Indemnitees.

5.10.3 The provisions of this Section 5.10 shall survive foreclosure of the Collateral Documents and satisfaction or discharge of the Portfolio Entities obligations hereunder and under the other Credit Documents, and shall be in addition to any other rights and remedies of Lead Arranger, Arrangers, the Technical Committee, Administrative Agent and any Bank.

5.10.4 In case any action, suit or proceeding shall be brought against any Indemnitee, such Indemnitee shall notify Borrower of the commencement thereof, and Borrower shall be entitled, at its expense, acting through counsel reasonably acceptable to such Indemnitee, to participate in, and, to the extent that Borrower desires, to assume and control the defense thereof. Such Indemnitee shall be entitled, at its expense, to participate in any action, suit or proceeding the defense of which has been assumed by Borrower. Notwithstanding the foregoing, Borrower shall not be entitled to assume and control the defenses of any such action, suit or proceedings if and to the extent that, in the reasonable opinion of such Indemnitee and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability upon such Indemnitee or a conflict of interest between such Indemnitee and Borrower or between such Indemnitee and another Indemnitee (unless such conflict of interest is waived in writing by the affected Indemnitees), and in such event (other than with respect to disputes between such Indemnitee and another Indemnitee) Borrower shall pay the reasonable expenses of such Indemnitee in such defense.

5.10.5 Borrower shall report to such Indemnitee on the status of such action, suit or proceeding as material developments shall occur and from time to time as requested by such Indemnitee (but not more frequently than every 60 days). Borrower shall deliver to such Indemnitee a copy of each document filed or served on any party in such action, suit or proceeding, and each material

document which Borrower possesses relating to such action, suit or proceeding.

5.10.6 (a) Notwithstanding Borrower's rights hereunder to control certain actions, suits or proceedings, if any Indemnitee reasonably determines that failure to compromise or settle any Subject Claim made against such Indemnitee is reasonably likely to have an imminent material adverse effect on such Indemnitee or a Borrower Material Adverse Effect, such Indemnitee shall be entitled (and Borrower shall cause other relevant Portfolio Entity to agree to the same) to compromise or settle such Subject Claim.

(b) Notwithstanding Borrower's rights hereunder to control certain actions, suits or proceedings, if the Required Banks reasonably determine that failure to compromise or settle any Subject Claim made against such Indemnitee is reasonably likely to have an imminent Borrower Material Adverse Effect or a Project Material Adverse Effect, such Indemnitee or the Required Banks, as the case may be, shall provide Borrower with written notice of a proposed compromise or settlement of such claim specifying in detail the nature and amount of such proposed settlement or compromise. Borrower (and any other relevant Portfolio Entity) shall be deemed to have approved such proposed compromise or settlement unless, within 30 days after the date Borrower receives such notice of intended compromise or settlement, Borrower provides such Indemnitee or the Required Banks, as the case may be, with (i) a written legal analysis from counsel reasonably acceptable to such Indemnitee or Required Banks, as the case may be, reasonably concluding that, based on the magnitude of the Subject

Claim, the legal basis for such Subject Claim, and/or the cost of defending such Subject Claim, the amount of such proposed settlement or compromise is not within a reasonable range of settlements or compromises for such Subject Claim, and indicating, based on such factors, such counsel's view as to the appropriate amount of a reasonable settlement or compromise for such Subject Claim (the "Settlement Amount"). If the Indemnitee or the Required Banks, as the case may be, receives such legal analysis required by this Section within such 30-day period, the Indemnitee or the Required Banks, as the case may be, may elect to settle or compromise such Subject Claim and Borrower shall be responsible for the payment of all amounts of such compromise or settlement up to 125% of the Settlement Amount, such Indemnitee shall be responsible for payment of all amounts of such compromise or settlement in excess of such 125% limit and such compromise or settlement shall be binding upon Borrower. If Borrower does not provide such legal analysis within such period, or if such legal analysis is not reasonable, in the reasonable determination of such Indemnitee or the Required Banks, as the case may be, such Indemnitee may settle or compromise such Subject Claim (and Borrower shall cause any other relevant Portfolio Entity to agree to the same) and shall be fully indemnified by Borrower therefor. Such Indemnitee or the Required Banks, as the case may be, shall not otherwise settle or compromise any such Subject Claim other than at its own expense.

5.10.7 Upon payment of any Subject Claim by Borrower pursuant to this Section 5.10 or other similar indemnity provisions contained herein to or on behalf of an Indemnitee, Borrower, without any further action, shall be subrogated to any and all claims that such Indemnitee may have relating thereto, and such Indemnitee shall cooperate with Borrower and give such further assurances as are necessary or advisable to enable Borrower vigorously to pursue such claims.

5.10.8 Any amounts payable by Borrower pursuant to this Section 5.10 shall be regularly payable within 30 days after Borrower receives an invoice for such amounts from any applicable Indemnitee, and if not paid within such 30-day period shall bear interest at the Default Rate.

5.10.9 Notwithstanding anything to the contrary set forth herein, Borrower shall not, in connection with any one legal proceeding or claim, or

separate but related proceedings or claims arising out of the same general allegations or circumstances, in which the interests of the Indemnitees do not materially differ, be liable to the Indemnitees (or any of them) under any of the provisions set forth in this Section 5.10 for the fees and expenses of more than one separate firm of attorneys (which firm shall be selected by the affected Indemnitees, or upon failure to so select, by Administrative Agent).

5.10.10 If, for any reason whatsoever, the indemnification provided under this Section 5.10 is unavailable to any Indemnitee or is insufficient to hold it harmless to the extent provided in this Section 5.10, then provided such payment is not prohibited by or contrary to any applicable Governmental Rule, Legal Requirement or public policy, Borrower shall contribute to the amount paid or payable by such Indemnitee as a result of the Subject Claim in such proportion as is appropriate to reflect the relative economic interests of Borrower and its Affiliates on the one hand, and such Indemnitee on the other hand, in the matters contemplated by this Agreement as well as the relative fault of Borrower (and its Affiliates) and such Indemnitee with respect to such Subject Claim, and any other relevant equitable considerations.

5.11 Operation of Approved Projects and Annual Operating Budget.

(a) With respect to each Approved Project, on or before the date which is 60 days prior to the first day of the month in which Completion of such Approved Project occurs or is anticipated to occur (or, in the case of any Approved Project which is acquired after the satisfaction of the conditions precedent set forth in Section 3.5, on or before the date of the making of the initial Loan hereunder in respect of such Approved Project, all as more particularly provided for in Section 3.5.23(b)) and 60 days prior to the first day of each year thereafter, Borrower shall submit to Administrative Agent a draft operating plan and a budget, detailed by month for such Approved Project, of anticipated revenues and anticipated expenditures, such budget to include debt service (if applicable), proposed distributions, maintenance, repair and operation expenses (including reasonable allowance for contingencies), Major Maintenance, reserves and all other anticipated O&M Costs for such Approved Project for the remainder of the year for the first such plan and budget and for the ensuing year for each other such plan and budget and, in the case of Major Maintenance, to the conclusion of the second full year thereafter (each such annual operating plan and budget with respect to each Approved Project and for all the Approved Projects as a whole, an "Annual Operating Budget"). Except as otherwise provided for in Section 3.5.23(b), each Annual Operating Budget shall be subject to the reasonable approval of Administrative Agent and the Independent Engineer. Other than with respect to any Annual Operating Budget delivered pursuant to Section 3.5.23(b), failure by Administrative Agent to approve or disapprove such draft Annual Operating Budget within 30 days after receipt thereof shall be deemed to be an approval by Administrative Agent of such draft. Borrower shall incorporate Administrative Agent's suggestions into a final Annual Operating Budget, which, subject to the provisions of the last sentence of this Section 5.11, shall be prepared no less than 30 days in advance of each year.

(b) Without limiting the foregoing, each Annual Operating Budget delivered by Borrower pursuant to Section 3.5.23(b) shall also contain as an attachment to such Annual Operating Budget a project budget setting forth all of the anticipated Project Costs (including amounts payable under the relevant Acquisition Documents) from and after the date of the initial Development Loan in respect of the relevant Approved Project. Such project budget shall be deemed to be part of the initial Annual Operating Budget for such Approved Project, but shall not be updated as part of the yearly updating of the Annual Operating Budget described and provided for in clause (a) above.

(c) The O&M Costs in each Annual Operating Budget which are subject to escalation limitations in the Project Documents shall not, absent extraordinary circumstances, be increased by more than the amounts provided in such Project Documents. Borrower shall continue to operate and maintain such

Approved Project, or cause such Approved Project to be operated and maintained, within amounts not to exceed 110% of the aggregate amounts set forth in the applicable Annual Operating Budget; provided, however, the costs for fuel shall not be limited by the Annual Operating Budget. Pending approval of any Annual Operating Budget in accordance with the terms of this Section 5.11, Borrower shall continue to operate and maintain such Approved Project, or cause such Approved Project to be operated and maintained, within the Annual Operating Budget for such Approved Project then in effect; provided, further, that the amounts specified therein shall be increased by the amounts specified in the Project Documents.

5.12 Further Assurances.

5.12.1 Borrower shall, from time to time, execute, acknowledge, record, register, deliver and/or file all such notices, statements, instruments and other documents (including any memorandum of lease or other agreement, financing statement, continuation statement, certificate of title or estoppel certificate), relating to the Loans stating the interest and charges then due and any known defaults, and take such other steps as may be necessary or reasonably advisable to render fully valid and enforceable under all applicable Legal Requirements the rights, liens and priorities of Secured Parties (or any agent on their behalf) with respect to all Collateral and other security from time to time furnished under this Agreement and the other Credit Documents or intended to be so furnished, including (a) granting Liens, subject to no other Liens other than Permitted Liens, in favor of Administrative Agent, for the benefit of Secured Parties, in any Approved Project, Approved Turbine or portion thereof not part of the Collateral and (b) causing its partners, members or shareholders, as the case may be, to grant a first priority Lien to Administrative Agent, for the benefit of Secured Parties, in all the ownership interests in a Portfolio Entity, in each case to the extent permitted, without any waivers, and consistently with the characterization of the Debt incurred and Liens granted hereunder and under the other Credit Documents, in each case in such form and at such times as shall be satisfactory to Administrative Agent, and pay all fees and expenses (including reasonable attorneys' fees) incident to compliance with this Section 5.12.1.

5.12.2 If a Portfolio Entity shall at any time acquire any real property or leasehold or other interest in real property related to an Approved Project not covered by the Deeds of Trust or Mortgages, promptly upon such acquisition (or on the Closing Date if such acquisition occurred prior thereto) in furtherance of the Lien on the Approved Project and related Collateral granted on the respective Funding Date, Borrower shall execute, deliver and record a supplement to the applicable Deed of Trust or Mortgage, as the case may be, or, if necessary, execute, deliver and record a new Deed of Trust or Mortgage, as the case may be, in substantially the form attached hereto as Exhibit D-3A or Exhibit D-3B, as the case may be, subjecting the real property or leasehold or other interests so acquired to a lien and security interest in favor of Administrative Agent, for the benefit of Secured Parties, subject only to Permitted Liens and other exceptions to title approved by Administrative Agent, securing all of the relevant Portfolio Entity's Obligations under the Credit Documents; provided, that unless a Mortgage Event has occurred and is continuing, with respect to any Approved Project located in the State of New York, no Deeds of Trust or Mortgages shall be required in any circumstance where Borrower reasonably determines and certifies (as verified by the Technical Committee) that the documentation, filing, recording and other fees and expenses reasonably anticipated to be incurred by any Portfolio Entity in connection with the drafting, negotiating, filing and recording of any such Deed of Trust or Mortgage are materially greater in the State of New York than the fees and expenses customarily incurred by borrowers in similar transactions in respect of real property located in other jurisdictions in the United States; provided, however, that, at all times, Deeds of Trust or Mortgages, as the case may be, shall be required to be maintained on the real property interests underlying at least 50% of the Approved Projects then in existence (which percentage shall based on the amount of Loan proceeds attributable and allocated to, or

contemplated to be attributable or allocated to, such Approved Projects). If requested by Administrative Agent, Borrower shall obtain an appropriate endorsement or supplement to the applicable Title Policy or procure a new Title Policy insuring the Lien of Administrative Agent,

for the benefit of Secured Parties, in such additional property, subject only to Permitted Liens and other exceptions to title approved by Administrative Agent, and shall obtain subordination and nondisturbance agreements from applicable third parties to the extent reasonably requested by Administrative Agent.

5.12.3 Borrower shall perform, upon the request of Administrative Agent, such reasonable acts as may be necessary to carry out the intent of this Agreement and the other Credit Documents.

5.12.4 Borrower shall, and shall cause each other Portfolio Entity to, cause the Pledged Equity Interests to be "certificated securities" as defined in Article 8 of the UCC and include in each appropriate Portfolio Entity's constituent documents terms, in each case consistent with Section 8-103(c) of the UCC, to the effect that the corresponding Pledged Equity Interests are "securities" (as such term is defined in Article 8 of the UCC) governed by Article 8 of the UCC.

5.13 Maintenance of Insurance. Borrower shall maintain or cause to be maintained on its behalf in effect at all times the types of insurance required pursuant to Exhibit K hereto, in the amounts and on the terms and conditions specified therein, with insurance companies rated "A-" or better, with a minimum size rating of "IX," by Best's Insurance Guide and Key Ratings (or an equivalent rating by another nationally recognized insurance rating agency of similar standing if Best's Insurance Guide and Key Ratings shall no longer be published) or other insurance companies of recognized responsibility satisfactory to Administrative Agent.

5.14 Market Study. On each 18 month anniversary of the later to occur of (a) the date on which the initial Development Loan was made with respect to a particular Approved Project and (b) the most recent date on which Borrower shall have delivered a Power Marketing Consultant's report pursuant to Section 6.4.2(a)(v), Borrower shall deliver to Administrative Agent a Power Marketing Consultant's certificate with respect to each such Approved Project, in substantially the form of Exhibit G-8 hereto, with a Power Marketing Consultant's report attached thereto (which report shall be in form and substance reasonably satisfactory to the Technical Committee).

5.15 Revenue Payment to Borrower. Borrower shall use its good faith reasonable efforts to cause all Project Revenues, Insurance Proceeds, Eminent Domain Proceeds, damage payments (including delay or performance liquidated damage payments) and any other amounts due any Portfolio Entity to be paid or otherwise delivered by such Persons making such payment or delivery directly to Borrower for deposit in the Accounts as required pursuant to this Agreement, the applicable Consent and the Depositary Agreement.

5.16 Joint Venture Requirements.

5.16.1 In the case of a Subject Project owned by a Project Owner which is not a wholly-owned Subsidiary of Borrower, Borrower shall, and shall cause each of the relevant Portfolio Entities to, comply in all respects with the Co-Project Owner Requirements.

5.16.2 In the case of a Subject Project that is only partially owned by

the relevant Project Owner, Borrower shall, and shall cause each of the relevant Portfolio Entities to, comply in all respects with the Co-Joint Venturer Requirements.

5.17 Interest Rate Protection. In the event that the yield on five-year U.S. Treasury Bonds exceeds 6.5% for ten consecutive Banking Days, within ten Banking Days of such date, Borrower shall deliver to the Technical Committee a plan (which plan shall be in form and substance reasonably satisfactory to the Technical Committee) setting forth in reasonable detail Borrower's proposed strategy for effectively limiting its exposure to such increased interest rates and, to the extent required by such plan, Borrower shall maintain in full force and effect, one or more Interest Rate Agreements with one or more banks or other financial institutions in a manner consistent with such plan; provided that, thereafter, Borrower may only terminate any such Interest Rate Agreement then in effect if (a) such termination is in accordance with, and permitted by, such plan and (b) the aggregate cost of liquidating and unwinding each such Interest Rate Agreement is less than $5,000,000.

ARTICLE 6.
NEGATIVE COVENANTS OF BORROWER

Borrower covenants and agrees that, so long as any of the Commitments shall remain in effect and until payment and performance in full of all of the Loans and Obligations, Borrower will perform, and, to the extent specified below, will cause each of the other Portfolio Entities to perform, all covenants set forth in this Article 6.

6.1 Contingent Liabilities. Except as provided in this Agreement or the other Credit Documents, Borrower shall not become liable as a surety, guarantor, accommodation endorser or otherwise, for or upon the obligation of any other Person; provided, however, that this Section 6.1 shall not be deemed to prohibit the incurrence, creation, assumption or existence of Permitted Debt.

6.2 Limitations on Liens. Borrower shall not, and shall not permit any of the other Portfolio Entities which is Subsidiary thereof to, create, assume or suffer to exist any Lien securing a charge or obligation on any properties or assets of Borrower or any such Portfolio Entity (including any Approved Project, Approved Turbine or Funded Working Capital Asset), real or personal whether now owned or hereafter acquired, except Permitted Liens.

6.3 Indebtedness. Borrower shall not incur, create, assume or permit to exist any Debt, except Permitted Debt.

6.4 Asset Dispositions; Release of Collateral.

6.4.1 Asset Dispositions.

Borrower shall not sell, lease, assign, transfer or otherwise dispose of assets, whether now owned or hereafter acquired except:

(a) in the ordinary course of its business as contemplated by the Credit Documents;

(b) in the case of a transfer of 100% of its ownership interests in a Project Owner to another direct or indirect wholly-owned Subsidiary of Borrower; or

(c) in the case of a sale, transfer or other disposition of 100% of its ownership interests in a Project Owner to any other Person (other than a Portfolio Entity), provided that the conditions set forth in Section 6.4.2 are satisfied.

6.4.2 Release of Collateral.

(a) Subject to Section 6.4.2(b), upon the written request of Borrower, Administrative Agent, on the behalf of Secured Parties, shall execute and deliver to Borrower such documents and instruments (including UCC-3 termination statements and deeds of reconveyance) and shall return all related Pledged Equity Interests free and clear of the Liens imposed by the applicable Pledge Agreement, all as may be reasonably necessary to release the Liens granted to Administrative Agent, for benefit of Secured Parties, in respect of the applicable Collateral (including the Lien on cash flows from such Approved Project), and to permit such release or asset disposition, as the case may be (and including such activities as may be reasonably requested by any transferee pursuant to Section 6.4.1(c)), provided that each of the following conditions are satisfied:

(i) no Event of Default or Inchoate Default exists as of the date of the proposed release;

(ii) after giving effect to the proposed release, as of the applicable date of release, no more than 40% of the Portfolio Megawatts, and no more than 30% of the EBITDA of Portfolio Entities, shall be attributable to Approved Projects with an (A) actual or projected capacity factor of less than 10% in any three years and (B) average capacity factor of less than 20% over all years, in each case during the 25 year period commencing on the date of Provisional Acceptance or date of acquisition of the Approved Project most recently achieving Provisional Acceptance or acquired in accordance with the terms of the Credit Agreement;

(iii) Borrower shall have delivered to Administrative Agent a properly completed certificate, in form and substance reasonably satisfactory to Administrative Agent, dated as of the applicable release date and signed by a Responsible Officer of Borrower, pursuant to which Borrower shall certify after taking into consideration the proposed release, (a) to the then current Deemed Development Loan Ratio, (b) to the then current Applicable Development Loan Ratio for each Approved Project, (c) to the then current Blended Development Loan Ratio for all Approved Projects, (d) to the then current Blended Ratio for all Approved Projects and (e) to the then current Capped Commitment Amount;

(iv) after giving effect to the proposed release and the resultant Capped Commitment Amount, the Available Development Funds are, in the reasonable judgment of the Technical Committee and the Independent Engineer, equal to or exceed the remaining Project Costs for all Approved Projects and Approved Turbines;

(v) after giving effect to the proposed release, as of the applicable date of release, (a) the Interest Coverage Ratio for the period of four consecutive quarters (or such shorter period covering the quarters ended subsequent to the initial Loan, taken as a consecutive period) ending on such date is no less than 2.25 to 1.0, (b) the minimum and average projected annual Interest Coverage Ratio for all Approved Projects over the period commencing on the proposed date of the release and ending on the scheduled Loan Maturity Date is not less than 2.10 to 1.0 and 2.25 to 1.0, respectively and (c) the minimum and average projected annual Deemed Debt Service Coverage Ratio for all Approved Projects over the period commencing on January 1, 2006 and ending on December 31, 2030 is not less than 2.10 to 1.0 and 2.50 to 1.0, respectively (which ratios shall be calculated (i) on a pro forma basis giving effect to the proposed release and (ii) based on the price assumptions and other financial information contained in (at the Borrower's option) either (A) the most recently delivered Power Marketing Report (provided, that (1) such Power Marketing Report is

dated a date which is no more than nine months prior to the date of such proposed release and (2) NRG Energy shall have certified to Banks, pursuant to a duly completed and executed certificate in the form of Exhibit S hereto, that, to the best knowledge of NRG Energy, there has been no material and adverse development, event or change in respect of any energy market into which any Portfolio Entity is or will be selling power) or, (B) otherwise, an updated Power Marketing Report delivered by Borrower to the Technical Committee prior to, and as a condition of, any such proposed release;

(vi) Borrower prepays the Loans (with amounts other than amounts in any Account or otherwise constituting Collateral) in an amount equal to the greater of (a) the positive difference (if any) between (i) the aggregate amount of Loans associated with or attributable to the relevant Project Owner and its Approved Project or Approved Turbine, as the case may be, minus (ii) the aggregate amount of Contributions attributable to or associated with such Collateral which have been applied to the prepayment of such Loans prior to the date of any such proposed release, (b) with respect to any release that is to be made in connection with the sale, transfer or other disposition of such Collateral in accordance with Section 6.4.1(c), the positive difference (if any) between (A) the cash proceeds received by Borrower from such sale, transfer or other disposition (net of the direct costs relating to such sale, lease, transfer or disposition (including any taxes paid or payable as a result thereof)) minus (B) the aggregate amount of Contributions attributable to or associated with such Collateral which have been applied to the prepayment of Loans associated with or attributable to the relevant Project Owner and its Approved Project or Approved Turbine, as the case may be, prior to the date of any such proposed release and (c) an amount equal to the positive difference (if any) between the aggregate amount of Loans outstanding minus the Capped Commitment Amount in effect after giving effect to any such sale, transfer or other disposition;

(vii) such release could not reasonably be expected to have a Borrower Material Adverse Effect (it being acknowledged and agreed that a Borrower Material Adverse Effect shall not be deemed to exist solely by reason of a change in (a) any minimum or average projected annual Interest Coverage Ratio or Deemed Debt Service Coverage Ratio for any Approved Project or all Approved Projects, (b) the geographic, fuel or commercial diversification of the Approved Projects or (c) the

Applicable Development Loan Ratio, the Applicable Working Capital Ratio, the Blended Ratio, Blended Development Loan Ratio, the Blended Working Capital Ratio, the Deemed Development Loan Ratio or the Capped Commitment Amount, in each case as a result of any such release); and

(viii) Borrower shall have delivered to the Technical Committee a certificate, in form and substance reasonably satisfactory to the Technical Committee, stating that each of the conditions set forth in this Section 6.4.2 have been satisfied and, after delivery of such certificate and other supporting documents as Borrower and the Technical Committee may agree to Banks, the Majority Banks have not objected in writing to the accuracy of such certification by the Determination Date.

(b) In the event Borrower is required to prepay any Working Capital Loans pursuant to Section 2.1.8(c)(iii), Banks shall promptly release the applicable Funded Working Capital Assets and consent to the transfer of such Funded Working Capital Assets to NRG Energy or a designee thereof, and Administrative Agent shall promptly execute and deliver to Borrower and the

relevant Project Owner such documents and instruments as may be reasonably necessary to release such Funded Working Capital Assets from the Liens of the Collateral Documents and to permit such transfers of ownership.

(c) Upon any release of the Approved Project or any Funded Working Capital Asset (including the Approved Turbine) from the Lien of the Collateral Documents related thereto as provided herein, the Approved Project or such Funded Working Capital Asset shall cease to be an Approved Project or Funded Working Capital Asset, as applicable, for purposes of this Agreement and the other Credit Documents.

6.5 Changes; Subsidiaries.

6.5.1 Changes. Borrower shall not change the nature of its business or expand its business beyond the business contemplated in the Operative Documents (including purchasing gas with the intention of reselling such gas).

6.5.2 Subsidiaries. Borrower shall not create any new Subsidiary unless:

(a) the creation of such new Subsidiary could not reasonably be expected to have a Borrower Material Adverse Effect;

(b) such new Subsidiary is being created for the primary purpose of owning, directly or indirectly, an Approved Project, an Approved Turbine or an Acquisition Plant;

(c) Administrative Agent shall have received (i) copies of the articles of incorporation, certificate of formation or certificate of incorporation or charter or other state certified constituent documents of the new Subsidiary, certified by the secretary of state of such new Subsidiary's state of formation or incorporation, as the case may be, and (ii) copies of the Bylaws or other comparable constituent documents of the new Subsidiary, certified by its secretary or an assistant secretary (which Bylaws or other constituent documents shall be in form and substance reasonably satisfactory to Administrative Agent); and

(d) if such new Subsidiary will not be a wholly-owned Subsidiary of Borrower, the creation of such new Subsidiary complies with the Co-Project Owner Requirements.

6.6 Distributions.

6.6.1 Subject to Sections 6.6.2, 6.6.3 and 6.6.4, Borrower shall not directly or indirectly, make or declare any distribution (in cash, property or obligation) on, repay any subordinated indebtedness or make any other payment on account of, any interest in Borrower or any other Portfolio Entity (including any transfers of any tax benefits) (a "Restricted Payment") unless:

(i) no Event of Default, Inchoate Default, Project Default or Project Inchoate Default has occurred and is continuing and such Restricted Payment will not result in an Event of Default, Inchoate Default, Project Default or Project Inchoate Default;

(ii) with respect to the initial Restricted Payment for an Approved Project, each of the conditions precedent set forth in Section 3.7 shall have been satisfied or waived in accordance with the terms thereof;

(iii) such Restricted Payment is made from the application of proceeds at Waterfall Level 6 and Waterfall Level 7 in accordance with Section 2.2.3(b) of the Depositary Agreement;

(iv) no Borrower Material Adverse Effect has occurred and is continuing, or could reasonably be expected to occur as a result of such

Restricted Payment;

(v) if it is reasonably expected that at least 50% of Borrower's Projected Operating Revenues for the thirty-six month period commencing on the date of the proposed Restricted Payment will be derived from sales by Borrower and the other Portfolio Entities under Revenue Power Marketing Agreements, each Historical Debt Service Coverage Ratio for the quarterly period ending on the last day of each of the four quarters immediately preceding the date of the proposed Restricted Payment and each Projected Debt Service Coverage Ratio for the quarterly period ending on the last day of each of the eight quarters immediately following such date is not less than 1.60 to 1.0;

(vi) in all other cases not covered by clause (v) above, each Historical Debt Service Coverage Ratio for the quarterly period ending on the last day of each of the four quarters immediately preceding the date of the proposed Restricted Payment and each Projected Debt Service Coverage Ratio for the quarterly period ending on the last day of each of the eight quarters immediately following such date is not less than 1.70 to 1.0; and

(vii) the Borrower shall have delivered to Administrative Agent, at least five Banking Days prior to the Restricted Payment Date, a certificate (which certificate shall demonstrate in reasonable detail compliance with the conditions set forth in clause (v) or (vi) above, as the case may be), dated as of the date of the proposed Restricted Payment and duly executed by a Responsible Officer of Borrower, certifying to the effect that each of the foregoing conditions shall have been satisfied as at such date.

6.6.2 Notwithstanding anything set forth in Section 6.6.1, so long as no Event of Default shall have occurred and be continuing, (a) Borrower shall be permitted to make Restricted Payments in accordance with Section 5.1.1 and (b) Portfolio Entities (other than Borrower) shall be permitted to make Restricted Payments to any other Portfolio Entity which is Borrower or a wholly-owned Subsidiary of Borrower.

6.6.3 Notwithstanding anything herein to the contrary, Borrower shall not, and shall not permit any of the other Portfolio Entities to, make any Restricted Payment after the three-year anniversary of the Closing Date.

6.6.4 Notwithstanding anything set forth in Section 6.6, Borrower shall not, and shall not permit any Portfolio Entity to, make any Restricted Payments other than in accordance with the terms of (and on the dates provided in) Section 2.2.3(b) of the Depositary Agreement and Section 6.6.2(b).

6.7 Investments. Borrower shall not make any investments (whether by purchase of stocks, bonds, notes or other securities, loan, extension of credit, advance or otherwise), other than Permitted Investments and investments in other Portfolio Entities which are a Subsidiary of Borrower.

6.8 Transactions With Affiliates. Except for (a) the Equity Documents and the Project Documents approved by Administrative Agent and/or the Technical Committee, as the case may be, pursuant to this Agreement and the transactions permitted thereby, (b) arms-length transactions in the ordinary course of business, (c) any employment, noncompetition or confidentiality agreement entered into by Borrower with any of its respective employees, officers or directors in the ordinary course of business, (d) transactions between or among Borrower and any of the other Portfolio Entities (including transactions contemplated by the Intercompany Loan Agreements) and (e) as otherwise expressly permitted or contemplated by this Agreement and the other Credit Documents, Borrower shall not directly or indirectly enter into any transaction or series of transactions relating to an Acquisition, Approved Project or a Funded Working Capital Asset with or for the benefit of an Affiliate without the prior written approval of Administrative Agent. Notwithstanding the foregoing, in no event shall (i) any Project Owner enter into any Project Document with respect to any

Approved Project other than the Approved Project owned by such Project Owner and (ii) Borrower enter into any Project Document (other any Acquisition Documents related to the acquisition by Borrower of a Person whose sole purpose is (and whose assets and liabilities solely relate to) the ownership and maintenance of an Acquisition Plant).

6.9 Margin Stock Regulations. Borrower shall not directly or indirectly apply any part of the proceeds of any Loan or other revenues or the proceeds of any Intercompany Loan Agreement to the "buying", "carrying" or "purchasing" of any margin stock within the meaning of Regulations T, U or X of the Federal Reserve Board, or any regulations, interpretations or rulings thereunder.

6.10 [Reserved].

6.11 Partnerships, Etc. Borrower shall not (a) become a general or limited partner in any partnership or a member in any limited liability company (except, in the case of Borrower, with respect to other Portfolio Entities which are Subsidiaries thereof) or (b) create and hold stock in any Subsidiary (except with respect to other Portfolio Entities which are Subsidiaries thereof).

6.12 Dissolution. Borrower shall not liquidate or dissolve or sell or lease or otherwise transfer or dispose of all or any substantial part of its property, assets or business or combine, merge or consolidate with or into any other Person, or change its legal form, or purchase or otherwise acquire all or substantially all of the assets of any Person, except as otherwise expressly permitted by the Credit Documents.

6.13 Suspension or Termination. Borrower shall not direct any Major Project Participant to suspend or terminate the work being performed, or services being provided, under any Major Project Document relating to an Approved Project or an Approved Turbine without Administrative Agent's prior consent.

6.14 Accounts. Borrower shall not maintain, establish or use any bank, deposit or securities accounts other than the Accounts.

6.15 Name and Location; Fiscal Year. Borrower shall not (a) change its name without Administrative Agent's consent, (b) change the location of its principal place of business or its federal employer identification number without notice to Administrative Agent at least 30 days prior to such change, or (c) change its fiscal year without Administrative Agent's consent.

6.16 Assignment. Neither Borrower nor any of the other Portfolio Entities shall assign its rights hereunder or under any of the other Credit Documents, except as expressly permitted under this Agreement and the other Credit Documents.

6.17 Project Budget Amendments. Without the prior consent of Required Banks, Borrower shall not, and shall not permit any Portfolio Entity to, amend, allocate, re-allocate or modify any current Project Budget or Maintenance Budget to increase the aggregate amount payable thereunder, unless such amendment, allocation, re-allocation or modification is (a) a necessary conforming change related to an amendment to a Project Document permitted by Section 5.13 of the relevant Project Owner Guaranty and (b) concurrent and consistent with Contributions made available to Borrower or the relevant Project Owner which were not theretofore contemplated in such Project Budget or Maintenance Budget, as the case may be (including liquidated damages being applied to obligations hereunder and proceeds of insurance applied in accordance with the terms of this Agreement and the Depositary Agreement); provided that the foregoing shall not prevent Borrower from applying identified cost savings in a budget category (after completing each of the items to which such category relates), as confirmed by the Independent Engineer and the Technical Committee, to cost overruns in another budget category (as confirmed by the Independent Engineer and the Technical Committee) without increasing the aggregate amount payable under such Project Budget or Maintenance Budget, as the case may be, provided,

however, that Borrower shall not apply identified cost savings in any budget category to cost overruns in any budget category relating to management expenses or development fees payable to any Person or any other fees and costs

payable to any Affiliate of NRG Energy; provided, further that Borrower or the relevant Project Owner (i) shall be permitted to apply the Unrestricted Contingency to other budget categories (exclusive of any category related to management expenses or development fees payable to any Person or any other fees and costs payable to any Affiliate of NRG) without the consent of the Technical Committee, the Independent Engineer or any Bank and (ii) shall not be permitted to apply the Restricted Contingency to other budget categories without the consent of the Technical Committee (which consent shall not be unreasonably withheld or delayed).

6.18 Loan Proceeds; Project Revenues. Borrower shall not use, pay, transfer, distribute or dispose of any Loan proceeds in any manner or for any purposes except as provided in Section 5.1.1 or of any Project Revenues in any manner or for any purposes except as provided in Section 5.1.2 and the Depositary Agreement.

6.19 Nature of Borrower. Borrower shall not own or lease any material assets or liabilities (including any Approved Project, Approved Turbine or Material Asset) other than (a) its equity interests in each Portfolio Entity and (b) the Credit Documents and Acquisition Documents to which it is a party.

6.20 No Restrictions on Liens. Borrower shall not enter into any Project Document (other than any Project Document which is in full force and effect as of the Closing Date and a copy of which has been provided to the Lead Arranger prior to the Closing Date) which restricts the granting of a security interest in such Project Document by Borrower or such Portfolio Entity.

6.21 Intercompany Loan Agreements and Flow of Funds.

6.21.1 Borrower shall not, and shall not permit any Portfolio Entity to, agree to any amendment, modification or termination of any Intercompany Loan Agreement which could reasonably be expected to be adverse to the interests of Banks without the prior written consent of Required Banks.

6.21.2 Borrower shall not apply, contribute or fund any amounts (including amounts received in connection with any Loan or any Project Revenues) to any Portfolio Entity which is not a Subsidiary thereof, unless such amounts are loaned by Borrower to such Portfolio Entity pursuant to the terms of an Intercompany Loan Agreement (Borrower).

6.21.3 Borrower shall not apply, contribute or fund any amounts (including amounts received in connection with any Loan or Project Revenues) to any Portfolio Entity which is a Subsidiary thereof, unless such amounts are contributed to such Portfolio Entity in the form of cash equity.

ARTICLE 7.
EVENTS OF DEFAULT; REMEDIES

7.1 Events of Default. The occurrence of any of the following events shall constitute an event of default ("Events of Default") hereunder:

7.1.1 Failure to Make Payments. Borrower shall fail to pay, in accordance with the terms of this Agreement, (a) any principal on any Loan on the date that such sum is due, (b) any interest on any Loan or any scheduled

fee, cost, charge or sum due hereunder or under the other Credit Documents, within three days after the date that such sum is due, or (c) any other fee, cost, charge or other sum due under this Agreement within five days after written notice that such sum is due and has not been paid.

7.1.2 Judgments. A final judgment or judgments shall be entered against (i) NRG Energy in the amount of $50,000,000 or more individually or in the aggregate, (ii) the Member or any Affiliate Pledgor in the amount of $1,000,000 or more individually or in the aggregate or (iii) Borrower in the amount of $1,000,000 or more individually or in the aggregate (other than, in the case of clauses (i), (ii) and (iii) above, (a) a judgment which is fully covered by insurance or discharged within 60 days after its entry, or (b) a judgment, the execution of which is effectively stayed within 60 days after its entry but only for 60 days after the date on which such stay is terminated or expires), in the case of clauses (i), (ii) and (iii) above, which if left unstayed could reasonably be expected to have a Borrower Material Adverse Effect.

7.1.3 Misstatements; Omissions. Any representation or warranty made or deemed made by Borrower, the Member, any Affiliate Pledgor or NRG Energy in this Agreement, or in any other Credit Document to which it is a party or in any certificate delivered by any such Person pursuant to this Agreement or any other Credit Document shall prove to have been false or misleading in any material respect as of the time made or deemed made; provided, that in respect of unintentional misrepresentations which are capable of being remedied and are made or deemed made after the Closing Date, such unintentional misrepresentations shall not be deemed to be an Event of Default if such representation is corrected as of a day within 30 days (or if such misrepresentation could not reasonably be expected to have a Borrower Material Adverse Effect, within 60 days) of the occurrence thereof.

7.1.4 Bankruptcy; Insolvency. NRG Energy, the Member, any Affiliate Pledgor or Borrower shall become subject to a Bankruptcy Event.

7.1.5 Debt Cross Default. The Member, any Affiliate Pledgor, NRG Energy, Borrower or any other NRG Energy Affiliate (except for any NRG Energy Non-Recourse Entity or any Portfolio Entity other than Borrower) shall default for a period beyond any applicable grace period (a) in the payment of any principal, interest or other amount due under any agreement involving the borrowing of money or the advance of credit and the outstanding amount or amounts payable under all such agreements equals or exceeds $1,000,000 in the aggregate (or, in the case of NRG Energy only, $50,000,000 in the aggregate), or (b) in the payment of any amount or performance of any obligation due under any guarantee or other agreement if in either case of this clause (b), pursuant to such default, the holder of the obligation concerned has the right to accelerate the maturity of an indebtedness evidenced thereby which equals or exceeds $1,000,000 (or, in the case of NRG Energy only, $50,000,000 in the aggregate).

7.1.6 ERISA. If any Portfolio Entity or any member of the Controlled Group should establish, maintain, contribute to or become obligated to contribute to any ERISA Plan and (a) a reportable event (under Section 4043(b) or (c) of ERISA for which notice to the PBGC

is not waived) shall have occurred with respect to any ERISA Plan and, within 30 days after the reporting of such reportable event to Administrative Agent by Borrower (or Administrative Agent otherwise obtaining knowledge of such event) and the furnishing of such information as Administrative Agent may reasonably request with respect thereto, Administrative Agent shall have notified Borrower in writing that (i) Administrative Agent has made a determination that, on the basis of such reportable event, there are reasonable grounds for the termination of such ERISA Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such ERISA Plan and (ii) as a result thereof, an Event of Default exists hereunder; or (b) a trustee shall be appointed by a United States District Court to administer any ERISA Plan; or (c)

the PBGC shall institute proceedings to terminate any ERISA Plan; or (d) a complete or partial withdrawal by any Portfolio Entity or any member of the Controlled Group from any Multiemployer Plan shall have occurred, or any Multiemployer Plan shall enter reorganization status, become insolvent, or terminate (or notify Borrower or any member of the Controlled Group of its intent to terminate) under Section 4041A of ERISA and, within 30 days after the reporting of any such occurrence to Administrative Agent by Borrower (or Administrative Agent otherwise obtaining knowledge of such event) and the furnishing of such information as Administrative Agent may reasonably request with respect thereto, Administrative Agent shall have notified Borrower in writing that Administrative Agent has made a determination that, on the basis of such occurrence, an Event of Default exists hereunder; provided that any of the events described in this Section 7.1.6 could reasonably be expected to have a Borrower Material Adverse Effect.

7.1.7 Breach of Terms of Agreement.

(a) Borrower shall fail to perform or observe any of the covenants set forth in Section 5.1, 5.8 or 5.13.

(b) Borrower shall fail to perform or observe any of the covenants set forth in Article 6 (other than Section 6.2, 6.7, 6.8, 6.13, 6.14, 6.15 or 6.20) and, with respect to any failure to perform or observe any of the covenants set forth in Section 6.2, 6.7, 6.8, 6.13, 6.14, 6.15 or 6.20, such failure shall continue unremedied for a period of 30 days after Borrower becomes aware thereof or receives written notice thereof from Administrative Agent.

(c) The Member, NRG Energy, any Affiliate Pledgor or Borrower shall fail to perform or observe any of the covenants set forth hereunder or any other Credit Document not otherwise specifically provided for in Section 7.1.7(a) or (b) or elsewhere in this Article 7 and such failure shall continue unremedied for a period of 30 days after Borrower becomes aware thereof or receives written notice thereof from Administrative Agent; provided, however, if (i) such failure cannot be cured within such 30 day period, (ii) such failure is susceptible of cure within 90 days, (iii) the Member, any Affiliate Pledgor, NRG Energy or Borrower, as the case may be, is proceeding with diligence and in good faith to cure such failure, (iv) the existence of such failure has not had and cannot after considering the nature of the cure be reasonably expected to have a Borrower Material Adverse Effect and (v) Administrative Agent shall have received an officer's certificate signed by a Responsible Officer of the relevant Person to the effect of clauses (i), (ii), (iii) and (iv) above and stating what action the relevant Person is taking to cure such failure, then such 30 day cure period shall be extended to such date,

not to exceed a total of 90 days, as shall be necessary for such Person diligently to cure such failure.

(d) NRG Energy shall fail to perform or observe any agreement set forth in Article 2 of the NRG Energy Equity Undertaking, or NRG Energy shall fail to perform or observe any other agreement or covenant set forth in the NRG Energy Equity Undertaking and such failure shall continue unremedied for a period of 30 days after NRG Energy or Borrower becomes aware thereof or receives written notice thereof from Administrative Agent.

7.1.8 Loss of Exemption. NRG Energy, the Member, any Affiliate Pledgor or Borrower shall lose its exemption from regulation under PUHCA.

7.1.9 Security. Any of the Collateral Documents, once executed and delivered, shall (except as the result of the acts or omissions of Administrative Agent or any other Secured Party), fail to provide Administrative Agent, for the benefit of Secured Parties, the Liens, first priority security interest, rights, titles, interest, remedies permitted by law, powers or privileges intended to be created thereby or cease to be in full force and

effect with respect to the Collateral, or the first priority or validity thereof or the applicability thereof to the Loans, the Notes (if any) or any other obligations purported to be secured or guaranteed thereby or any part thereof shall be disaffirmed by or on behalf of NRG Energy, the Member, any Affiliate Pledgor, any Co-Project Owner or any Portfolio Entity.

7.1.10 Change of Control. (a) NRG Energy shall fail to indirectly own more than 50% of the equity and voting interests in Borrower, (b) NRG Energy shall fail to indirectly own more than 50% of the equity and voting interests in the Member, (c) the Member shall fail to directly own 100% of the membership interests in the Borrower, (d) except as contemplated by Sections 3.2 or 3.5 and 5.16 and 6.5.2, NRG Energy shall fail to directly or indirectly own 100% of the ownership interests in each of the Portfolio Entities (other than Borrower), (e) except as contemplated by Sections 3.2 or 3.5 and 5.16 and 6.5.2, Borrower shall fail to directly or indirectly own 100% of the ownership interests in each of the Portfolio Entities which is a Subsidiary thereof, (f) except as contemplated by Sections 3.2 or 3.5 and 5.16 and 6.5.2, any Affiliate Pledgor shall fail to directly or indirectly own 100% of the ownership interests in any Portfolio Entity which is a Subsidiary thereof and, (g) except as contemplated by Sections 3.2 or 3.5 and 5.16 and 6.5.2, the applicable NRG Co-Project Owner shall fail to directly own more than 50% of the ownership interests in the applicable Project Owner which is not Borrower or a wholly-owned Subsidiary of NRG Energy.

7.1.11 Project Default. A Project Default has occurred, is continuing and could reasonably be expected to have a Borrower Material Adverse Effect.

7.1.12 Unenforceability of Credit Documents. At any time after the execution and delivery thereof, any material provision of any Credit Document shall cease to be in full force and effect (other than by reason of a release of Collateral thereunder in accordance with the terms hereof or thereof, the satisfaction in full of the Obligations or any other termination of a Credit Document in accordance with the terms hereof or thereof) or any Credit Document shall be declared null and void by a Governmental Authority of competent jurisdiction; provided,

however, that Borrower and Administrative Agent shall meet and confer in good faith for a period of up to 90 days to replace such provision or such Credit Document.

7.2 Remedies. Upon the occurrence and during the continuation of an Event of Default, Administrative Agent and Banks may, at the election of the Majority Banks, without further notice of default, presentment or demand for payment, protest or notice of non-payment or dishonor, or other notices or demands of any kind, all such notices and demands being waived, exercise any or all of the following rights and remedies, in any combination or order that the Majority Banks may elect, in addition to such other rights or remedies as Banks may have hereunder, under the Collateral Documents or at law or in equity:

7.2.1 No Further Loans. Cancel all Commitments, refuse, and Administrative Agent and Banks shall not be obligated, to (i) continue any Loans, (ii) make any additional Loans or (iii) make any payments, or permit the making of payments, from any Account or any proceeds or other funds held by Administrative Agent under the Credit Documents or on behalf of any Portfolio Entity; provided that in the event of an Event of Default occurring under Section 7.1.4, all such Commitments shall be cancelled and terminated without further act of Administrative Agent or any Bank.

7.2.2 Prepayment of Loans. Cause the Loans to be prepaid as set forth in Section 2.4.5.

7.2.3 Cure by Administrative Agent. Without any obligation to do so, make disbursements or Loans to or on behalf of Borrower to cure any Event of

Default hereunder and to cure any default and render any performance under any Project Documents as the Majority Banks in their sole discretion may consider necessary or appropriate, whether to preserve and protect the Collateral or Secured Parties' interests therein or for any other reason, and all sums so expended, together with interest on such total amount at the Default Rate (but in no event shall the rate exceed the maximum lawful rate), shall be repaid by Borrower to Administrative Agent on demand and shall be secured by the Credit Documents, notwithstanding that such expenditures may, together with amounts advanced under this Agreement, exceed the aggregate amount of the then Current Available Development Loan Commitment and the then current Available Working Capital Commitment.

7.2.4 Acceleration. Declare and make all sums of accrued and outstanding principal and accrued but unpaid interest remaining under this Agreement together with all unpaid fees, costs (including Liquidation Costs and charges due hereunder or under any other Credit Document), immediately due and payable and require Borrower immediately, without presentment, demand, protest or other notice of any kind, all of which Borrower hereby expressly waives, provided that in the event of an Event of Default occurring under Section 7.1.4 with respect to Borrower, all such amounts shall become immediately due and payable without further act of Administrative Agent or Banks.

7.2.5 Cash Collateral. Apply or execute upon any amounts on deposit in any Account or any Proceeds or any other monies of Borrower on deposit with Administrative Agent or any other Secured Party in the manner provided in the Uniform Commercial Code and other relevant statutes and decisions and interpretations thereunder with respect to cash collateral.

7.2.6 Possession of Approved Projects and Assets. Enter into possession of any Approved Project, Funded Working Capital Assets and perform any and all work and labor necessary to complete such Approved Project, Funded Working Capital Asset substantially according to the Plans and Specifications or to operate and maintain such Approved Project or Funded Working Capital Assets, as the case may be, and all sums expended by Administrative Agent in so doing, together with interest on such total amount at the Default Rate, shall be repaid by Borrower to Administrative Agent upon demand and shall be secured by the Credit Documents to the extent provided herein, notwithstanding that such expenditures may, together with amounts advanced under this Agreement, exceed the aggregate amount of the Total Loan Commitment and the then current Available Working Capital Commitment.

7.2.7 Remedies Under Credit Documents. Exercise any and all rights and remedies available to it under any of the Credit Documents, including judicial or non-judicial foreclosure or public or private sale of any of the Collateral pursuant to the Collateral Documents.

ARTICLE 8.
SCOPE OF LIABILITY

Except as set forth in this Article 8, notwithstanding anything in the Credit Agreement or the other Credit Documents to the contrary, Secured Parties shall have no claims with respect to the transactions contemplated by the Operative Documents against the Member, any Affiliate Pledgor, NRG Energy or any of their respective Affiliates (other than the Portfolio Entities), shareholders, officers, directors or employees (collectively the "Nonrecourse Persons"); provided that the foregoing provision of this Article 8 shall not (a) constitute a waiver, release or discharge of any of the indebtedness, or of any of the terms, covenants, conditions, or provisions of this Agreement, any other Collateral Document or Credit Document and the same shall continue (but without personal liability to any Nonrecourse Person except as provided herein and therein) until fully paid, discharged, observed, or performed, (b) limit or restrict the right of Administrative Agent and/or any Secured Party (or any assignee, beneficiary or successor to any of them) to name the Portfolio Entities or any other Person as a defendant in any action or suit for a judicial

foreclosure or for the exercise of any other remedy under or with respect to this Agreement or any other Collateral Document or Credit Document, or for injunction or specific performance, so long as no judgment in the nature of a deficiency judgment shall be enforced against any Nonrecourse Person, except as set forth in this Article 8, (c) limit or restrict any right or remedy of Administrative Agent and/or any Secured Party (or any assignee or beneficiary thereof or successor thereto) with respect to, and each of the Nonrecourse Persons shall remain fully liable to the extent that it would otherwise be liable for its own actions with respect to, any fraud (which shall not include innocent or negligent misrepresentation), willful misrepresentation, or misappropriation of Project Revenues, Proceeds or any other earnings, revenues, rents, issues, profits or proceeds from or of the Collateral that should or would have been paid as provided herein or paid or delivered to Administrative Agent or any Secured Party (or any assignee or beneficiary thereof or successor thereto) towards any payment required under this Agreement or any other Credit Document, (d) affect or diminish or constitute a waiver, release or discharge of any specific written obligation, covenant, or agreement made by any of the Nonrecourse Persons or any security granted by the Nonrecourse Persons in support of the obligations of such Persons under any Collateral Document or Equity Document or as

security for the obligations of the Portfolio Entities, and (e) limit the liability of (i) any Person who is a party to any Project Document and has issued any certificate or other statement in connection therewith with respect to such liability as may arise by reason of the terms and conditions of such Project Document (but subject to any limitation of liability in such Project Document), certificate or statement, (ii) any Person rendering a legal opinion pursuant to this Agreement or (iii) NRG Energy under the NRG Energy Equity Undertaking, in each case under this clause (e) relating solely to such liability of such Person as may arise under such referenced agreement, instrument or opinion. The limitations on recourse set forth in this Article 8 shall survive the termination of this Agreement, the termination of all Commitments, and the full payment and performance of the Obligations hereunder and under the other Operative Documents.

ARTICLE 9.
ADMINISTRATIVE AGENT; SUBSTITUTION; TECHNICAL COMMITTEE

9.1 Appointment, Powers and Immunities.

9.1.1 Each Bank hereby appoints and authorizes Administrative Agent to act as its agent hereunder and under the other Credit Documents with such powers as are expressly delegated to Administrative Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Administrative Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement or in any other Credit Document, or be a trustee or a fiduciary for any Bank. Notwithstanding anything to the contrary contained herein Administrative Agent shall not be required to take any action which is contrary to this Agreement or any other Credit Documents or any Legal Requirement or exposes Administrative Agent to any liability. Each of Administrative Agent, Banks and any of their respective Affiliates shall not be responsible to any other Bank for any recitals, statements, representations or warranties made by NRG Energy, the Member, any Affiliate Pledgor, any Portfolio Entity or its Affiliates contained in the Credit Documents or in any certificate or other document referred to or provided for in, or received by Administrative Agent, or any Bank under the Credit Documents, for the value, validity, effectiveness, genuineness, enforceability or sufficiency of the Credit Documents, the Notes or any other document referred to or provided for herein or for any failure by NRG Energy, the Member, any Affiliate Pledgor, any Portfolio Entity or its Affiliates to perform their respective obligations hereunder or thereunder. Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible for

the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care.

9.1.2 Administrative Agent and its respective directors, officers, employees or agents shall not be responsible for any action taken or omitted to be taken by it or them hereunder or under any other Credit Document or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, Administrative Agent (a) may treat the payee of any Note as the holder thereof until Administrative Agent receives written notice of the assignment or transfer thereof signed by such payee and in form satisfactory to Administrative Agent; (b) may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by them in accordance with the advice of such

counsel, accountants or experts; (c) makes no warranty or representation to any Bank for any statements, warranties or representations made in or in connection with any Operative Document; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Operative Document on the part of any party thereto or to inspect the property (including the books and records) of any Portfolio Entity or any other Person; and (e) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Operative Document or any other instrument or document furnished pursuant hereto. Except as otherwise provided under this Agreement, Administrative Agent shall take such action with respect to the Credit Documents as shall be directed by the Required Banks.

9.2 Reliance by Administrative Agent. Administrative Agent shall be entitled to rely upon any certificate, notice or other document (including any cable, telegram, telecopy or telex) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Administrative Agent. As to any other matters not expressly provided for by this Agreement, Administrative Agent shall not be required to take any action or exercise any discretion, but shall be required to act or to refrain from acting upon instructions of the Required Banks or, where expressly provided, the Majority Banks (except that Administrative Agent shall not be required to take any action which exposes Administrative Agent to personal liability or which is contrary to this Agreement, any other Credit Document or any Legal Requirement) and shall in all cases be fully protected in acting, or in refraining from acting, hereunder or under any other Credit Document in accordance with the instructions of the Required Banks (or, where so expressly stated, the Majority Banks), and such instructions of the Required Banks (or Majority Banks, where applicable) and any action taken or failure to act pursuant thereto shall be binding on all of Banks.

9.3 Non-Reliance. Each Bank represents that it has, independently and without reliance on Administrative Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of the financial condition and affairs of the Portfolio Entities and decision to enter into this Agreement and agrees that it will, independently and without reliance upon Administrative Agent, or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own appraisals and decisions in taking or not taking action under this Agreement. Each of Administrative Agent and any Bank shall not be required to keep informed as to the performance or observance by NRG Energy, the Member, any Affiliate Pledgor, any Portfolio Entity or its Affiliates under this Agreement or any other document referred to or provided for herein or to make inquiry of, or to inspect the properties or books of NRG Energy, the Member, any Affiliate Pledgor, any Portfolio Entity or its Affiliates.

9.4 Defaults. Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Inchoate Default, Event of Default, Project

Default or Project Inchoate Default unless Administrative Agent has received a notice from a Bank or Borrower, referring to this Agreement, describing such Inchoate Default, Event of Default, Project Default or Project Inchoate Default and indicating that such notice is a notice of default. If Administrative Agent receives such a notice of the occurrence of an Inchoate Default, Event of Default, Project Default or Project Inchoate Default Administrative Agent shall give notice thereof to Banks and

Borrower. Administrative Agent shall take such action with respect to any Inchoate Default or Event of Default as is provided in Article 7 or if not provided for in Article 7, as Administrative Agent shall be reasonably directed by the Required Banks; provided, however, unless and until Administrative Agent shall have received such directions, Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Inchoate Default or Event of Default as it shall deem advisable in the best interest of Banks.

9.5 Indemnification. Without limiting any Obligation of any of Portfolio Entity hereunder, each Bank agrees to indemnify Administrative Agent and its officers, directors, shareholders, controlling Persons, employees, agents and servants, ratably in accordance with their Proportionate Shares for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against Administrative Agent or any such Person in any way relating to or arising out of this Agreement or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or the enforcement of any of the terms hereof or thereof or of any such other documents (to the extent Borrower has not paid any such amounts pursuant to Section 5.10); provided, however, that no Bank shall be liable for any of the foregoing to the extent they arise from Administrative Agent's or any such Person's gross negligence or willful misconduct. Administrative Agent of any such Person shall be fully justified in refusing to take or to continue to take any action hereunder unless it shall first be indemnified to its satisfaction by Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Without limitation of the foregoing, each Bank agrees to reimburse Administrative Agent and any such Person promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by Administrative Agent or any such Person in connection with the preparation, execution, administration or enforcement of, or legal advice in respect of rights or responsibilities under, the Operative Documents, to the extent that Administrative Agent or any such Person is not reimbursed for such expenses by Borrower.

9.6 Successor Administrative Agent. Administrative Agent acknowledges that its current intention is to remain Administrative Agent hereunder. Nevertheless, Administrative Agent may resign at any time by giving 15 days' written notice thereof to Banks and Borrower. Administrative Agent may be removed involuntarily only for a material breach of its duties and obligations hereunder or under the other Credit Documents or for gross negligence or willful misconduct in connection with the performance of its duties hereunder or under the other Credit Documents and then only upon the affirmative vote of the Required Banks (excluding Administrative Agent from such vote and Administrative Agent's Proportionate Share of the Commitment from the amounts used to determine the portion of the Commitment necessary to constitute the required Proportionate Share of the remaining Banks). Upon any such resignation or removal, the Required Banks shall have the right, with the consent of Borrower (such consent not to be unreasonably withheld or delayed) to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Banks, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or Banks' removal of the retiring Administrative Agent, the retiring Administrative Agent may, on behalf of Banks, with the consent of Borrower (such

consent not to be unreasonably withheld or delayed), appoint a successor Administrative Agent, which shall be a Bank, if any Bank shall be willing to serve, and otherwise shall be a commercial bank

having a combined capital and surplus of at least $500,000,000. Upon the acceptance of any appointment as Administrative Agent under the Operative Documents by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations as Administrative Agent only under the Credit Documents. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under the Operative Documents.

9.7 Authorization. Administrative Agent is hereby authorized by Banks to execute, deliver and perform each of the Credit Documents to which Administrative Agent is or is intended to be a party and each Bank agrees to be bound by all of the agreements of Administrative Agent contained in the Credit Documents. Administrative Agent is further authorized by Secured Parties to release liens on property that the Portfolio Entities permitted to sell or transfer pursuant to the terms of this Agreement, the other Credit Documents or the Operative Documents, and to enter into agreements supplemental hereto for the purpose of curing any formal defect, inconsistency, omission or ambiguity in this Agreement or any Credit Document to which it is a party.

9.8 Administrative Agent, Technical Committee and Other Agents. With respect to its Commitment, the Loans made by it and any Note issued to it, each of the financial institutions acting as Administrative Agent or as members of the Technical Committee shall have the same rights and powers under the Operative Documents as any other Bank and may exercise the same as though it were not Administrative Agent or a member of the Technical Committee, as the case may be. The term "Bank" or "Banks" shall, unless otherwise expressly indicated, include members of the Technical Committee, in their individual capacity. The financial institutions acting as Administrative Agent and members of the Technical Committee and their Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with Borrower or any other Person, without any duty to account therefor to Banks. The parties acknowledge and agree that, except as expressly set forth herein, the Documentation Agent, the Arrangers and each other agent and arranger listed on the signature pages hereto (other than Administrative Agent) shall not, in such capacities (but not in their capacities as Banks), have any rights, responsibilities, duties, obligations (including any fiduciary obligations) or liability hereunder.

9.9 Amendments; Waivers.

(a) Subject to the provisions of this Section 9.9, unless otherwise specified in this Agreement or another Credit Document, the Required Banks (or Administrative Agent with the consent in writing of the Required Banks) and Borrower may enter into agreements, waivers or supplements hereto for the purpose of adding, modifying or waiving any provisions to the Credit Documents or changing in any manner the rights of Banks or Borrower hereunder or waiving any Inchoate Default or Event of Default; provided, however, that no such supplement, waiver or agreement shall, without the consent of all of Banks:

(i) Modify Section 2.1.1(d), 2.1.2(d), 2.5, 2.6, 2.7, 2.8,

3.1, 5.1, 6.18, 7.1.9, 9.1, 9.13, 9.14 or 9.17 hereof, or Sections 2.1, 2.2, 2.3, 2.4 and Article VI of each Project Owner Guaranty;

(ii) Increase the amount of the Commitment of any Bank hereunder; or

(iii) Reduce the percentage specified in the definition of "Required Banks" or "Majority Banks"; or

(iv) Permit Borrower or any Portfolio Entity to assign its rights under this Agreement, or permit a transfer of ownership of a Portfolio Entity, except as expressly contemplated by Section 7.1.10, or

(v) Amend this Section 9.9; or

(vi) Release any Collateral from the Lien of any of the Collateral Documents, except as permitted in Section 6.4.2 and Section 5.4.2 of the applicable Project Owner Guaranty, or allow release of any funds from any Account otherwise than in accordance with the terms hereof; or

(vii) Extend the maturity of any Loan or any of the Notes or reduce the principal amount thereof, or reduce the rate or change the time of payment of interest due on any Loan or any Notes; or

(viii) Extend the scheduled Loan Maturity Date; or

(ix) Reduce the amount or extend the payment date for any amount due under Article 2, whether principal, interest, fees or other amounts; or

(x) Reduce or change the time of payment of any fee due or payable to any Bank; or

(xi) Terminate any Project Owner Guarantee or the NRG Energy Equity Undertaking, or allow a release of any material obligation of NRG Energy or any Project Owner thereunder, in each case except in accordance with its terms; or

(xii) Increase the maximum duration of Interest Periods permitted hereunder; or

(xiii) Subordinate the Loans to any other Indebtedness.

(b) Without limiting anything contained in clause (a) above, (i) no amendment, modification, termination or waiver of any provision of any Note (other than by way of amending a document referred to therein) shall be effective without the written concurrence of the Bank which is the holder of that Note, and (ii) no amendment, modification, termination or waiver of any provision of Article 9 or any other provision of this Agreement which, by its terms, expressly requires the approval or concurrence or is expressly for the benefit of

Administrative Agent shall be effective without the written concurrence of Administrative Agent.

(c) Any proposed action to be taken by the Required Banks under the Credit Documents, including supplemental agreements with Borrower adding, modifying or waiving any provisions to the Credit Documents or changing in any manner the rights of Banks or Borrower hereunder or waiving any Inchoate Default or Event of Default under this Section 9.9, shall be deemed so taken by the

Required Banks unless, after Banks have received from Administrative Agent and/or Borrower notice of such proposed action together with all other documentation and other information reasonably necessary for Banks' consideration of such proposed action, Banks having Proportionate Shares exceeding 40% at the time of such notice notify Administrative Agent of such Banks' disapproval of such proposed action by the Determination Date.

9.10 Withholding Tax.

9.10.1 Administrative Agent may withhold from any interest payment to any Bank an amount equivalent to any applicable withholding tax. If the forms or other documentation required by Section 2.4 are not delivered to Administrative Agent, then Administrative Agent may withhold from any interest payment to any Bank not providing such forms or other documentation, an amount equivalent to the applicable withholding tax.

9.10.2 If the Internal Revenue Service or any authority of the United States or other jurisdiction asserts a claim that Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify Administrative Agent fully for all amounts paid, directly or indirectly, by Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs, and any out of pocket expenses.

9.10.3 If any Bank sells, assigns, grants participation in, or otherwise transfers its rights under this Agreement, the purchaser, assignee, participant or transferee, as applicable, shall comply and be bound by the terms of Sections 2.4.7, 9.10.1 and 9.10.2 as though it were such Bank.

9.11 General Provisions as to Payments. Administrative Agent shall promptly distribute to each Bank, subject to the terms of the assignment and assumption agreement between Administrative Agent and such Bank, its pro rata share of each payment of principal and interest payable to Banks on the Loans and of fees hereunder received by Administrative Agent for the account of Banks and of any other amounts owing under the Loans. The payments made for the account of each Bank shall be made, and distributed to it, for the account of its domestic or foreign lending office, as each Bank may designate in writing to Administrative Agent. Banks shall have the right to alter designated lending offices upon five Banking Days prior written notice to Administrative Agent and Borrower.

9.12 Substitution of Bank. Should any Bank fail to make a Loan in violation of its obligations under this Agreement (a "Non-Advancing Bank"), Administrative Agent shall (a) in its sole discretion fund the Loan on behalf of the Non-Advancing Bank or (b) cooperate with Borrower or any other Bank to find another Person that shall be acceptable to Administrative Agent and that shall be willing to assume the Non-Advancing Bank's obligations under this Agreement (including the obligation to make the Loan which the Non-Advancing Bank failed to make but without assuming any liability for damages for failing to have made such Loan or any previously required Loan). Subject to the provisions of the next following sentence, such Person shall be substituted for the Non-Advancing Bank hereunder upon execution and delivery to Administrative Agent of an agreement acceptable to Administrative Agent by such Person assuming the Non-Advancing Bank's obligations under this Agreement, and all interest and fees which would otherwise have been payable to the Non-Advancing Bank shall thereafter be payable to such Person. Nothing in (and no action taken pursuant to) this Section 9.12 shall relieve the Non-Advancing Bank from any liability it might have to Borrower or to the other Banks as a result of its failure to make any Loan or (b) limit any of the provisions set forth in Section 2.1.6.

9.13 Participation.

9.13.1 Nothing herein provided shall prevent any Bank from selling a participation in one or more of its Commitments (and Loans made thereunder); provided that (a) no such sale of a participation shall alter such Bank's or Borrower's obligations hereunder, (b) any agreement pursuant to which any Bank may grant a participation in its rights with respect to its Commitment shall provide that, with respect to such Commitment, subject to the following proviso, such Bank shall retain the sole right and responsibility to exercise the rights of such Bank, and enforce the obligations of Borrower relating to such Commitment, including the right to approve any amendment, modification or waiver of any provision of this Agreement or any other Credit Document and the right to take action to have the Obligations (or any portion thereof) of Portfolio Entities declared due and payable pursuant to Article 7; provided, however, that such agreement may provide that the participant may have rights to approve or disapprove decreases in Commitments, interest rates or fees, lengthening of maturity of any Loans, extend the payment date for any amount due under Article 2 hereof or release of any material Collateral. No recipient of a participation in any Commitment or Loans of any Bank shall have any rights under this Agreement or shall be entitled to any reimbursement for Taxes, Other Taxes increased costs or reserve requirements under Section 2.4 or 2.6 or any other indemnity or payment rights against Borrower (but shall be permitted to receive from Bank granting such participation a proportionate amount which would have been payable to Bank from whom such Person acquired its participation).

9.13.2 Notwithstanding anything to the contrary contained herein, any Bank (a "Granting Bank") may grant to a special purpose funding vehicle (a "SPC"), identified as such in writing from time to time by the Granting Bank to Administrative Agent and Borrower, the option to provide to Borrower all or any part of any Loan that such Granting Bank would otherwise be obligated to make to Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Bank shall be obligated to make such Loan pursuant to the terms hereof. The making

of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Loan were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Bank). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other Person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any state thereof. In addition, notwithstanding anything to the contrary contained in this Section 9.13, any SPC may (i) with notice to, but without the prior written consent of, Borrower and Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Bank or to any financial institutions (consented to by Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of the SPC.

9.14 Transfer of Commitment. Notwithstanding anything else herein to the contrary, any Bank, after receiving (a) Borrower's prior written consent as to the identity of the assignee (which consent shall not be unreasonably withheld or delayed or, so long as an Event of Default has occurred and is continuing,

required) and (b) Administrative Agent's prior written consent (which consent shall not be unreasonably withheld or delayed) may from time to time, at its option, sell, assign, transfer, negotiate or otherwise dispose of a portion of one or more of its Commitments (and Loans made thereunder) (including Bank's interest in this Agreement and the other Credit Documents) to any bank or other lending institution which in such assigning Bank's judgment is reasonably capable of performing the obligations of a Bank hereunder and reasonably experienced in project financing; provided, however, that no Bank (including any assignee of any Bank) may assign any portion of its Commitment (including Loans) of less than $1,000,000 (unless to another Bank); provided, further, that any Bank may assign all or any portion of its Commitments to an Affiliate of such Bank without the consent of any Person. In the event of any such assignment, (i) the assigning Bank's Proportionate Share shall be reduced and its obligations hereunder released by the amount of the Proportionate Share assigned to the new lender, (ii) the parties to such assignment shall execute and deliver to Administrative Agent an Assignment Agreement evidencing such sale, assignment, transfer or other disposition substantially in the form of Exhibit L hereto or otherwise satisfactory to Administrative Agent together with an assignment fee payable to Administrative Agent of $3,500 (provided such assignment fee shall not be required with respect to the initial syndication of Lead Arranger's and Arrangers' Commitments) and any other related documentation reasonably requested by Administrative Agent, including such withholding tax certificates as may be appropriate pursuant to Section 2.4.7, (iii) at the assigning Bank's option, (A) Borrower shall execute and deliver to such new lender new Notes in the forms attached hereto as Exhibit B hereto in a principal amount equal to such new lender's Commitment and (B) Borrower shall execute and exchange with the assigning Bank a replacement note for any Note in an amount equal to the Commitment retained by Bank, if any, (iv) to the extent the assigning Bank has been issued any Notes in its favor, such Bank shall cancel and return each such Note to Borrower promptly after the

effectiveness of any such assignment and (v) Exhibit H hereto shall be automatically amended without further action to reflect such assignment and the Proportionate Shares of Banks following such assignment. Thereafter, such new lender shall be deemed to be a Bank and shall have all of the rights and duties of a Bank (except as otherwise provided in this Article 9), in accordance with its Proportionate Share, under each of the Credit Documents.

9.15 Laws. Notwithstanding the foregoing provisions of this Article 9, no sale, assignment, transfer, negotiation or other disposition of the interests of any Bank hereunder or under the other Credit Documents shall be allowed if it would require registration under the federal Securities Act of 1933, as then amended, any other federal securities laws or regulations or the securities laws or regulations of any applicable jurisdiction. Borrower shall, from time to time at the request and expense of Administrative Agent, execute and deliver to Administrative Agent, or to such party or parties as Administrative Agent may designate, any and all further instruments as may in the opinion of Administrative Agent be reasonably necessary or advisable to give full force and effect to such disposition.

9.16 Assignability to Federal Reserve Bank. Notwithstanding any other provision contained in this Agreement or any other Credit Document to the contrary, any Bank may assign all or any portion of the Loans or Notes held by it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Loans or Notes made by Borrower to or for the account of the assigning and/or pledging Bank in accordance with the terms of this Agreement shall satisfy Borrower's obligations hereunder in respect of such assigned Loans or Notes to the extent of such payment. No such assignment shall release the assigning Bank from its

obligations hereunder and in no event shall such Federal Reserve Bank be considered to be a "Bank" or be entitled to require the assigning Bank to take or omit to take any action hereunder.

9.17 Technical Committee. Each Bank hereby appoints and authorizes each of Credit Suisse First Boston, ABN AMRO Bank N.V., Citicorp USA, Inc., Deutsche Bank AG, Bayerische Hypo- und Vereinsbank AG, The Royal Bank of Scotland plc and The Bank of Tokyo-Mitsubishi, Ltd. to act as its technical committee hereunder and under the other Credit Documents (the "Technical Committee") with such powers as are expressly delegated to the Technical Committee by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. The Technical Committee shall not have any duties or responsibilities except those expressly set forth in this Agreement or in any other Credit Document, or be a trustee or a fiduciary for any Bank. Notwithstanding anything to the contrary contained herein the Technical Committee shall not be required to take any action which is contrary to this Agreement or any other Credit Documents or any Legal Requirement or exposes the Technical Committee to any liability. All decisions and determinations to be made by the Technical Committee hereunder and under the other Credit Documents shall be made by the affirmative vote of six of its members (provided that if any single member of the Technical Committee shall fail to approve or disapprove any matter before it within 20 Banking Days from the date that at least five other members of the Technical Committee shall have approved such matter, then such matter shall be deemed to be approved by such member). Borrower and each Bank hereby agrees that the protective provisions set forth in Section 5.10 and Sections 9.1 through 9.5 shall apply to and protect, mutatis mutandis, each member of the Technical

Committee and all determinations, decisions, actions or inactions taken or omitted to be taken by the Technical Committee. In the event that any member of the Technical Committee at any time reduces its Commitment to less than $50,000,000, ceases to be a Bank hereunder, is removed from the Technical Committee by the Majority Banks or otherwise resigns from the Technical Committee, Borrower shall nominate (and submit such nominations in writing to the remaining members of the Technical Committee) three Banks as a potential replacement member within five Banking Days after the occurrence of any such event (provided that each such nominee shall be a Bank with one of the six largest Commitments at such time among Banks who are not then members of the Technical Committee) and the remaining members of the Technical Committee shall appoint one of such three nominated Banks as a replacement member to the Technical Committee (thereafter, such replacement member shall have the same rights and obligations as the other members of the Technical Committee).

9.18 Notices to Technical Committee and Banks. Administrative Agent promptly shall deliver all material documents, instruments and notices that it receives hereunder and under the other Operative Documents to the Technical Committee and to each Bank that is not a member of the Technical Committee.

ARTICLE 10.
INDEPENDENT CONSULTANTS

10.1 Removal and Fees

10.1.1 Independent Engineer. For purposes of this Agreement, the "Independent 10 Engineer" shall be Stone & Webster Consultants, Inc. for each of the Bridgeport Project, the New Haven Project and the Nelson Project and for the preparation of each of the feasibility reports referred to in Section 3.1.21. With respect to all other Identified Projects, Non-Identified Projects, Acquisition Plants, Approved Projects and all other matters related thereto, the "Independent Engineer" shall be Sargent & Lundy or such other replacement consulting engineering firm selected in accordance with this Section 10.1. Borrower or Required Banks may remove any Independent Engineer (other than Stone

& Webster Consultants, Inc.) in the event that such Independent Engineer (a) ceases to be a consulting engineering firm of recognized international standing, (b) has become an Affiliate of NRG Energy or (c) has developed a conflict of interest that reasonably calls into question such firm's capacity to exercise independent judgment. If the Independent Engineer is removed or resigns and thereby ceases to act as Independent Engineer for purposes of this Agreement, the Technical Committee and Borrower shall, within 30 days of such removal or resignation, jointly designate a replacement consulting engineering firm from the list contained in Exhibit M hereto and, thereafter, the Technical Committee shall promptly notify Banks of such designation. At any time and from time to time, the Technical Committee shall have the right to add to Exhibit M hereto one or more independent consulting engineering firms and shall notify Borrower and Banks of any such addition. Exhibit M hereto shall automatically be deemed amended to reflect such addition unless, within 30 days of such notification, Borrower notifies the Technical Committee that it objects, on the basis of the criteria set out in clauses (a) through (c) above for removal of the Independent Engineer, to the firm or firms so added.

At any time while the Obligations are outstanding, the Technical Committee, Administrative Agent and Lead Arranger shall have the right to consult with the Independent Engineer on matters related to this Agreement. All reasonable fees and expenses of the Independent Engineer (whether the original one or replacements) shall be paid by Borrower.

10.1.2 Insurance Consultant. For purposes of this Agreement, the "Insurance Consultant" shall be Marsh USA Inc. or such other replacement consulting insurance firm selected in accordance with this Section 10.1. Borrower or Required Banks may remove the Insurance Consultant in the event that such Insurance Consultant (a) ceases to be a consulting insurance firm of recognized international standing, (b) has become an Affiliate of NRG Energy or (c) has developed a conflict of interest that reasonably calls into question such firm's capacity to exercise independent judgment. If the Insurance Consultant is removed or resigns and thereby ceases to act as Insurance Consultant for purposes of this Agreement, the Technical Committee and Borrower shall, within 30 days of such removal or resignation, jointly designate a replacement consulting insurance firm from the list contained in Exhibit N hereto and, thereafter, the Technical Committee shall promptly notify Banks of such designation. At any time and from time to time, the Technical Committee shall have the right to add to Exhibit N hereto one or more independent consulting insurance firms and shall notify Borrower and Banks of any such addition. Exhibit N hereto shall automatically be deemed amended to reflect such addition unless, within 30 days of such notification, Borrower notifies the Technical Committee that it objects, on the basis of the criteria set out in clauses (a) through (c) above for removal of the Insurance Consultant, to the firm or firms so added.

At any time while the Obligations are outstanding, the Technical Committee, Administrative Agent and Lead Arranger shall have the right to consult with the Insurance Consultant on matters related to this Agreement. All reasonable fees and expenses of the Insurance Consultant (whether the original one or replacements) shall be paid by Borrower.

10.1.3 Fuel Consultant. For purposes of this Agreement, the "Fuel Consultant" shall be Pace Global Energy Services, LLC or such other replacement consulting fuel firm selected in accordance with this Section 10.1. Borrower or Required Banks may remove the Fuel Consultant in the event that such Fuel Consultant (a) ceases to be a consulting insurance firm of recognized international standing, (b) has become an Affiliate of NRG Energy or (c) has developed a conflict of interest that reasonably calls into question such firm's capacity to exercise independent judgment. If the Fuel Consultant is removed or resigns and thereby ceases to act as Fuel Consultant for purposes of this Agreement, the Technical Committee and Borrower shall, within 30 days of such removal or resignation, jointly designate a replacement consulting fuel firm from the list contained in Exhibit O hereto and, thereafter, the Technical

Committee shall promptly notify Banks of such designation. At any time and from time to time, the Technical Committee shall have the right to add to Exhibit O hereto one or more independent consulting fuel firms and shall notify Borrower and Banks of any such addition. Exhibit O hereto shall automatically be deemed amended to reflect such addition unless, within 30 days of such notification, Borrower notifies the Technical Committee that it objects, on the basis of the criteria set out in clauses (a) through (c) above for removal of the Fuel Consultant, to the firm or firms so added.

At any time while the Obligations are outstanding, the Technical Committee, Administrative Agent and Lead Arranger shall have the right to consult with the Insurance Consultant on matters related to this Agreement. All reasonable fees and expenses of the Fuel Consultant (whether the original one or replacements) shall be paid by Borrower.

10.1.4 Power Marketing Consultant. For purposes of this Agreement, the "Power Marketing Consultant" shall be Pace Global Energy Services, LLC or such other replacement consulting marketing firm selected in accordance with this Section 10.1. Borrower or Required Banks may remove the Power Marketing Consultant in the event that such Power Marketing Consultant (a) ceases to be a consulting marketing firm of recognized international standing, (b) has become an Affiliate of NRG Energy or (c) has developed a conflict of interest that reasonably calls into question such firm's capacity to exercise independent judgment. If the Power Marketing Consultant is removed or resigns and thereby ceases to act as Power Marketing Consultant for purposes of this Agreement, the Technical Committee and Borrower shall, within 30 days of such removal or resignation, jointly designate a replacement consulting marketing firm from the list contained in Exhibit P hereto and, thereafter, the Technical Committee shall promptly notify Banks of such designation. At any time and from time to time, the Technical Committee shall have the right to add to Exhibit P hereto one or more independent consulting marketing firms and shall notify Borrower and Banks of any such addition. Exhibit P hereto shall automatically be deemed amended to reflect such addition unless, within 30 days of such notification, Borrower notifies the Technical Committee that it objects, on the basis of the criteria set out in clauses (a) through (c) above for removal of the Power Marketing Consultant, to the firm or firms so added.

At any time while the Obligations are outstanding, the Technical Committee, Administrative Agent and Lead Arranger shall have the right to consult with the Insurance Consultant on matters related to this Agreement. All reasonable fees and expenses of the Marketing Consultant (whether the original one or replacements) shall be paid by Borrower.

10.2 Duties. Each Independent Consultant shall be contractually obligated to Administrative Agent to carry out the activities required of it in this Agreement and as otherwise requested by Administrative Agent and shall be responsible solely to Administrative Agent. Borrower acknowledges that it will not have any cause of action or claim against any Independent Consultant resulting from any decision made or not made, any action taken or not taken or any advice given by such Independent Consultant in the due performance in good faith of its duties to Administrative Agent, except to the extent arising from such Independent Consultant's gross negligence or willful misconduct.

10.3 Independent Consultants' Certificates.

10.3.1 Until the receipt by Administrative Agent of certificates satisfactory to Administrative Agent from each Independent Consultant whom Administrative Agent considers necessary or appropriate certifying Final Acceptance, Borrower shall provide such documents and information to the Independent Consultants as any of the Independent Consultants may reasonably consider necessary in order for the Independent Consultants to deliver to Administrative Agent the following certificates:

(a) all certificates to be delivered pursuant to Article 3, if any, and certificates delivered as to the matters required by the Depositary Agreement; and

(b) monthly after the Closing Date, a full report and status of the progress of each Approved Project and Acquisition to that date, a complete assessment of Project Costs to Final Acceptance of such Projects and Acquisitions and such other information and certification as Administrative Agent may reasonably require from time to time.

10.3.2 Following Final Acceptance of each Approved Project, Borrower shall provide such documents and information to the Independent Consultants (subject to the execution by such Independent Consultants of confidentiality agreements reasonably acceptable to Administrative Agent and Borrower) as they may reasonably consider necessary in order for the Independent Consultants to deliver annually to Administrative Agent a certificate setting forth a full report on the status of such Approved Project and such other information and certification as Administrative Agent may reasonably require from time to time.

10.4 Certification of Dates. Administrative Agent will request that the Independent Consultants act diligently in the issuance of all certificates required to be delivered by the Independent Consultants hereunder, if their issuance is appropriate. Borrower shall provide the Independent Consultants with reasonable notice of the expected occurrence of any such dates or events.

ARTICLE 11.
MISCELLANEOUS

11.1 Addresses. Any communications between the parties hereto or notices provided herein to be given may be given to the following addresses:

If to Administrative Agent:

Credit Suisse First Boston, New York Branch
Eleven Madison Avenue
New York, New York 10010-3629
Attn: Vice President -- Project Finance -- CPG
Telephone No.: (212) 325-5813
Telecopy No.: (212) 325-8321

and

Credit Suisse First Boston, New York Branch
Eleven Madison Avenue
New York, New York 10010-3629
Attn: Department Manager -- Agency Group

Telephone No.: (212) 325-9940
Telecopy No.: (212) 325-8304

If to Borrower:

NRG Finance Company I LLC
901 Marquette Avenue
Suite 2300
Minneapolis, Minnesota 55402
Attn: General Counsel
Telephone No.: (612) 373-5300
Telecopy No.: (612) 373-5392

If to the Technical Committee:

ABN AMRO Bank N.V.
208 South LaSalle Street
Suite 1500
Chicago, IL 60604-1003

Attn: Loan Administration
Telephone No.: (312) 992-5150
Telecopy No.: (312) 992-5155

Citicorp USA, Inc.
399 Park Avenue
New York, New York 10043
Attn: Ian Held
Telephone No.: (212) 816-1028
Telecopy No.: (212) 816-0485

Credit Suisse First Boston, New York Branch
Eleven Madison Avenue
New York, New York 10010-3629
Attn: Vice President -- Project Finance -- CPG
Telephone No.: (212) 325-5813
Telecopy No.: (212) 325-8321

Deutsche Bank AG New York Branch
31 West 52 Street
New York, New York 10019
Attn: Surendra Shah
Telephone No.: (212) 469-7622
Telecopy No.: (212) 469-3580

Bayerische Hypo- und Vereinsbank AG,
New York Branch
150 East 42nd Street
New York, New York 10017
Attn: Gisela Kroess
Telephone No.: (212) 672-5646
Telecopy No.: (212) 672-5516

The Royal Bank of Scotland plc
65 East 55th Street, 21st Floor
New York, New York 10022
Attn: Commercial Operations
Telephone No.: (212) 401-1406
Telecopy No.: (212) 401-1336

The Bank of Tokyo Mitsubishi
1251 6th Avenue
New York, New York 10020
Attn: Structured Finance Group
Telephone No.: (212) 782-5854
Telecopy No.: (212) 782-5871

All notices or other communications required or permitted to be given hereunder shall be in writing and shall be considered as properly given (a) if delivered in person, (b) if sent by overnight delivery service (including Federal Express, UPS, ETA, Emery, DHL, AirBorne and other similar overnight delivery services), (c) in the event overnight delivery services are not readily available, if mailed by first class United States Mail, postage prepaid, registered or certified with return receipt requested, (d) if sent by prepaid telegram or by telecopy or (e) other electronic means (including electronic mail) confirmed by telecopy or telephone. Notice so given shall be effective upon receipt by the addressee, except that communication or notice so transmitted by telecopy or other direct electronic means shall be deemed to have been validly and effectively given on the day (if a Banking Day and, if not, on the next following Banking Day) on which it is transmitted if transmitted before 4:00 p.m., recipient's time, and if transmitted after that time, on the next following Banking Day; provided, however, that if any notice is tendered to an addressee and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender. Any party shall have the right to change

its address for notice hereunder to any other location within the continental United States by giving of 30 days' notice to the other parties in the manner set forth hereinabove.

11.2 Additional Security; Right to Set-Off. Any deposits or other sums at any time credited or due from Banks and any Project Revenues, securities or other property of Borrower in the possession of Administrative Agent may at all times be treated as collateral security for the payment of the Loans and the Notes and all other obligations of Borrower to Banks under this Agreement and the other Credit Documents, and Borrower hereby pledges to Administrative Agent, for the benefit of Secured Parties and grants Administrative Agent a security interest in and to all such deposits, sums, securities or other property. Regardless of the adequacy of any other collateral, any Bank or any Affiliate thereof (but only with the prior written consent of Administrative Agent), may execute or realize on Banks' security interest in any such deposits or other sums credited by or due from Banks to Borrower, may apply any such deposits or other sums to or set them off against Borrower's obligations to Banks under the Notes and this Agreement at any time after the occurrence and during the continuance of any Event of Default.

11.3 Delay and Waiver. No delay or omission to exercise any right, power or remedy accruing to Banks upon the occurrence of any Event of Default or Inchoate Default or any Project Default or Project Inchoate Default or any breach or default of the Portfolio Entities

under this Agreement or any other Credit Document shall impair any such right, power or remedy of Banks, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single Event of Default, Inchoate Default, Project Default, Project Inchoate Default or other breach or default be deemed a waiver of any other Event of Default, Inchoate Default, Project Default, Project Inchoate Default or other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of Administrative Agent and/or Banks of any Event of Default, Inchoate Default, Project Default, Project Inchoate Default or other breach or default under this Agreement or any other Credit Document, or any waiver on the part of Administrative Agent and/or Banks of any provision or condition of this Agreement or any other Credit Document, must be in writing and shall be effective only to the extent in such writing specifically set forth. All remedies, either under this Agreement or any other Credit Document or by law or otherwise afforded to Administrative Agent, Banks and the other Secured Parties, shall be cumulative and not alternative.

11.4 Costs, Expenses and Attorneys' Fees; Syndication.

11.4.1 Borrower will pay to each of Administrative Agent, Lead Arranger and each member of the Technical Committee all of its reasonable costs and expenses in connection with the preparation, negotiation, closing and administering this Agreement and the documents contemplated hereby and any participation or syndication of the Loans or this Agreement, including the reasonable fees, expenses and disbursements of Latham & Watkins and other associated local attorneys retained by such Persons in connection with the preparation of such documents and any amendments hereof or thereof, or the preparation, negotiation, closing, administration, enforcement, participation or syndication of the Loans or this Agreement, the reasonable fees, expenses and disbursements of the Independent Consultants and any other engineering, insurance and construction consultants to Administrative Agent, Lead Arranger and each member of the Technical Committee and incurred in connection with this Agreement or the Loans subsequent to the Closing Date, and the travel and out-of-pocket costs incurred by such Persons following the Closing Date, and Borrower further agrees to pay Administrative Agent and Lead Arranger the out-of-pocket costs and travel costs incurred by such Persons in connection with

syndication of the Loans or this Agreement; provided, however, Borrower shall not be required to pay advertising costs of any of Banks or the fees of Banks' attorneys, other than Latham & Watkins and associated local counsel or the fees and costs of any engineers or consultants other than the Independent Engineer and the Independent Consultant engaged by Administrative Agent. Without limiting the foregoing, Borrower will reimburse Administrative Agent, Lead Arranger, each member of the Technical Committee, and each Bank for all costs and expenses, including reasonable attorneys' fees, expended or incurred by such Persons in enforcing this Agreement or the other Credit Documents in connection with an Event of Default or Inchoate Default, in actions for declaratory relief in any way related to this Agreement or in collecting any sum which becomes due such Persons on the Notes or under the Credit Documents.

11.4.2 In connection with syndication of the Loans and Commitments, an information package containing certain relevant information concerning Borrower, the Identified Projects, the other Identified Project participants and the transactions contemplated hereby has

been provided to potential Banks and participants. Borrower agrees to cooperate, and use its best efforts to cause the Member and NRG Energy to cooperate, in the syndication of the Loans and Commitments in all respects, as reasonably requested by Administrative Agent, Lead Arranger, or any Arranger including participation in bank meetings held in connection with such syndication, and to provide, for inclusion in any additional package, all information which such Persons may request from it or which such Persons or Borrower may consider material to a lender or participant, or necessary or appropriate for accurate and complete disclosure. Upon request of Lead Arranger, Borrower shall represent to such Persons, and indemnify such Persons for claims relating to, the accuracy and completeness of such disclosure, upon terms acceptable to such Persons.

11.5 Entire Agreement. This Agreement and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Agreement and any such agreement, document or instrument, the terms, conditions and provisions of this Agreement shall prevail. This Agreement and the other Credit Documents may only be amended or modified by an instrument in writing signed by Borrower, Administrative Agent and any other parties to such agreements.

11.6 Governing Law. This Agreement, and any instrument or agreement required hereunder (to the extent not otherwise expressly provided for therein), shall be governed by, and construed under, the laws of the State of New York, without reference to conflicts of laws (other than Section 5-1401 of the New York General Obligations Law).

11.7 Severability. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

11.8 Headings. Article and Section headings have been inserted in this Agreement as a matter of convenience for reference only and it is agreed that such article and section headings are not a part of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

11.9 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP and practices consistent with those applied in the preparation of the financial statements submitted by Borrower to Administrative Agent, and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles and practices.

11.10 Additional Financing. The parties hereto acknowledge no Bank has made any agreement or commitment to provide any financing to any Portfolio Entity except as set forth herein.

11.11 No Partnership, Etc. Banks and Borrower intend that the relationship between them shall be solely that of creditor and debtor. Nothing contained in this Agreement, the Notes or in any of the other Credit Documents shall be deemed or construed to create a partnership,

tenancy-in-common, joint tenancy, joint venture or co-ownership by or between Banks, Borrower or any other Person. Banks shall not be in any way responsible or liable for the debts, losses, obligations or duties of the Portfolio Entities or any other Person with respect to any Identified Project, Non-Identified Project, Approved Project, Funded Working Capital Asset, Acquisition or otherwise. All obligations to pay real property or other taxes, assessments, insurance premiums, and all other fees and charges arising from the ownership, operation or occupancy of any Identified Project, Non-Identified Project, or Funded Working Capital Asset and to perform all obligations and other agreements and contracts relating to any Identified Project, Non-Identified Project, Approved Project or Funded Working Capital Asset, Acquisition or any other asset or liability of any Portfolio Entity shall be the sole responsibility of the Portfolio Entities.

11.12 Deed of Trust/Collateral Documents. The Loans are or will be secured in part by the Deeds of Trust and Mortgages encumbering certain properties associated with the Approved Projects in such Projects' respective states. Reference is hereby made to the Deeds of Trust, Mortgages and the other Collateral Documents for the provisions, among others, relating to the nature and extent of the security provided thereunder, the rights, duties and obligations of the Portfolio Entities and the rights of Administrative Agent and Banks with respect to such security.

11.13 Limitation on Liability. No claim shall be made by any Portfolio Entity, the Member, any Affiliate Pledgor, NRG Energy or any of their Affiliates, against Administrative Agent, Lead Arranger, Banks, any member of the Technical Committee, any other Secured Party or any of their Affiliates, directors, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any breach or wrongful conduct (whether or not the claim therefor is based on contract, tort or duty imposed by law), in connection with, arising out of or in any way related to the transactions contemplated by this Agreement or the other Operative Documents or any act or omission or event occurring in connection therewith; and Borrower hereby waives, releases and agrees not to sue upon any such claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

11.14 Waiver of Jury Trial. BANKS AND BORROWER HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF BANKS OR BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANKS TO ENTER INTO THIS AGREEMENT.

11.15 Consent to Jurisdiction. Banks and Borrower agree that any legal action or proceeding by or against Borrower or with respect to or arising out of this Agreement, the Notes, or any other Credit Document may be brought in or removed to the courts of the State of New York, in and for the County of New York, or of the United States of America for the Southern District of New York, as Administrative Agent may elect. By execution and delivery of the Agreement, Banks and Borrower accept, for themselves and in respect of their property,

generally and unconditionally, the jurisdiction of the aforesaid courts. Banks and Borrower irrevocably consent to the service of process out of any of the aforementioned courts in any

manner permitted by law. Nothing herein shall affect the right of Administrative Agent to bring legal action or proceedings in any other competent jurisdiction, including judicial or non-judicial foreclosure of any Deed of Trust or Mortgage. Banks and Borrower further agree that the aforesaid courts of the State of New York and of the United States of America shall have exclusive jurisdiction with respect to any claim or counterclaim of Borrower based upon the assertion that the rate of interest charged by Banks on or under this Agreement, the Loans and/or the other Credit Documents is usurious. Banks and Borrower hereby waive any right to stay or dismiss any action or proceeding under or in connection with any or all of any Identified Project, Approved Project, Funded Working Capital Asset, Acquisition, this Agreement or any other Credit Document brought before the foregoing courts on the basis of forum non-conveniens.

11.16 Usury. Nothing contained in this Agreement or the Notes shall be deemed to require the payment of interest or other charges by Borrower or any other Person in excess of the amount which the holders of the Notes may lawfully charge under any applicable usury laws. In the event that Banks shall collect moneys which are deemed to constitute interest which would increase the effective interest rate to a rate in excess of that permitted to be charged by applicable Legal Requirements, all such sums deemed to constitute interest in excess of the legal rate shall, upon such determination, at the option of Banks, be returned to Borrower or credited against the principal balance then outstanding.

11.17 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Borrower may not assign or otherwise transfer any of its rights under this Agreement except as provided in Section 6.16, and Banks may not assign or otherwise transfer any of their rights under this Agreement except as provided in Article 9.

11.18 Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

11.19 Survival. All representations, warranties, covenants and agreements made herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement and the other Credit Documents shall be considered to have been relied upon by the parties hereto and shall survive the execution and delivery of this Agreement, the other Credit Documents and the making of the Loans. Notwithstanding anything in this Agreement or implied by law to the contrary, the agreements of Borrower set forth in Sections 2.4.4, 2.6.4, 2.7, 5.10, 9.1, 9.8, 10.1 and 11.4 and the agreements of Banks set forth in Sections 9.1, 9.5 and 9.10.2 shall survive the payment and performance of the Loans and other Obligations and the reimbursement of any amounts drawn thereunder, and the termination of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto, by their officers duly authorized, intending to be legally bound, have caused this Credit Agreement to be duly executed and delivered as of the date first above written.

NRG FINANCE COMPANY I LLC,
a Delaware limited liability company

By: --
Name: ----------------------------------
Title: ---------------------------------

CREDIT SUISSE FIRST BOSTON, NEW YORK BRANCH,
as Lead Arranger and a Bank

By: --
Name: ----------------------------------
Title: ---------------------------------

By: --
Name: ----------------------------------
Title: ---------------------------------

CREDIT SUISSE FIRST BOSTON, NEW YORK BRANCH,
as Administrative Agent and Documentation Agent

By: --
Name: ----------------------------------
Title: ---------------------------------

By: --
Name: ----------------------------------
Title: ---------------------------------

ABBEY NATIONAL TREASURY SERVICES PLC,
as a Bank

By: ____
Name:
Title:

ABN AMRO BANK N.V.,
as an Arranger and a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

BANK OF AMERICA, N.A.,
as an Arranger and a Bank

By: ____
Name:
Title:

BARCLAYS BANK PLC,
as a Bank

By: ____
Name:
Title:

BAYERISCHE HYPO- UND VEREINSBANK AG,
NEW YORK BRANCH,
as an Arranger and a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

BNP PARIBAS,
as an Arranger and a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

CIBC INC.,
as an Arranger, a Co-Syndication Agent
and a Bank

By: ____
Name:
Title:

CITICORP USA, INC.,
as an Arranger and a Bank

By: ____
Name:
Title:

CREDIT AGRICOLE INDOSUEZ,
as a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

CREDIT LYONNAIS NEW YORK BRANCH,
as a Bank

By: ____
Name:
Title:

DEUTSCHE BANK AG, NEW YORK BRANCH,
as a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

DEUTSCHE BANC ALEX. BROWN,

as an Arranger

By: ____
Name:
Title:

By: ____
Name:
Title:

EXPORT DEVELOPMENT CORPORATION,
as a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

FORTIS CAPITAL CORP.,
as an Arranger and a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

INTESABCI S.P.A. NEW YORK BRANCH,
as an Arranger, a Co-Documentation Agent
and a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

KREDITANSTALT FUR WIEDERAUFBAU,
as an Arranger, a Co-Documentation Agent
and a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE,
as a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

THE ROYAL BANK OF SCOTLAND PLC,
as an Arranger and a Bank

By: ____
Name:
Title:

SUMITOMO MITSUI BANKING CORPORATION,
as a Bank

By: ____
Name:
Title:

THE BANK OF TOKYO-MITSUBISHI, LTD.,
NEW YORK BRANCH
as an Arranger and a Bank

By: ____
Name:
Title:

THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND,
as a Bank

By: ____
Name:

Title:

TD SECURITIES (USA) INC.,
as a Co-Arranger and a Co-Syndication Agent

By: ____
Name:
Title:

TORONTO DOMINION (TEXAS), INC.,
as a Bank

By: ____
Name:
Title:

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH,
as an Arranger, a Co-Administrative
Agent and a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

EXHIBIT 4.22

CREDIT AGREEMENT

DATED AS OF

JUNE 22, 2001

AMONG

NRG ENERGY, INC.

THE FINANCIAL INSTITUTIONS PARTY HERETO,

CREDIT SUISSE FIRST BOSTON

AS ADMINISTRATIVE AGENT, JOINT LEAD ARRANGER
AND JOINT BOOK RUNNER

AND

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

AS CO-SYNDICATION AGENT, JOINT LEAD ARRANGER
AND JOINT BOOK RUNNER

AND

CITICORP USA, INC.

AS CO-SYNDICATION AGENT, JOINT LEAD ARRANGER
AND JOINT BOOK RUNNER

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CREDIT AGREEMENT

CREDIT AGREEMENT, dated as of June 22, 2001 among NRG Energy, Inc., a Delaware corporation (the "Borrower"), the financial institutions from time to time party hereto (each a "Bank," and collectively the "Banks"), Credit Suisse First Boston in its capacity as administrative agent for the Banks hereunder (in such capacity, the "Agent"), joint lead arranger and joint book runner, Merrill Lynch, Pierce, Fenner & Smith Incorporated in its capacity as co-syndication agent, joint lead arranger and joint book runner, and Citicorp USA, Inc. in its capacity as co-syndication agent, joint lead arranger and joint book runner.

WITNESSETH THAT:

WHEREAS, the Borrower desires to obtain the several commitments of the Banks to make available a 364-day credit facility in the aggregate amount of $600,000,000 (the "Credit Facility"), as described herein; and

WHEREAS, the Banks are willing to extend such commitments subject to all of the terms and conditions hereof and on the basis of the representations and warranties hereinafter set forth;

NOW, THEREFORE, in consideration of the recitals set forth above and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

Section 1.1 Definitions. The following terms when used herein have the following meanings:

"Adjusted LIBOR" is defined in Section 2.3(b) hereof.

"Affiliate" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (including, with their correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event for purposes of this definition: (i) any Person which owns directly or indirectly 5% or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or 5% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person; and (ii) each director and executive officer of the Borrower or any Subsidiary shall be deemed an Affiliate of the Borrower and each Subsidiary.

"Agent" is defined in the first paragraph of this Agreement and includes any successor Agent pursuant to Section 10.7 hereof.

"Agent Fee" means a one-time fee of $20,000.00, payable by the Borrower to the Agent on the Effective Date.

"Agreement" means this Credit Agreement, including all Exhibits and Schedules hereto, as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"Applicable Margin" means, at any time (i) with respect to Base Rate Loans, the Base Rate Margin and (ii) with respect to Eurocurrency Loans, the Eurocurrency Margin.

"Applicable Telerate Page" is defined in Section 2.3(b) hereof.

"Authorized Representative" means those persons shown on the list of officers provided by the Borrower pursuant to Section 6.1(e) hereof, or on any updated such list provided by the Borrower to the Agent, or any further or different officer of the Borrower so named by any Authorized Representative of the Borrower in a written notice to the Agent.

"Bank" is defined in the first paragraph of this Agreement.

"Base Rate" is defined in Section 2.3(a) hereof.

"Base Rate Loan" means a Loan bearing interest prior to maturity at a rate specified in Section 2.3(a) hereof.

"Base Rate Margin" means 0.00% subject to Section 2.9 hereof.

"Borrower" is defined in the first paragraph of this Agreement.

"Borrowing" means the total of Loans of a single type advanced, continued for an additional Interest Period, or converted from a different type into such type by the Banks on a single date and for a single Interest Period. Borrowings of Loans are made and maintained ratably from each of the Banks according to their Percentages. A Borrowing is "advanced" on the day Banks advance or disburse funds comprising such Borrowing to the Borrower, is "continued" on the date a new Interest Period for the same type of Loan commences for such Borrowing, and is "converted" when such Borrowing is changed from one type of Loan to the other, all as requested by the Borrower pursuant to Section 2.5(a).

"Business Day" means any day other than a Saturday or Sunday on which Banks are not authorized or required to close in New York, New York and, if the applicable Business Day relates to the borrowing or payment of a Eurocurrency

Loan, on which dealings in U.S. Dollars may be carried on by the Agent in the interbank eurodollar market.

"Capital Lease" means at any date any lease of Property which, in accordance with GAAP, would be required to be capitalized on the balance sheet of the lessee.

"Capitalized Lease Obligations" means, for any Person, the amount of such Person's liabilities under Capital Leases determined at any date in accordance with GAAP.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitments" means the Credit Facility Commitments.

"Compliance Certificate" means a certificate in the form of Exhibit B hereto.

"Consolidated Capitalization" means Consolidated Net Worth plus Indebtedness of the Borrower.

"Consolidated Current Liabilities" means such liabilities of the Borrower on a consolidated basis as shall be determined in accordance with GAAP to constitute current liabilities.

"Consolidated Net Income" means, for any period, the net income (or net loss) of the Borrower for such period computed on a consolidated basis in accordance with GAAP.

"Consolidated Net Tangible Assets" means, as of the date of determination thereof, Consolidated Total Assets as of such date less the sum of (i) Consolidated Current Liabilities and (ii) Intangible Assets.

"Consolidated Net Worth" means, as of the date of determination thereof, the amount which would be reflected as stockholders' equity upon a consolidated balance sheet of the Borrower (determined in accordance with GAAP) prior to making any adjustment thereto in connection with the account entitled "currency translation account" on such balance sheet.

"Consolidated Total Assets" means, as of the date of determination thereof, the total amount of all assets of the Borrower determined on a consolidated basis in accordance with GAAP.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its Property is bound.

"Controlled Group" means all members of a controlled group of corporations and all trades and businesses (whether or not incorporated) under common control that, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Credit Documents" means this Agreement and the Notes.

"Credit Event" means the advancing of any Loan or the continuation of or conversion into a Eurocurrency Loan.

"Credit Facility" is defined in the Recitals hereof.

"Credit Facility Commitment" is defined in Section 2.1 hereof.

"Default" means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

"Disbursement" is defined in Section 2.1 hereof.

"Effective Date" means the date of this Agreement.

"Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1802 et seq., the Toxic Substances Control Act, 15 S.C. Section 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. Section 1252 et seq., the Clean Water Act, 33 U.S.C. Section 1321 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., and any other federal, state, county, municipal, local or other statute, law, ordinance or regulation which may relate to or deal with human health or the environment, all as may be from time to time amended.

"Equity Offering" has the meaning assigned to it in Section 2.8(c).

"ERISA" is defined in Section 5.9 hereof.

"Eurocurrency Loan" means a Loan bearing interest prior to maturity at the rate specified in Section 2.3(b) hereof.

"Eurocurrency Margin" means 0.80% subject to Section 2.9 hereof.

"Eurocurrency Reserve Percentage" is defined in Section 2.3(b) hereof.

"Event of Default" means any of the events or circumstances specified in Section 8.1 hereof.

"Existing Credit Agreement" means that certain 364-Day Revolving Credit Agreement dated as of March 9, 2001 among NRG Energy, Inc., the Financial Institutions party thereto and ABN AMRO Bank N.V. as Agent.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Facility Fee Rate" means 0.10%.

"Federal Funds Rate" means the fluctuating interest rate per annum described in part (x) of clause (ii) of the definition of Base Rate set forth in Section 2.3(a) hereof.

"Fee Letter" means the fee letter of even date herewith among the Borrower and the Banks.

"GAAP" means generally accepted accounting principles as in effect in the United States from time to time, applied by the Borrower and its Subsidiaries on a basis consistent with the preparation of the Borrower's financial statements furnished to the Banks.

"Granting Bank" has the meaning specified in Section 11.12(b)

"Guaranty" by any Person means all obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any

Indebtedness, dividend or other obligation (including, without limitation, limited or full recourse obligations in connection with sales of receivables or any other Property) of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (i) to purchase such Indebtedness or obligation or any Property or assets constituting security therefore, (ii) to advance or supply funds (x) for the purchase or payment of such Indebtedness or obligation, or (y) to maintain working capital or other balance sheet condition, or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, or (iii) to lease property or to purchase Securities or other property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation, or (iv) otherwise to assure the owner of the Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purpose of all computations made under this Agreement, the amount of a Guaranty in respect of any obligation shall be deemed to be equal to the maximum aggregate amount of such obligation or, if the Guaranty is limited to less than the full amount of such obligation, the maximum aggregate potential liability under the terms of the Guaranty. Notwithstanding anything in this definition to the contrary, a Person's support of its subsidiary's obligation to (a) make equity contributions or (b) pay liquidated damages under an operating and maintenance agreement should such subsidiary fail to comply with the terms thereof shall not be considered a "Guaranty" by such Person.

"Hazardous Material" means any substance or material which is hazardous or toxic, and includes, without limitation, (a) asbestos, polychlorinated biphenyls, dioxins and petroleum or its by-products or derivatives (including crude oil or any fraction thereof) and (b) any other material or substance classified or regulated as "hazardous" or "toxic" pursuant to any Environmental Law.

"Indebtedness" means and includes, for any Person, all obligations of such Person, without duplication, which are required by GAAP to be shown as liabilities on its balance sheet, and in any event shall include all of the following whether or not so shown as liabilities: (i) obligations of such Person for borrowed money, (ii) obligations of such Person representing the deferred purchase price of property or services, (iii) obligations of such Person evidenced by notes, acceptances, or other instruments of such Person or

arising out of letters of credit issued for such Person's account, (iv) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (v) Capitalized Lease Obligations of such Person and (vi) obligations for which such Person is obligated pursuant to a Guaranty. All calculations of the Indebtedness of any Person (and the components thereof) shall be performed on a consolidated basis, provided, that Indebtedness shall not include obligations which are required by GAAP to be shown as liabilities on such Person's balance sheet, but which are non-recourse to such Person.

"Interest Period" is defined in Section 2.6 hereof.

"Intangible Assets" means, as of the date of determination thereof, all assets of the Borrower properly classified as intangible assets determined on a consolidated basis in accordance with GAAP.

"Lending Office" is defined in Section 9.4 hereof.

"LIBOR" is defined in Section 2.3(b) hereof.

"LIBOR Index Rate" is defined in Section 2.3(b) hereof.

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, security agreement or trust receipt, or a lease, consignment or bailment for security purposes. The term "Lien" shall also include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property. For the purposes of this definition, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement, Capital Lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes, and such retention of title shall constitute a "Lien."

"Loan" means each Disbursement and each Borrowing of a Base Rate Loan or Eurocurrency Loan, each of which is a "type" of Loan hereunder.

"Material Adverse Effect" means any material adverse change in, or any adverse development which materially affects or could reasonably be expected to affect, the business, financial position or results of operations of the Borrower and its Subsidiaries, taken as a whole, or the ability of the Borrower to perform its obligations under the Credit Documents to which it is a party.

"Material Subsidiary" means a Subsidiary of the Borrower whose total assets represent at least 5% of the total assets of the Borrower and its Subsidiaries determined based upon the most recent financial statements delivered pursuant to Section 7.6 (as determined in accordance with GAAP).

"Maturity Date" means June 21, 2002.

"Minimum Consolidated Net Worth" means an amount, as of any determination thereof, equal to the sum of $1,500,000,000 plus 25% of Consolidated Net Income for the period from and including July 1, 2000 to such determination date but which amount shall in no event be less than $1,500,000,000.

"Non-Conforming Period" is defined in Section 7.13 hereof.

"Note" is defined in Section 2.11(a) hereof.

"Obligations" means all fees payable hereunder, all obligations of the Borrower to pay principal or interest on Loans and all other payment obligations of the Borrower arising under or in relation to any Credit Document.

"Percentage" means, for each Bank, the percentage of the Total Credit Facility represented by such Bank's Credit Facility Commitment or, if the Commitments have been terminated, the percentage held by such Bank of the aggregate principal amount of all outstanding Obligations.

"Person" means an individual, partnership, corporation, association, trust, unincorporated organization or any other entity or organization, including a government or any agency or political subdivision thereof.

"Plan" means at any time an employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that is either (i) maintained by a member of the Controlled Group or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"PBGC" is defined in Section 5.9 hereof.

"Project Finance Subsidiary" means any special purpose Subsidiary of the Borrower formed solely to facilitate the financing of the assets of such Subsidiary, and as to which the recourse of any creditors of such Subsidiary is limited solely to such assets and the stock or other equity interest of such Subsidiary.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

"PUHCA" is defined in Section 5.7 hereof.

"Rating" means the rating given to senior unsecured non-credit enhanced debt obligations of the Borrower by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successors thereto.

"Reference Bank" means Credit Suisse First Boston.

"Replaceable Bank" is defined in Section 11.13(iii).

"Replacement Bank" is defined in Section 11.13(iii).

"Required Banks" means, as of the date of determination thereof, Banks holding 100% of the Percentages.

"SEC" means the Securities and Exchange Commission.

"Security" has the same meaning as in Section 2(l) of the Securities Act of 1933, as amended.

"SPC" has the meaning assigned to it in Section 11.12(b).

"Subsidiary" means, as to any Person, any active, domestic corporation or other entity of which one hundred percent (100%) of the outstanding stock or comparable equity interests having ordinary voting power for the election of the Board of Directors of such corporation or similar governing body in the case of a non corporation (irrespective of whether or not, at the time, stock or other equity interest of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly owned by such Person.

"Telerate Service" means the Dow Jones Telerate Service.

"Termination Date" means June 21, 2002.

"Total Credit Facility Commitments" is defined in Section 2.1 hereof.

"Unfunded Vested Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all vested nonforfeitable accrued benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

"U.S. Dollars" and "$" each means the lawful currency of the United States of America.

"Welfare Plan" means a "welfare plan," as defined in Section 3(1) of ERISA.

"Wholly-Owned" when used in connection with any Subsidiary of the Borrower means a Subsidiary of which all of the issued and outstanding shares of stock or

other equity interests (other than directors' qualifying shares as required by law) shall be owned by the Borrower and/or one or more of its Wholly-Owned Subsidiaries.

Section 1.2 Interpretation. The foregoing definitions shall be equally applicable to both the singular and plural forms of the terms defined. All references to times of day in this Agreement shall be references to Eastern Standard Time unless otherwise specifically provided. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the specific provisions of this Agreement.

SECTION 2. THE CREDIT FACILITY.

Section 2.1 The Credit Facility Commitments. General Terms. Subject to the terms and conditions hereof, and prior to the Maturity Date, each Bank severally and not jointly agrees to make a disbursement or disbursements (individually a "Disbursement" and collectively "Disbursements") to the Borrower (but not to exceed a total of five (5) Disbursements) in U.S. Dollars up to the amount of its Credit Facility commitment set forth on the applicable signature page hereof (such amount, as reduced pursuant to Section 2.13 or changed as a result of one or more assignments under Section 11.12 or 11.13(iii), its "Credit Facility Commitment" and, cumulatively for all the Banks, the "Total Credit Facility Commitments"). The aggregate amount of Loans at any time outstanding shall not exceed the Total Credit Facility Commitments in effect at such time. Each Borrowing of Loans shall be made ratably from the Banks in proportion to their respective Percentages. As provided in Section 2.5(a) hereof, the Borrower may elect that each Borrowing of Loans be either Base Rate Loans or Eurocurrency Loans. The initial amount of Total Credit Facility Commitments under this Agreement equals $600,000,000. The amount of the Total Credit Facility Commitments shall be reduced by the amount of any Equity Offering.

Section 2.2 No Reborrowing. Once repaid hereunder, the principal amount of any Loan may not be reborrowed.

Section 2.3 Applicable Interest Rates.

(a) Base Rate Loans. Each Base Rate Loan made or maintained by a Bank shall bear interest during each Interest Period it is outstanding computed on the basis of a year of 365 or 366 days, as applicable, and actual days elapsed on the unpaid principal amount thereof from the date such Loan is advanced, continued or created by conversion from a Eurocurrency Loan until maturity (whether by acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus the Base Rate from time to time in effect, payable on the last day of its Interest Period and at maturity (whether by acceleration or otherwise).

"Base Rate" means for any day the greater of:

(i) the rate of interest announced by Citibank, N.A. at its offices in New York, New York, from time to time as its prime rate, or equivalent, for U.S. Dollar loans as in effect on such day, with any change in the Base Rate resulting from a change in said prime rate to be effective as of the date of the relevant change in said prime rate; and

(ii) the sum of (x) the rate determined by the Agent to be the prevailing rate per annum (rounded upwards, if necessary, to the nearest one hundred-thousandth of a percentage point) at approximately 10:00 a.m. (New York time) (or as soon thereafter as is practicable) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) for the purchase at face value of overnight Federal funds, as published by the Federal Reserve Bank of New York, in an amount comparable to the principal amount owed to the Agent for which such rate is being determined, plus (y) 1/2 of 1% (0.50%).

(b) Eurocurrency Loans. Each Eurocurrency Loan made or maintained by a Bank shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced, continued, or created by conversion from a Base Rate Loan until maturity (whether by acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus the Adjusted LIBOR applicable for such Interest Period, payable on the last day of the Interest Period and at maturity (whether by acceleration or otherwise), and, if the applicable Interest Period is longer than three months, on each day occurring every three months after the commencement of such Interest Period. All payments of principal and interest on a Loan (whether a Base Rate Loan or Eurocurrency Loan) shall be made in U.S. Dollars.

"Adjusted LIBOR" means, for any Borrowing of Eurocurrency Loans, a rate per annum determined in accordance with the following formula:

$$\text{Adjusted LIBOR} = \frac{\text{LIBOR}}{1 - \text{Eurocurrency Reserve Percentage}}$$

"LIBOR" means, for an Interest Period, (a) the LIBOR Index Rate for such Interest Period as from time to time quoted by the Telerate Service, if such rate is available, and (b) if the LIBOR Index Rate is not quoted by the Telerate Service, the rate of interest per annum (rounded upwards, if necessary, to the nearest one-sixteenth of one percent) at which deposits in U.S. Dollars in immediately available funds are offered to the Reference Bank at 11:00 a.m. (London, England time) two (2) Business Days before the beginning of such Interest Period by major banks in the interbank eurocurrency market for delivery on the first day of and for a period equal to such Interest Period in an amount equal or comparable to the principal amount of the Eurocurrency Loan scheduled to be made by the Agent as part of such Borrowing.

"LIBOR Index Rate" means, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the next higher one-sixteenth of one percent) for deposits in U.S. Dollars for delivery on the first day of and for a period equal to such Interest Period in an amount equal or comparable to the principal amount of the Eurocurrency Loan scheduled to be made by the Agent as part of such Borrowing, which appears on the Applicable Telerate Page, as of 11:00 a.m. (London, England time) on the day two (2) Business Days before the commencement of such Interest Period.

"Applicable Telerate Page" means the display page designated as "Page 3750" on the Telerate Service (or such other page as may replace such pages, as appropriate, on that service or such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for deposits in U.S. Dollars).

"Eurocurrency Reserve Percentage" means the daily average for the applicable Interest Period of the maximum rate, expressed as a decimal, at which

reserves (including, without limitation, any supplemental, marginal and emergency reserves) are imposed during such Interest Period by the Board of Governors of the Federal Reserve System (or any successor) on "eurocurrency liabilities," as defined in such Board's Regulation D (or in respect of any other category of liabilities that includes deposits by reference to which the interest rate is determined or any category of extensions of credit or other assets that include loans by non-United States offices of any Bank to United States residents), subject to any amendments of such reserve requirement by such Board or its successor, taking into account any transitional adjustments thereto. For purposes of this definition, the Eurocurrency Loans shall be deemed to be "eurocurrency liabilities" as defined in Regulation D without benefit or credit for any prorations, exemptions or offsets under Regulation D.

(c) Rate Determinations. The Agent shall determine each interest rate applicable to Obligations, and a determination thereof by the Agent shall be conclusive and binding except in the case of manifest error.

Section 2.4 Minimum Borrowing Amounts. Each Borrowing of Base Rate Loans and Eurocurrency Loans denominated in U.S. Dollars shall be in an amount not less than $10,000,000 and in integral multiples of $10,000,000.

Section 2.5 Manner of Borrowing Loans and Designating Interest Rates Applicable to Loans.

(a) Notice to the Agent. The Borrower shall give written notice to the Agent by no later than 11:00 a.m. (New York time) (i) at least three (3) Business Days before the date on which the Borrower requests the Banks to advance a Borrowing of Eurocurrency Loans and (ii) on the date the Borrower requests the Banks to advance a Borrowing of Base Rate Loans. The Loans included in each Borrowing shall bear interest initially at the type of rate specified in such notice of a new Borrowing. Thereafter, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Borrowing or, subject to

Section 2.4's minimum amount requirement for each outstanding Borrowing, a portion thereof, as follows: (i) if such Borrowing is of Eurocurrency Loans, on the last day of the Interest Period applicable thereto, the Borrower may continue part or all of such Borrowing as Eurocurrency Loans for an Interest Period or Interest Periods specified by the Borrower or convert part or all of such Borrowing into Base Rate Loans, (ii) if such Borrowing is of Base Rate Loans, on any Business Day, the Borrower may convert all or part of such Borrowing into Eurocurrency Loans for an Interest Period or Interest Periods specified by the Borrower. The Borrower shall give all such notices requesting the advance, continuation, or conversion of a Borrowing to the Agent by telephone or telecopy (which notice shall be irrevocable once given and, if by telephone, shall be promptly confirmed in writing). Notices of the continuation of a Borrowing of Eurocurrency Loans for an additional Interest Period or of the conversion of part or all of a Borrowing of Eurocurrency Loans into Base Rate Loans or of Base Rate Loans into Eurocurrency Loans must be given by no later than 11:00 a.m. (New York time) at least three (3) Business Days before the date of the requested continuation or conversion. All such notices concerning the advance, continuation, or conversion of a Borrowing shall specify the date of the requested advance, continuation or conversion of a Borrowing (which shall be a Business Day), the amount of the requested Borrowing to be advanced, continued, or converted, the type of Loans to comprise such new, continued or converted Borrowing and, if such Borrowing is to be comprised of Eurocurrency Loans, the Interest Period applicable thereto. The Borrower agrees that the Agent may rely on any such telephonic or telecopy notice given by any person it in good faith believes is an Authorized Representative without the necessity of independent investigation, and in the event any such notice by telephone conflicts with any written confirmation, such telephonic notice shall govern if the Agent

has acted in reliance thereon. There may be no more than five different Interest Periods in effect at any one time.

(b) Notice to the Banks. The Agent shall give prompt telephonic or telecopy notice to each Bank of any notice from the Borrower received pursuant to Section 2.5(a) above. The Agent shall give notice to the Borrower and each Bank by like means of the interest rate applicable to each Borrowing of Eurocurrency Loans and the amount thereof.

(c) Borrower's Failure to Notify. Any outstanding Borrowing of Base Rate Loans shall, subject to Section 6.2 hereof, automatically be continued for an additional Interest Period on the last day of its then current Interest Period unless the Borrower has notified the Agent within the period required by Section 2.5(a) that it intends to convert such Borrowing into a Borrowing of Eurocurrency Loans or notifies the Agent within the period required by Section 2.8(a) that it intends to prepay such Borrowing. If the Borrower fails to give notice pursuant to Section 2.5(a) above of the continuation or conversion of any outstanding principal amount of a Borrowing of Eurocurrency Loans before the last day of its then current Interest Period within the period required by Section 2.5(a) and has not notified the Agent within the period required by Section 2.8(a) that it intends to

prepay such Borrowing, such Borrowing shall automatically be converted into a Borrowing of Base Rate Loans, subject to Section 6.2 hereof.

(d) Disbursement of Loans. Not later than 12:00 p.m. (New York time) on the date of any requested advance of a new Borrowing of Eurocurrency Loans, and not later than 1:00 p.m. (New York time) on the date of any requested advance of a new Borrowing of Base Rate Loans, subject to Section 6 hereof, each Bank shall make available its Loan comprising part of such Borrowing in funds immediately available at the principal office of the Agent in New York, New York. The Agent shall make available to the Borrower Loans at the Agent's principal office in New York, New York or such other office as the Agent has previously agreed to, in writing, with the Borrower.

(e) Agent Reliance on Bank Funding. Unless the Agent shall have been notified by a Bank before the date on which such Bank is scheduled to make payment to the Agent of the proceeds of a Loan (which notice shall be effective upon receipt) that such Bank does not intend to make such payment, the Agent may assume that such Bank has made such payment when due and the Agent may in reliance upon such assumption (but shall not be required to) make available to the Borrower the proceeds of the Loan to be made by such Bank and, if any Bank has not in fact made such payment to the Agent, such Bank shall, on demand, pay to the Agent the amount made available to the Borrower attributable to such Bank together with interest thereon in respect of each day during the period commencing on the date such amount was made available to the Borrower and ending on (but excluding) the date such Bank pays such amount to the Agent at a rate per annum equal to the Federal Funds Rate. If such amount is not received from such Bank by the Agent immediately upon demand, the Borrower will, on demand, repay to the Agent the proceeds of the Loan attributable to such Bank with interest thereon at a rate per annum equal to the interest rate applicable to the relevant Loan.

Section 2.6 Interest Periods. As provided in Section 2.5(a) hereof, at the time of each request to advance, continue, or create by conversion a Borrowing of Eurocurrency Loans, the Borrower shall select an Interest Period applicable to such Loans from among the available options. The term "Interest Period" means the period commencing on the date a Borrowing of Loans is advanced, continued, or created by conversion and ending: (a) in the case of Base Rate Loans, on the last Business Day of the calendar quarter in which such Borrowing is advanced,

continued, or created by conversion (or on the last day of the following calendar quarter if such Loan is advanced, continued or created by conversion on the last Business Day of a calendar quarter), and (b) in the case of Eurocurrency Loans, 1, 2, 3, or 6 months thereafter; provided, however, that:

(a) any Interest Period for a Borrowing of Base Rate Loans that otherwise would end after the Maturity Date shall end on the Maturity Date;

(b) for any Borrowing of Eurocurrency Loans, the Borrower may not select an Interest Period that extends beyond the Maturity Date;

(c) whenever the last day of any Interest Period would otherwise be a day that is not a Business Day, the last day of such Interest Period shall be extended to the next succeeding Business Day, provided that, if such extension would cause the last day of an Interest Period for a Borrowing of Eurocurrency Loans to occur in the following calendar month, the last day of such Interest Period shall be the immediately preceding Business Day; and

(d) for purposes of determining an Interest Period for a Borrowing of Eurocurrency Loans, a month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month; provided, however, that if there is no numerically corresponding day in the month in which such an Interest Period is to end or if such an Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

Section 2.7 Maturity of Loans. Unless an earlier maturity is provided for hereunder (whether by acceleration or otherwise), each Loan shall mature and become due and payable by the Borrower on the Maturity Date.

Section 2.8 Prepayments.

(a) The Borrower may prepay without premium or penalty and in whole or in part (but, if in part, then: (i) if such Borrowing is of Base Rate Loans, in an amount not less than $1,000,000, (ii) if such Borrowing is of Eurocurrency Loans in an amount not less than $1,000,000, and (iii) in an amount such that the minimum amount required for a Borrowing pursuant to Section 2.4 hereof remains outstanding) any Borrowing of Eurocurrency Loans upon three Business Days prior notice to the Agent or, in the case of a Borrowing of Base Rate Loans, notice delivered to the Agent no later than 11:00 a.m. (New York time) on the date of prepayment, such prepayment to be made by the payment of the principal amount to be prepaid and accrued interest thereon to the date fixed for prepayment. In the case of Eurocurrency Loans, such prepayment may only be made on the last day of the Interest Period then applicable to such Loans. The Agent will promptly advise each Bank of any such prepayment notice it receives from the Borrower.

(b) If the aggregate principal amount of outstanding Loans shall at any time for any reason exceed the Total Credit Facility Commitments then in effect, the Borrower shall, immediately and without notice or demand, pay the amount of such excess to the Agent for the ratable benefit of the Banks as a prepayment of the Loans. Immediately upon determining the need to make any such prepayment the Borrower shall notify the Agent of such required prepayment.

(c) The Borrower shall apply all the net proceeds of any public or private sale of equity securities, issuance of securities that are convertible into stock, any equity-linked offering or any other equity offering made by the Borrower (collectively, an "Equity Offering") to prepayment of the Loans.

(d) Each such prepayment shall be accompanied by a payment of all accrued and unpaid interest on the Loans prepaid and shall be subject to Section 2.12.

Section 2.9 Repricing Events.

(a) In the event that the Rating of the Borrower is downgraded by either of Moody's Investors Service, Inc. or Standard & Poor's Ratings Services or any successors thereto from the Rating in effect on the Effective Date, the Base Rate Margin, Eurocurrency Margin and Facility Fee Rate shall be increased from the Base Rate Margin, Eurocurrency Margin and Facility Fee Rate then in effect by, respectively, .50%, .50% and .25%, with effect from the date of issuance of such Rating downgrade and for so long as such lower Rating is in effect.

(b) For so long as any Obligations remain outstanding hereunder on and after January 1, 2002, the Base Rate Margin, Eurocurrency Margin and Facility Fee Rate shall be increased from the Base Rate Margin, Eurocurrency Margin and Facility Fee Rate then in effect by, respectively, .25%, .30%, and .05%, with effect from January 1, 2002.

Section 2.10 Default Rate. If any payment of any Obligation is not made when due (whether by acceleration or otherwise), such Obligation shall bear interest, computed on the basis of a year of 360 days and actual days elapsed (except for Base Rate Loans bearing interest based on the rate described in clause (i) of the definition of Base Rate, in which case such Loan shall bear interest computed on the basis of a year of 365 or 366 days, as applicable, and the actual number of days elapsed) from the date such payment was due until paid in full, payable on demand, at a rate per annum equal to:

(a) for any Obligation other than a Eurocurrency Loan, the sum of two percent (2%) plus the Base Rate Margin plus the Base Rate from time to time in effect; and

(b) for any Eurocurrency Loan, the sum of two percent (2%) plus the rate of interest in effect thereon at the time of such default until the end of the Interest Period applicable thereto and, thereafter, at a rate per annum equal to the sum of two percent (2%) plus the Base Rate Margin plus the Base Rate from time to time in effect.

Section 2.11 The Notes.

(a) The Loans made to the Borrower by a Bank shall be evidenced by a single promissory note of the Borrower issued to such Bank in the form of

Exhibit A hereto. Each such promissory note is hereinafter referred to as a "Note" and collectively such promissory notes are referred to as the "Notes."

(b) Each Bank shall record on its books and records or on a schedule to its Note the amount of each Loan advanced, continued, or converted by it, all payments of principal and interest and the principal balance from time to time outstanding thereon, the type of such Loan, and, for any Eurocurrency Loan, the Interest Period and the interest rate applicable thereto. The record thereof, whether shown on such books and records of a Bank or on a schedule to any Note, shall be prima facie evidence as to all

such matters; provided, however, that the failure of any Bank to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans made to it hereunder together with accrued interest thereon. At the request of any Bank and upon such Bank tendering to the Borrower the Note to be replaced, the Borrower shall furnish a new Note to such Bank to replace any outstanding Note, and at such time the first notation appearing on a schedule on the reverse side of, or attached to, such Note shall set forth the aggregate unpaid principal amount of all Loans, if any, then outstanding thereon.

Section 2.12 Funding Indemnity. If any Bank shall incur any loss, cost or expense (including, without limitation, any loss of profit, and any loss, cost or expense incurred by reason of the liquidation or re-employment of deposits or other funds acquired by such Bank to fund or maintain any Eurocurrency Loan or the relending or reinvesting of such deposits or amounts paid or prepaid to such Bank) as a result of:

(a) any payment (whether by acceleration or otherwise), prepayment or conversion of a Eurocurrency Loan on a date other than the last day of its Interest Period,

(b) any failure (because of a failure to meet the conditions of Section 6 or otherwise) by the Borrower to borrow or continue a Eurocurrency Loan, or to convert a Base Rate Loan into a Eurocurrency Loan, on the date specified in a notice given pursuant to Section 2.5(a) or established pursuant to Section 2.5(c) hereof,

(c) any failure by the Borrower to make any payment of principal on any Eurocurrency Loan (x) when due (whether by acceleration or otherwise), or (y) on the date specified in a notice of prepayment, or

(d) any acceleration of the maturity of a Eurocurrency Loan as a result of the occurrence of any Event of Default hereunder,

then, upon the demand of such Bank, the Borrower shall pay to such Bank such amount as will reimburse such Bank for such loss, cost or expense. If any Bank makes such a claim for compensation, it shall provide to the Borrower, with a copy to the Agent, a certificate executed by an officer of such Bank setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the

computation of such loss, cost or expense) and the amounts shown on such certificate if reasonably calculated shall be conclusive absent manifest error.

Section 2.13 Commitment Terminations. The Borrower shall have the right at any time and from time to time, upon five (5) Business Days prior written notice to the Agent, to terminate the Credit Facility Commitments without premium or penalty, in whole or in part, any partial termination to be (i) in an amount not less than $5,000,000, and (ii) allocated ratably among the Banks in proportion to their respective Percentages, provided that the Credit Facility Commitments may not be reduced to an amount less than the amount of all Loans then outstanding. The Agent shall give prompt notice to each Bank of any such termination of Commitments. Any termination of Credit Facility Commitments pursuant to this Section 2.13 may not be reinstated. In addition, that portion of the Credit Facility Commitments that remains unused after the fifth Disbursement (after giving effect to all Loans to be made on such fifth Disbursement) shall be terminated and may not be reinstated. In addition, the Banks shall have the right to terminate the Credit Facility Commitments if no Disbursement has occurred on or before the Termination Date.

SECTION 3. FEES.

Section 3.1 Fees.

(a) Agent Fee. The Borrower shall pay, or cause to be paid, to the Agent on the Effective Date the Agent Fee.

(b) Facility Fee. For the period from the Effective Date to and including the Maturity Date, the Borrower shall pay to the Agent for the ratable account of the Banks in accordance with their Percentages a facility fee accruing at a rate per annum equal to the Facility Fee Rate on the average daily amount of the Commitments (whether used or unused), or if the Commitments have expired or terminated, on the principal amount of Loans. Such facility fee is payable in arrears on the last Business Day of each calendar quarter and on the Maturity Date, unless the Commitments are terminated in whole on an earlier date, in which event the fee for the period to but not including the date of such termination shall be paid in whole on the date of such termination.

(c) Outstanding Fee. If any Obligations remain outstanding on December 31, 2001, the Borrower shall pay, or cause to be paid, to the Agent on that date, for the ratable account of the Banks in accordance with their Percentages, a fee equal to .10% of the amount of Obligations outstanding on that date.

(d) Fee Calculations. All fees payable under this Agreement shall be payable in U.S. Dollars and shall be computed on the basis of a year of 360 days, for the actual number of days elapsed. All determinations of the amount of fees

owing hereunder (and the components thereof) shall be made by the Agent and shall be conclusive absent manifest error.

SECTION 4. PLACE AND APPLICATION OF PAYMENTS.

Section 4.1 Place and Application of Payments. All payments of principal of and interest on the Loans, and of all other amounts payable by the Borrower under this Agreement, shall be made by the Borrower to the Agent by no later than 1:00 p.m. (New York time) on the due date thereof at the principal office of the Agent in New York, New York (or such other location in the United States as the Agent may designate to the Borrower). Any payments received after such time shall be deemed to have been received by the Agent on the next Business Day. All such payments shall be made free and clear of, and without deduction for, any set-off, counterclaim, levy, withholding or any other deduction of any kind in U.S. Dollars, in immediately available funds at the place of payment. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest on Loans or applicable fees ratably to the Banks and like funds relating to the payment of any other amount payable to any Person to such Person, in each case to be applied in accordance with the terms of this Agreement.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Borrower hereby represents and warrants to each Bank as to itself and, where the following representations and warranties apply to Subsidiaries, as to each of its Subsidiaries, as follows:

Section 5.1 Corporate Organization and Authority. The Borrower and each of its Subsidiaries is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, except where such failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect. Each is duly qualified to transact business in each jurisdiction in which such qualification is required, whether by reason of ownership or leasing of property or the conduct of business or otherwise, except where

failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect. Each has the power and authority required to own, lease and operate its properties and to conduct its business as currently conducted, except where failure to have such power and authority could not, individually or in the aggregate, have a Material Adverse Effect.

Section 5.2 Subsidiaries. Schedule 5.2 (as updated quarterly pursuant to Section 7.6(b) hereof or otherwise from time to time in writing by the Borrower) hereto identifies each Subsidiary and the jurisdiction of its incorporation. All of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and outstanding and fully paid and nonassessable except as set forth on Schedule 5.2 hereto. All such shares owned by the Borrower are owned beneficially, and of record, and, except in the case of any Project Finance Subsidiary, free of any Lien.

Section 5.3 Corporate Authority and Validity of Obligations. The Borrower has full right and authority to enter into this Agreement and the other Credit Documents to which it is a party, to make the borrowings herein provided for, to issue its Notes in evidence thereof, and to perform all of its obligations under the Credit Documents to which it is a party. Each Credit Document to which it is a party has been duly authorized, executed and delivered by the Borrower and constitutes valid and binding obligations of the Borrower enforceable in accordance with its terms. No Credit Document, nor the performance or observance by the Borrower of any of the matters or things therein provided for, contravenes any provision of law or any charter or by-law provision of the Borrower or any material Contractual Obligation of or affecting the Borrower or any of its Properties or results in or requires the creation or imposition of any Lien on any of the Properties or revenues of the Borrower.

Section 5.4 Financial Statements. All financial statements heretofore delivered to the Banks showing historical performance of the Borrower for each of the Borrower's fiscal years ending on or before December 31, 1999, and for the Borrower's quarter ended September 30, 2000 have been prepared in accordance with generally accepted accounting principles applied on a basis consistent, except as otherwise noted therein, with that of the previous fiscal year. Each of such financial statements fairly presents on a consolidated basis the financial condition of the Borrower as of the dates thereof and the results of operations for the periods covered thereby. The Borrower and its Subsidiaries have no material contingent liabilities other than those disclosed in such financial statements referred to in this Section 5.4 or in comments or footnotes thereto, or in any report supplementary thereto, heretofore furnished to the Banks. Since December 31, 1999, there has been no material adverse change in the business, operations, Property or financial or other condition, or business prospects, of the Borrower or any of its Subsidiaries.

Section 5.5 No Litigation; No Labor Controversies.

(a) Except as set forth on Schedule 5.5 (as updated quarterly pursuant to Section 7.6(b) hereof or otherwise from time to time in writing by the Borrower), there is no litigation or governmental proceeding pending, or to the knowledge of the Borrower, threatened, against the Borrower or any Subsidiary which, if adversely determined, could (individually or in the aggregate) have a Material Adverse Effect.

(b) Except as set forth on Schedule 5.5 (as updated quarterly pursuant to Section 7.6(b) hereof or otherwise from time to time in writing by the Borrower), there are no labor controversies pending or, to the best knowledge of the Borrower, threatened against the Borrower or any Subsidiary which could have a Material Adverse Effect.

Section 5.6 Taxes. The Borrower and its Subsidiaries have filed all United States federal tax returns, and all other tax returns, required to be filed and

have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Borrower or any Subsidiary, except such taxes, if any, as are being contested in good

faith and for which adequate reserves have been provided. No notices of tax liens have been filed and no claims are being asserted concerning any such taxes, which liens or claims are material to the financial condition of the Borrower or any of its Subsidiaries (individually or in the aggregate). The charges, accruals and reserves on the books of the Borrower and its Subsidiaries for any taxes or other governmental charges are adequate.

Section 5.7 Approvals. No authorization, consent, license, exemption, filing or registration with any court or governmental department, agency or instrumentality (including under the Public Utility Holding Company Act of 1935, as amended ("PUHCA")), nor any approval or consent of the stockholders of the Borrower or any Subsidiary or from any other Person, is necessary to the valid execution, delivery or performance by the Borrower or any Subsidiary of any Credit Document to which it is a party.

Section 5.8 Validity of Notes. When executed, authenticated and delivered pursuant to the provisions of this Agreement against payment of the consideration therefore, the Notes will be duly issued and will constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, except for the effect of bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the rights of creditors generally, and will rank pari passu with all other outstanding unsecured indebtedness of the Borrower.

Section 5.9 ERISA. With respect to each Plan, the Borrower and each other member of the Controlled Group has fulfilled its obligations under the minimum funding standards of and is in compliance in all material respects with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and with the Code to the extent applicable to it and has not incurred any liability to the Pension Benefit Guaranty Corporation ("PBGC") or a Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA. The Borrower does not have any contingent liabilities for any post-retirement benefits under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Title I of ERISA.

Section 5.10 Government Regulation. Neither the Borrower nor any Subsidiary is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 5.11 Margin Stock; Use of Proceeds. Neither the Borrower nor any Subsidiary is engaged principally, or as one of its primary activities, in the business of extending credit for the purpose of purchasing or carrying margin stock ("margin stock" to have the same meaning herein as in Regulation U of the Board of Governors of the Federal Reserve System). The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 7.10. The Borrower will not use the proceeds of any Loan in a manner that violates any provision of Regulation U or X of the Board of Governors of the Federal Reserve System.

Section 5.12 Licenses and Authorizations; Compliance Laws. The Borrower and each of its Subsidiaries has all necessary licenses, permits and governmental

authorizations to own and operate its Properties and to carry on its business as

currently conducted and contemplated. The Borrower and each of its Subsidiaries is in compliance with all applicable laws, regulations, ordinances and orders of any governmental or judicial authorities except for any such law, regulation, ordinance or order which, the failure to comply therewith, could not reasonably be expected to have a Material Adverse Effect.

Section 5.13 Ownership of Property Liens. The Borrower and each Subsidiary has good title to or valid leasehold interests in all its Property. None of the Borrower's Property is subject to any Lien, except as permitted in Section 7.9.

Section 5.14 No Burdensome Restrictions; Compliance with Agreements. Neither the Borrower nor any Subsidiary is (a) party or subject to any law, regulation, rule or order, or any Contractual Obligation that (individually or in the aggregate) could have a Material Adverse Effect or (b) in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in, nor has any event occurred (and is continuing) that constitutes or would (whether or not with the giving of notice and/or with the passage of time and/or the fulfillment of any other requirement) constitute, to the knowledge of the Borrower, a default or any breach or failure to perform by the Borrower under any indenture, mortgage, loan agreement, lease or other agreement or instrument to which it is a party, which default could have a Material Adverse Effect.

Section 5.15 Full Disclosure. All information heretofore furnished by the Borrower to the Agent or any Bank for purposes of or in connection with the Credit Documents or any transaction contemplated thereby is, and all such information hereafter furnished by the Borrower to the Agent or any Bank will be, true and accurate in all material respects and not misleading on the date as of which such information is stated or certified.

SECTION 6. CONDITIONS PRECEDENT.

The obligation of each Bank to advance, continue, or convert any Loan shall be subject to the following conditions precedent:

Section 6.1 Initial Credit Event. Each Bank's initial Disbursement is subject to, in addition to the applicable conditions contained in Section 6.2, (i) the satisfaction on or before the date of such Disbursement of the following conditions precedent, each of which shall be satisfactory in form and substance to Agent:

(a) The Agent shall have received (i) for each Bank the favorable written opinion of counsel to the Borrower in substantially the form attached hereto as Exhibit C and (ii) all fees payable on or prior to such date pursuant to this Agreement and the Fee Letter;

(b) The Agent shall have received for each Bank copies of (i) the Certificate of Incorporation, together with all amendments, and a certificate of good standing, for the Borrower, both certified as of a date not earlier than 20

days prior to the date hereof by the appropriate governmental officer of the Borrower's jurisdiction of incorporation and (ii) the Borrower's bylaws (or comparable constituent documents) and any amendments thereto, certified by its Secretary or an Assistant Secretary;

(c) The Agent shall have received for each Bank copies of resolutions of the Board of Directors of the Borrower authorizing the execution and delivery of the Credit Documents and the consummation of the transactions contemplated thereby together with specimen signatures of the persons authorized to execute such documents on the Borrower's behalf, all certified by its Secretary or Assistant Secretary;

(d) The Agent shall have received for each Bank such Bank's duly executed Note of the Borrower dated the date hereof and otherwise in compliance with the provisions of Section 2.11(a) hereof;

(e) The Agent shall have received for each Bank a list of the Borrower's Authorized Representatives and such other documents as any Bank may reasonably request;

(f) All legal matters incident to the execution and delivery of the Credit Documents shall be satisfactory to the Banks;

(g) The Agent shall have received a certificate by the chief financial officer, treasurer or corporate controller of the Borrower, stating that (i) on the date of such Disbursement no Default or Event of Default has occurred and is continuing and (ii) that all proceeds of the Loans will be used to pay for costs incurred in connection with the acquisition of certain generating assets from Conectiv and for other general corporate purposes; and

(h) The long-term Rating of the Borrower shall be at least BBB- by Standard & Poor's Rating Services and Baa3 by Moody's Investor Services, Inc..

Section 6.2 All Credit Events. As of the time of each Credit Event hereunder (including the date of the initial Disbursement):

(a) The Agent shall have received the notice required by Section 2.5 hereof;

(b) Each of the representations and warranties set forth in Section 5 hereof shall be and remain true and correct in all material respects as of said time, taking into account any amendments to such Section (including, without limitation, any amendments to the Schedules referenced therein) made after the date of this Agreement in accordance with its provisions, except that if any such representation or warranty relates solely to an earlier date it need only remain true as of such date, provided that solely for purposes of this Section 6.2(b) the representations relating to the Borrower's Subsidiaries set forth in Section 5.2

hereof shall be deemed representations relating only to the Borrower's Material Subsidiaries;

(c) The Borrower shall be in full compliance with all of the terms and conditions of each Credit Document, and no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Credit Event;

(d) No event of default by the Borrower has been declared and is continuing under any existing debt agreements;

(e) Such Credit Event shall not violate any order, judgment or decree of any court or other authority or any provision of law or regulation applicable to any Bank (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System); and

(f) The long-term rating of the Borrower shall be at least BBB - by Standard & Poor's Rating Services and Baa3 by Moody's Investor Services, Inc.

Each request for a Borrowing hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Credit Event as to the facts specified in paragraphs (b) and (c) of this Section 6.2, provided, that solely in the case of a Credit Event which is a continuation of a previous

Borrowing, the Borrower shall not be deemed to have made any representation or warranty with regard to the matters set forth in Section 5.5(a) and (b) hereof.

SECTION 7. COVENANTS.

The Borrower covenants and agrees that, so long as any Loan is outstanding hereunder, or any Commitment is available to or in use by the Borrower hereunder, except to the extent compliance in any case is waived in writing by the Required Banks:

Section 7.1 Corporate Existence; Subsidiaries. The Borrower shall, and shall cause each of its Subsidiaries to, preserve and maintain its corporate existence, subject to the provisions of Section 7.11 hereof.

Section 7.2 Maintenance. The Borrower will maintain, preserve and keep its plants, Properties and equipment necessary to the proper conduct of its business in reasonably good repair, working order and condition and will from time to time make all reasonably necessary repairs, renewals, replacements, additions and betterments thereto so that at all times such plants, Properties and equipment shall be reasonably preserved and maintained, and the Borrower will cause each of its Subsidiaries to do so in respect of Property owned or used by it; provided, however, that nothing in this Section 7.2 shall prevent the Borrower or a Subsidiary from discontinuing the operation or maintenance of any such Properties if such discontinuance is not disadvantageous to the Banks or the holders of the Notes, and is, in the judgment of the Borrower, desirable in the conduct of its business or the business of its Subsidiary.

Section 7.3 Taxes. The Borrower will duly pay and discharge, and will cause each of its Subsidiaries duly to pay and discharge, all taxes, rates, assessments, fees and governmental charges upon or against it or against its Properties, in each case before the same becomes delinquent and before penalties accrue thereon, unless and to the extent that the same is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefore on the books of the Borrower.

Section 7.4 ERISA. The Borrower will promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed might result in the imposition of a Lien against any of its properties or assets and will promptly notify the Agent of (i) the occurrence of any reportable event (as defined in ERISA) affecting a Plan, other than any such event of which the PBGC has waived notice by regulation, (ii) receipt of any notice from PBGC of its intention to seek termination of any Plan or appointment of a trustee therefore, (iii) its intention to terminate or withdraw from any Plan, and (iv) the occurrence of any event affecting any Plan which could result in the incurrence by the Borrower of any material liability, fine or penalty, or any material increase in the contingent liability of the Borrower under any post-retirement Welfare Plan benefit. The Agent will promptly distribute to each Bank any notice it receives from the Borrower pursuant to this Section 7.4.

Section 7.5 Insurance. The Borrower will insure, and keep insured, and will cause each of its Subsidiaries to insure, and keep insured, with good and responsible insurance companies, all insurable Property owned by it of a character usually insured by companies similarly situated and operating like Property. To the extent usually insured (subject to self-insured retentions) by companies similarly situated and conducting similar businesses, the Borrower will also insure, and cause each of its Subsidiaries to insure, employers' and public and product liability risks with good and responsible insurance companies. The Borrower will upon request of the Agent furnish to the Agent a summary setting forth the nature and extent of the insurance maintained pursuant to this Section 7.5.

Section 7.6 Financial Reports and Other Information.

(a) The Borrower will maintain a system of accounting in accordance with GAAP and will furnish to the Banks and their respective duly authorized representatives such information respecting the business and financial condition of the Borrower and its subsidiaries as any Bank may reasonably request; and without any request, the Borrower will furnish each of the following to each Bank:

(i) within 120 days after the end of each fiscal year of the Borrower, (A) a copy of the Borrower's audited financial statements for such fiscal year, including the consolidated balance sheet of the Borrower for such year and the related statement of income and statement of cash flow, as certified by independent public accountants of recognized national standing selected by the Borrower in accordance with GAAP with such accountants

unqualified opinion to the effect that the financial statements have been prepared in accordance with GAAP and present fairly in all material respects in accordance with GAAP the consolidated financial position of the Borrower and its subsidiaries as of the close of such fiscal year and the results of their operations and cash flows for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances; (B) a copy of the Borrower's unaudited consolidating financials for such fiscal year, including a consolidating unaudited balance sheet of the Borrower, and the related statement of income and shall use its best efforts to provide a statement of cash flow in a format acceptable to the Agent; all of the foregoing prepared by the Borrower in reasonable detail in accordance with GAAP and certified by the Borrower's chief financial officer, treasurer, vice president of finance or corporate controller as fairly presenting the financial condition as at the dates thereof and the results of operations for the periods covered thereby;

(ii) within 60 days after the end of each of the first three quarterly fiscal periods of the Borrower, a condensed consolidated unaudited balance sheet of the Borrower, and the related statement of income and statement of cash flow, as of the close of such period, all of the foregoing prepared by the Borrower in reasonable detail in accordance with GAAP and certified by the Borrower's chief financial officer, treasurer, vice president of finance or corporate controller as fairly presenting the financial condition as at the dates thereof and the results of operations for the periods covered thereby (subject to year end adjustments):

(iii) within the period provided in subsection (i) above, the written statement of the accountants who certified the audit report thereby required that in the course of their audit they have obtained no knowledge of any Default or Event of Default, or, if such accountants have obtained knowledge of any such Default or Event of Default, they shall disclose in such statement the nature and period of the existence thereof;

(iv) promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports the Borrower sends to its shareholders, and copies of all other regular, periodic and special reports and all registration statements the Borrower files with the SEC or any successor thereto, or with any national securities exchanges.

(b) Each financial statement furnished to the Banks pursuant to subsection (i) or (ii) of Section 7.6(a) shall be accompanied by (A) a written certificate signed by the Borrower's chief financial officer, vice president of finance, corporate controller or treasurer (i) to the effect that no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by the Borrower to remedy the same, (ii) to the effect that the representations and warranties contained in Section 5 hereof are true and correct in all material respects as though made on the date of such certificate (other than those made solely as of an earlier date, which need only remain true as of such date), taking into account any amendments to such Section (including, without limitation, any amendments to the Schedules referenced therein) made after the date of this Agreement in accordance with its provisions and except as otherwise described therein, (iii) notifying the Banks (x) of any litigation or governmental proceeding of the type described in Section 5.5 hereof or (y) of any change in the information set forth on the Schedules hereto and (B) a Compliance Certificate in the form of Exhibit B hereto showing the Borrower's compliance with the covenants set forth in Sections 7.9, 7.11, 7.12 and 7.13 hereof.

(c) The Borrower will (i) promptly (and in any event within three Business Days after an officer of the Borrower has knowledge thereof) give notice to the Agent and each Bank (x) of the occurrence of any Default or Event of Default or (y) of any payment default or payment event of default aggregating $20,000,000 or more under any Contractual Obligation of the Borrower and (ii) promptly (and in any event within ten Business Days after an officer of the Borrower has knowledge thereof) give notice to the Agent and each Bank of any material adverse change in the business, operations, Property or financial or other condition of the Borrower and its Subsidiaries (individually or in the aggregate).

Section 7.7 Bank Inspection Rights. Upon reasonable notice from any Bank, the Borrower will, at the Borrower's expense (such expenses to be reasonably incurred), permit such Bank (and such Persons as any Bank may designate) during normal business hours to visit and inspect, under the Borrower's guidance, any of the properties of the Borrower or any of its Subsidiaries, to examine all of their books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees and with their independent public accountants (and by this provision the Borrower authorizes such accountants to discuss with the Banks (and such Persons as any Bank may designate subject to confidentiality agreements reasonably acceptable to the Borrower) the finances and affairs of the Borrower and its Subsidiaries) all at such reasonable times and as often as may be reasonably requested; provided, however, that except upon the occurrence and during the continuation of any Default or Event of Default, not more than one such set of visits and inspections may be conducted each calendar quarter.

Section 7.8 Conduct of Business. The Borrower will not engage in any line of business other than business associated with or related to energy generation, transmission, marketing and distribution or other infrastructure lines of business.

Section 7.9 Liens. The Borrower shall cause the Obligations to at all times rank at least pari passu with all other senior unsecured obligations of the Borrower. The Borrower will not create, incur, permit to exist or to be incurred

any Lien of any kind on any Property owned by the Borrower; provided, however, that this Section 7.9 shall not apply to nor operate to prevent:

(a) Liens upon any Property acquired by the Borrower to secure any Indebtedness (which for purposes of this Section 7.9(a) shall include non-recourse obligations) of the Borrower incurred to finance or refinance the purchase price of such Property (including Property which was initially purchased with equity), provided that any such Lien shall apply only to the Property that was so acquired and the aggregate principal amount of Indebtedness secured by such Liens shall not exceed the cost or value of the acquired Property;

(b) Other Liens not to exceed 10% of Consolidated Net Tangible Assets;

(c) Liens on the stock or other equity interests of Project Finance Subsidiaries; and

(d) Any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing paragraphs (a) through (c), inclusive.

Section 7.10 Use of Proceeds; Regulation U. The proceeds of the Borrowing will be used by the Borrower to pay for costs and expenses incurred in connection with the acquisition of certain generating assets from Conectiv and the financing thereof, including but not limited to any payments made under hedging contracts and fees and expenses of legal counsel and technical, engineering, environmental, financial and other advisors and outside consultants and for other general corporate purposes. The Borrower will not use any part of the proceeds of any of the Borrowings directly or indirectly to purchase or carry any margin stock (as defined in Section 5.11 hereof) or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

Section 7.11 Mergers, Consolidations and Sales of Assets.

(a) The Borrower will not consolidate with or merge into any other Person or sell, convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Borrower shall not permit any Person to consolidate with or merge into the Borrower, unless: (i) immediately prior to and immediately following such consolidation, merger, sale or lease, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; and (ii) the Borrower is the surviving or continuing corporation, or the surviving or continuing corporation that acquires by sale, conveyance, transfer or

lease (a) has a Rating equal to or better than the Rating of the Borrower in effect prior to such consolidation or merger and (y) is incorporated in the United States and expressly assumes the payment and performance of all Obligations of the Borrower under the Credit Documents pursuant to documentation in form and substance satisfactory to the Required Banks.

(b) Except for the sale of the properties and assets of the Borrower substantially as an entirety pursuant to subsection (a) above, and other than assets required to be sold to conform with governmental regulations, the Borrower shall not sell or otherwise dispose of any assets (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other asset sales) if on a pro forma basis, the aggregate net book value of all such sales during the most recent 12-month period would exceed ten percent (10%) of Consolidated Net Tangible Assets computed as of the end of the most recent fiscal quarter preceding such sale; provided, however, that any such sales shall be disregarded for purposes of this ten percent (10%) limitation if the proceeds are invested in assets in similar or related lines of business of the Borrower and, provided further, that the Borrower may sell or

otherwise dispose of assets in excess of such ten percent (10%) if the proceeds from such sales or dispositions, which are not reinvested as provided above, are retained by the Borrower as cash or cash equivalents at all times until invested in assets in similar or related lines of business of the Borrower.

Section 7.12 Consolidated Net Worth. The Borrower will at all times cause its Consolidated Net Worth to be equal to or greater than the Minimum Consolidated Net Worth.

Section 7.13 Indebtedness to Consolidated Capitalization. The Borrower will at the end of each of its fiscal quarters maintain a ratio of its Indebtedness to Consolidated Capitalization of not more than 0.68 to 1.00, provided that for not more than two consecutive months in any six month period (any such two month period being referred to herein as a "Non-Conforming Period"), the ratio of the Borrower's Indebtedness to Consolidated Capitalization may increase to not more than 0.72 to 1.00 so long as the Borrower delivers to the Agent within 30 days after the end of any such Non-Conforming Period written affirmation from Moody's Investors Service, Inc. and Standard and Poor's Ratings Service, Inc. that the respective Ratings which were in effect prior to such Non-Conforming Period remains in effect and that the Borrower has not been placed in any "credit-watch with negative implications" or similar type of category. For purposes of this covenant, only fifty percent (50%) of any Indebtedness of the Borrower constituting performance guarantees of obligations of the Borrower's Affiliates shall be deemed Indebtedness, provided that if any demand has been made on such guarantee, the full amount of such guarantee shall be included in calculating Indebtedness.

Section 7.14 Compliance with Laws. Without limiting any of the other covenants of the Borrower in this Section 7, the Borrower will conduct its business, and otherwise be, in compliance with all applicable laws, regulations, ordinances, writs, judgments, injunctions, decrees, awards and orders of any governmental or judicial

authorities; provided, however, that the Borrower shall not be required to comply with any such law, rule, regulation, ordinance, writ, judgments, injunction, decree, award or order if the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

Section 7.15 Takeout Financing. In the event that all of the Obligations have not been repaid by the date that is sixty (60) days prior to the Maturity Date, the Borrower shall either (a) notify the Banks that it has sufficient funds to repay the Obligations on or before the Maturity Date and identify the source of those funds, or (b) commence to take all necessary or desirable steps to issue debt securities of the Borrower, in an aggregate amount sufficient that the net proceeds of such sale shall not be less than the amount of the Obligations which remain outstanding as of the time of such sale. The Borrower agrees that such debt securities will be offered and sold at pricing and other terms and conditions recommended by the Banks as necessary and appropriate to effect a sale of such debt securities in an amount sufficient to repay the outstanding Obligations. In connection with such offering and sale, each of the Banks shall be designated a managing underwriter of such offering, and such underwriting shall be done on a best efforts basis and pursuant to documentation acceptable to the Borrower and to each Bank. The net proceeds of such offering shall be used to repay the Obligations to the Banks and, if such proceeds exceed the amount of the outstanding Obligations, any excess shall belong to the Borrower.

SECTION 8. EVENTS OF DEFAULT AND REMEDIES.

Section 8.1 Events of Default. Any one or more of the following shall constitute an Event of Default:

(a) The Borrower shall (i) fail to make when due any payment of principal on the Notes, or (ii) fail to make when due, and continuance of such failure for three or more Business Days, payment of interest on the Notes or any fee or other amount required to be made to the Agent pursuant to the Credit Documents;

(b) Any representation or warranty made or deemed to have been made by or on behalf of the Borrower in the Credit Documents or on behalf of the Borrower in any certificate, statement, report or other writing furnished by or on behalf of the Borrower to the Agent pursuant to the Credit Documents or any other instrument, document or agreement shall prove to have been false or misleading in any material respect on the date as of which the facts set forth are stated or certified or deemed to have been stated or certified;

(c) The Borrower shall fail to comply with Section 7 hereof and such failure to comply shall continue for 30 calendar days after notice thereof to the Borrower by the Agent;

(d) The Borrower shall fail to comply with any agreement, covenant, condition, provision or term contained in the Credit Documents (and such failure

shall not constitute an Event of Default under any of the other provisions of this Section 8) and such failure to comply shall continue for 30 calendar days after notice thereof to the Borrower by the Agent;

(e) The Borrower shall become insolvent or shall generally not pay its debts as they mature or shall apply for, shall consent to, or shall acquiesce in the appointment of a custodian, trustee or receiver of the Borrower or for a substantial part of the property thereof or, in the absence of such application, consent or acquiescence, a custodian, trustee or receiver shall be appointed for the Borrower or for a substantial part of the property thereof and shall not be discharged within 90 days;

(f) Any bankruptcy, reorganization, debt arrangement or other proceedings under any bankruptcy or insolvency law shall be instituted by or against the Borrower, and, if instituted against the Borrower, shall have been consented to or acquiesced in by the Borrower, or shall remain undismissed for 90 days, or an order for relief shall have been entered against the Borrower, or the Borrower shall take any corporate action to approve institution of, or acquiescence in, such a proceeding;

(g) Any dissolution or liquidation proceeding shall be instituted by or against the Borrower and, if instituted against the Borrower, shall be consented to or acquiesced in by the Borrower or shall remain for 90 days undismissed, or the Borrower shall take any corporate action to approve institution of, or acquiescence in, such a proceeding;

(h) A judgment or judgments, decrees or orders of any court, tribunal, arbitrator, administrative or other governmental body or entity for the payment of money in excess of the sum of $20,000,000 in the aggregate shall be rendered against the Borrower (excluding the amount thereof covered by insurance) or any of the Borrower's properties and such judgment, decree or order shall remain unvacated and undischarged and unstayed for 90 consecutive days, except while being contested in good faith by appropriate proceedings;

(i) The institution by the Borrower of steps to terminate any Plan if in order to effectuate such termination, the Borrower would be required to make a contribution to such Plan, or would incur a liability or obligation to such Plan, in excess of $20,000,000, or the institution by the PBGC of steps to terminate any Plan;

(j) A default shall occur in payment of any principal of or any interest aggregating $20,000,000 or more on any bond, debenture, note or other evidence of indebtedness of the Borrower or under any indenture or other instrument under which any such evidence of indebtedness has been issued or by which it is governed that has resulted in the acceleration of such indebtedness; or

(k) An "event of default" occurs under the Existing Credit Agreement.

Section 8.2 Non-Bankruptcy Defaults. When any Event of Default other than those described in subsections (e) or (f) of Section 8.1 hereof has occurred and is continuing, the Agent shall, by written notice to the Borrower: (a) if so directed by the Required Banks, terminate the remaining Commitments and all other obligations of the Banks hereunder on the date stated in such notice (which may be the date thereof); and (b) if so directed by the Required Banks, declare the principal of and the accrued interest on all outstanding Notes to be forthwith due and payable and thereupon all outstanding Notes, including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable under the Credit Documents without further demand, presentment, protest or notice of any kind. The Agent, after giving notice to the Borrower pursuant to Section 8.1(c), 8.1(d) or this Section 8.2, shall also promptly send a copy of such notice to the other Banks, but the failure to do so shall not impair or annul the effect of such notice.

Section 8.3 Bankruptcy Defaults. When any Event of Default described in subsections (e) or (f) of Section 8.1 hereof has occurred and is continuing, then all outstanding Notes shall immediately become due and payable together with all other amounts payable under the Credit Documents without presentment, demand, protest or notice of any kind and the obligation of the Banks to extend further credit pursuant to any of the terms hereof shall immediately terminate.

Section 8.4 Notice of Default. The Agent shall give notice to the Borrower under Section 8.1(c) or 8.1(d) hereof promptly upon being requested to do so by any Bank and shall thereupon notify all the Banks thereof.

Section 8.5 Expenses. The Borrower agrees to pay to the Agent and each Bank, and any other holder of any Note outstanding hereunder, all reasonable costs and expenses incurred or paid by the Agent or such Bank or any such holder, including attorneys' fees and court costs, in connection with any Default or Event of Default by the Borrower hereunder or in connection with the enforcement of any of the Credit Documents.

SECTION 9. CHANGE IN CIRCUMSTANCES.

Section 9.1 Change of Law. Notwithstanding any other provisions of this Agreement or any Note if at any time after the date hereof any change in applicable law or regulation or in the interpretation thereof makes it unlawful for any Bank to make or continue to maintain Eurocurrency Loans or to perform its obligations as contemplated hereby, such Bank shall promptly give notice thereof to the Borrower and such Bank's obligations to make or maintain Eurocurrency Loans under this Agreement shall terminate until it is no longer unlawful for such Bank to make or maintain Eurocurrency Loans. The Borrower shall prepay on demand the outstanding principal amount of any such affected Eurocurrency Loans, together with all interest accrued thereon at a rate per annum equal to the interest rate applicable to such Loan; provided, however, subject to all of the terms and conditions of this Agreement, the Borrower may then elect to borrow the principal amount of the affected Eurocurrency Loans from such Bank by means of Base Rate Loans from such Bank, which Base

Rate Loans shall not be made ratably by the Banks but only from such affected Bank.

Section 9.2 Unavailability of Deposits or Inability to Ascertain, or Inadequacy of, LIBOR. If on or prior to the first day of any Interest Period for any Borrowing of Loans:

(a) the Agent determines that deposits in U.S. Dollars (in the applicable amounts) are not being offered to it in the federal funds or eurocurrency interbank market, as applicable, for such Interest Period, or that by reason of circumstances affecting the federal funds or interbank eurocurrency market, as applicable, adequate and reasonable means do not exist for ascertaining the applicable Federal Funds Rate or LIBOR; or

(b) Banks having 25% or more of the aggregate amount of the Total Credit Facility Commitments reasonably determine and so advise the Agent that the Federal Funds Rate or LIBOR, as applicable, as reasonably determined by the Agent will not adequately and fairly reflect the cost to such Banks or Bank of funding their or its Loans or Loan for such Interest Period;

then the Agent shall forthwith give notice thereof to the Borrower and the Banks, whereupon until the Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the obligations of the Banks or of the relevant Bank to make Base Rate Loans bearing interest at the Federal Funds Rate or Eurocurrency Loans in the currency so affected, as applicable, shall be suspended.

Section 9.3 Increased Cost and Reduced Return.

(a) If, on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive (whether or not having the force of law but, if not having the force of law, compliance with which is customary in the relevant jurisdiction) of any such authority, central bank or comparable agency:

(i) shall subject any Bank (or its Lending Office) to any tax, duty or other charge with respect to its Eurocurrency Loans, its Notes, or its obligation to make Eurocurrency Loans, or shall change the basis of taxation of payments to any Bank (or its Lending Office) of the principal of or interest on its Eurocurrency Loans, or any other amounts due under this Agreement in respect of its Eurocurrency Loans or its obligation to make Eurocurrency Loans (except for changes in the rate of tax on the overall net income or profits of such Bank or its Lending Office imposed by the jurisdiction in which such Bank or its lending office is

incorporated in which such Bank's principal executive office or Lending Office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Eurocurrency Loans any such requirement included in an applicable Eurocurrency Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, any Bank (or its Lending Office) or shall impose

on any Bank (or its Lending Office) or on the interbank market any other condition affecting its Eurocurrency Loans, its Notes, or its obligation to make Eurocurrency Loans;

and the result of any of the foregoing is to increase the cost to such Bank (or its Lending Office) of making or maintaining any Eurocurrency Loan, or to reduce the amount of any sum received or receivable by such Bank (or its Lending Office) under this Agreement or under its Notes with respect thereto, by an amount deemed by such Bank to be material, then, within fifteen (15) days after demand by such Bank (with a copy to the Agent), the Borrower shall be obligated to pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction. In the event any law, rule, regulation or interpretation described above is revoked, declared invalid or inapplicable or is otherwise rescinded, and as a result thereof a Bank is determined to be entitled to a refund from the applicable authority for any amount or amounts which were paid or reimbursed by Borrower to such Bank hereunder, such Bank shall, so long as no Event of Default has occurred and is then continuing, refund such amount or amounts to Borrower without interest.

(b) If, after the date hereof, any Bank or the Agent shall have determined that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein (including, without limitation, any revision in the Final Risk-Based Capital Guidelines of the Board of Governors of the Federal Reserve System (12 CFR Part 208, Appendix A; 12 CFR Part 225, Appendix A) or of the Office of the Comptroller of the Currency (12 CFR Part 3, Appendix A), or in any other applicable capital rules heretofore adopted and issued by any governmental authority), or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive regarding capital adequacy (whether or not having the force of law but, if not having the force of law, compliance with which is customary in the applicable jurisdiction) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital, or on the capital of any corporation controlling such Bank, as a consequence of its obligations hereunder to a level below that which such Bank could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies

with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within fifteen (15) days after demand by such Bank (with a copy to the Agent), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank for such reduction.

(c) Each Bank that determines to seek compensation under this Section 9.3 shall notify the Borrower and the Agent of the circumstances that entitle the Bank to such compensation pursuant to this Section 9.3 and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 9.3 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

(d) If any Bank (other than Credit Suisse First Boston, Merrill Lynch Capital Corporation or Citicorp USA, Inc.) has demanded compensation or given notice of its intention to demand compensation under this Section 9.3 or the Borrower is required to pay any additional amount to any Bank under Section 9.3, the Borrower shall have the right, with the assistance of the Agent, to seek a substitute Bank or Banks reasonably satisfactory to the

Agent (which may be one or more of the Banks) to replace such Bank under this Agreement and on the date of replacement, the Borrower shall pay all accrued interest and fees to the Bank being replaced. The Bank to be so replaced shall cooperate with the Borrower and substitute Bank to accomplish such substitution, provided that all of such Bank's Credit Facility Commitment is replaced.

Section 9.4 Lending Offices. Each Bank may, at its option, elect to make its Loans hereunder at the branch, office or affiliate specified on the appropriate signature page hereof or in the assignment agreement which any assignee bank executes pursuant to Section 11.12 hereof (each a "Lending Office") for each type of Loan available hereunder or at such other of its branches, offices or affiliates as it may from time to time elect and designate in a written notice to the Borrower and the Agent.

Section 9.5 Discretion of Bank as to Manner of Funding. Notwithstanding any other provision of this Agreement, each Bank shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if each Bank had actually funded and maintained each Eurocurrency Loan through the purchase of deposits of U.S. Dollars in the eurocurrency interbank market having a maturity corresponding to such Loan's Interest Period and bearing an interest rate equal to LIBOR for such Interest Period.

SECTION 10. THE AGENT.

Section 10.1 Appointment and Authorization of Agent. Each Bank hereby appoints Credit Suisse First Boston as the Agent under the Credit Documents and hereby authorizes the agent to take such action as Agent on its behalf and to exercise such powers under the Credit Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Credit Documents. The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have by reason of this Agreement or any other Credit Document a fiduciary relationship in respect of any Bank, the holder of any Note or any other Person; and nothing in this Agreement or any other Credit Document, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein.

Section 10.2 Agent and its Affiliates. The Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any other Bank and may exercise or refrain from exercising the same as though it were not the Agent, and the Agent and its affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Affiliate of the Borrower as if it were not the Agent under the Credit Documents. The term "Bank" as used herein and in all other Credit Documents, unless the context otherwise clearly requires, includes the Agent in its individual capacity as a Bank. References in Section 2 hereof to the Agent's Loans, or to the amount owing to the Agent for which an interest rate is being determined, refer to the Agent in its individual capacity as a Bank.

Section 10.3 Action by Agent. If the Agent receives from the Borrower a written notice of an Event of Default pursuant to Section 7.6(c)(i) hereof, the Agent shall promptly give each of the Banks written notice thereof. The obligations of the Agent under the Credit Documents are only those expressly set forth therein. Without limiting the generality of the foregoing, the Agent shall not be required to take any action hereunder with respect to any Default or Event of Default, except as expressly provided in Sections 8.2 and 8.5. In no event, however, shall the Agent be required to take any action in violation of

applicable law or of any provision of any Credit Document, and the Agent shall in all cases be fully justified in failing or refusing to act hereunder or under any other Credit Document unless it shall be first indemnified to its reasonable satisfaction by the Banks against any and all costs, expense, and liability which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall be entitled to assume that no Default or Event of Default exists unless notified to the contrary by a Bank or the Borrower. In all cases in which this Agreement and the other Credit Documents do not require the Agent to take certain actions, the Agent shall be fully justified in using its discretion in failing to take or in taking any action hereunder and thereunder.

Section 10.4 Consultation with Experts. The Agent may consult with legal counsel, independent public accountants and other experts selected by it and shall not be

liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 10.5 Liability of Agent; Credit Decision. Neither the Agent nor any of its directors, officers, agents, or employees shall be liable for any action taken or not taken by it in connection with the Credit Documents (i) with the consent or at the request of the Required Banks or (ii) in the absence of its own gross negligence or willful misconduct. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify: (i) any statement, warranty or representation made in connection with this Agreement, any other Credit Document or any Credit Event; (ii) the performance or observance of any of the covenants or agreements of the Borrower or any other party contained herein or in any other Credit Document; (iii) the satisfaction of any condition specified in Section 6 hereof, except receipt of items required to be delivered to the Agent; or (iv) the validity, effectiveness, genuineness, enforceability, perfection, value, worth or collectability hereof or of any other Credit Document or of any other documents or writing furnished in connection with any Credit Document; and the Agent makes no representation of any kind or character with respect to any such matter mentioned in this sentence. The Agent may execute any of its duties under any of the Credit Documents by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Banks, the Borrower, or any other Person for the default or misconduct of any such agents or attorneys-in-fact selected with reasonable care. The Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, other document or statement (whether written or oral) believed by it to be genuine or to be sent by the proper party or parties. In particular and without limiting any of the foregoing, the Agent shall have no responsibility for confirming the accuracy of any Compliance Certificate or other document or instrument received by it under the Credit Documents. The Agent may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with the Agent signed by such payee in form satisfactory to the Agent. Each Bank acknowledges that it has independently and without reliance on the Agent or any other Bank, and based upon such information, investigations and inquiries as it deems appropriate, made its own credit analysis and decision to extend credit to the Borrower in the manner set forth in the Credit Documents. It shall be the responsibility of each Bank to keep itself informed as to the creditworthiness of the Borrower and any other relevant Person, and the Agent shall have no liability to any Bank with respect thereto.

Section 10.6 Indemnity. The Banks shall ratably, in accordance with their respective Percentages, indemnify and hold the Agent, and its directors, officers, employees, agents and representatives harmless from and against any liabilities, losses, costs or expenses suffered or incurred by it under any Credit Document or in connection with the transactions contemplated thereby, regardless of when asserted or arising, except to the extent they are promptly reimbursed for the same by the Borrower and except to the extent that any event giving rise to a claim was caused by the gross negligence or willful misconduct

of the party seeking to be indemnified. The obligations of the Banks under this Section 10.6 shall survive termination of this Agreement.

Section 10.7 Resignation of Agent and Successor Agent. The Agent may resign at any time by giving written notice thereof to the Banks and the Borrower. Upon any such resignation of the Agent, the Required Banks shall have the right to appoint a successor Agent with the consent of the Borrower, provided, that at any time an Event of Default has occurred and is continuing, no such consent shall be required. If no successor Agent shall have been so appointed by the Required Banks, and shall have accepted such appointment, within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Banks, with the consent of the Borrower, appoint a successor Agent, which shall be any Bank hereunder or any commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $200,000,000. Upon the acceptance of its appointment as the Agent hereunder, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring or removed Agent under the Credit Documents, and the retiring Agent shall be discharged from its duties and obligations thereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 10 and all protective provisions of the other Credit Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

SECTION 11. MISCELLANEOUS.

Section 11.1 Withholding Taxes.

(a) Payments Free of Withholding. Subject to Section 11.1(b) hereof, each payment by the Borrower under this Agreement or the other Credit Documents shall be made without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient). If any such withholding is so required, the Borrower shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by each Bank and the Agent free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which that Bank or the Agent (as the case may be) would have received had such withholding not been made. If the Agent or any Bank pays any amount in respect of any such taxes, penalties or interest the Borrower shall reimburse the Agent or that Bank for that payment on demand in the currency in which such payment was made. If the Borrower pays any such taxes, penalties or interest, it shall deliver official tax receipts evidencing that payment or certified copies thereof to the Bank or Agent on whose account such withholding was made (with a copy to the Agent if not the recipient of the original) on or before the thirtieth day after payment. If any Bank or the Agent determines it has received or been granted a credit against or relief or remission for, or repayment of, any taxes paid or payable by it because of any taxes, penalties or interest paid by the Borrower and evidenced by such a tax receipt, such Bank or Agent shall, to the extent it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Borrower such amount as such Bank or Agent determines is attributable to such

deduction or withholding and which will leave such Bank or Agent (after such payment) in no better or worse position than it would have been in if

the Borrower had not been required to make such deduction or withholding. Nothing in this Agreement shall interfere with the right of each Bank and the Agent to arrange its tax affairs in whatever manner it thinks fit nor oblige any Bank or the Agent to disclose any information relating to its tax affairs or any computations in connection with such taxes.

(b) U.S. Withholding Tax Exemptions. Each Bank that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) shall submit to the Borrower and the Agent on or before the earlier of the date of the initial Disbursement and thirty (30) days after the date hereof, two duly completed and signed copies of either Form W8BEN (relating to such Bank and entitling it to a complete exemption from withholding under the Code on all amounts to be received by such Bank, including fees, pursuant to the Credit Documents and the Loans) or Form W8ECI (relating to all amounts to be received by such Bank, including fees, pursuant to the Credit Documents and the Loans) of the United States Internal Revenue Service. Thereafter and from time to time, each Bank shall submit to the Borrower and the Agent such additional duly completed and signed copies of one or the other of such Forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may be (i) requested by the Borrower in a written notice, directly or through the Agent, to such Bank and (ii) required under then-current United States law or regulations to avoid or reduce United States withholding taxes on payments in respect of all amounts to be received by such Bank, including fees, pursuant to the Credit Documents or the Loans.

(c) Inability of Bank to Submit Forms. If any Bank determines, as a result of any change in applicable law, regulation or treaty, or in any official application or interpretation thereof, that it is unable to submit to the Borrower or Agent any form or certificate that such Bank is obligated to submit pursuant to subsection (b) of this Section 11.1 or that such Bank is required to withdraw or cancel any such form or certificate previously submitted or any such form or certificate otherwise becomes ineffective or inaccurate, such Bank shall promptly notify the Borrower and Agent of such fact and the Bank shall to that extent not be obligated to provide any such form or certificate and will be entitled to withdraw or cancel any affected form or certificate, as applicable.

Section 11.2 No Waiver of Rights. No delay or failure on the part of the Agent or any Bank or on the part of the holder or holders of any Note in the exercise of any power or right under any Credit Document shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise thereof preclude any other or further exercise of any other power or right, and the rights and remedies hereunder of the Agent, the Banks and the holder or holders of any Notes are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

Section 11.3 Non-Business Day. If any payment of principal or interest on any Loan or of any other Obligation shall fall due on a day which is not a Business Day, interest or fees (as applicable) at the rate, if any, such Loan or other Obligation bears for the period prior to maturity shall continue to accrue on such Obligation from the stated due date thereof to and including the next succeeding Business Day, on which the same shall be payable.

Section 11.4 Documentary Taxes. The Borrower agrees that it will pay any documentary, stamp or similar taxes payable in respect to any Credit Document, including interest and penalties, in the event any such taxes are assessed, irrespective of when such assessment is made and whether or not any credit is then in use or available hereunder.

Section 11.5 Survival of Representations. All representations and warranties made herein or in certificates given pursuant hereto shall survive the execution and delivery of this Agreement and the other Credit Documents, and

shall continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder.

Section 11.6 Survival of Indemnities. All indemnities and all other provisions relative to reimbursement to the Banks of amounts sufficient to protect the yield of the Banks with respect to the Loans, including, but not limited to, Section 2.12, Section 9.3 and Section 11.15 hereof, shall survive the termination of this Agreement and the other Credit Documents and the payment of the Loans and all other Obligations.

Section 11.7 Set-Off.

(a) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, each Bank, each Affiliate of a Bank, and each subsequent holder of any Note is hereby authorized by the Borrower at any time or from time to time, without notice to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, Indebtedness evidenced by certificates of deposit, whether matured or unmatured, and in whatever currency denominated) and any other Indebtedness at any time held or owing by that Bank, its Affiliate or that subsequent holder to or for the credit or the account of the Borrower, whether or not matured, against and on account of the obligations and liabilities of the Borrower to that Bank, its Affiliate or that subsequent holder under the Credit Documents, including, but not limited to, all claims of any nature or description arising out of or connected with the Credit Documents, irrespective of whether or not (a) that Bank, its Affiliate or that subsequent holder shall have made any demand hereunder or (b) the principal of or the interest on the Loans or Notes and other amounts due hereunder shall have become due and payable pursuant to Section 8 and although said obligations and liabilities, or any of them, may be contingent or unmatured.

(b) Each Bank agrees with each other Bank a party hereto that if such Bank shall receive and retain any payment, whether by set-off or application of deposit balances or otherwise, on any of the Loans in excess of its ratable share of payments on all such obligations then outstanding to the Banks, then such Bank shall purchase for cash at face value, but without recourse, ratably from each of the other Banks such amount of the Loans, or participations therein, held by each such other Bank (or interest therein) as shall be necessary to cause such Bank to share such excess payment ratably with all the other Banks; provided, however, that if any such purchase is made by any Bank, and if such excess payment or part thereof is thereafter recovered from such purchasing Bank, the related purchases from the other Banks shall be rescinded ratably and the purchase price restored as to the portion of such excess payment so recovered, but without interest unless the purchasing Bank is required to pay interest thereon, in which case each Bank returning funds to such purchasing Bank shall pay its pro rata share of such interest.

Section 11.8 Notices. Except as otherwise specified herein, all notices under the Credit Documents shall be in writing (including telecopy or other electronic communication) and shall be given to a party hereunder at its address or telecopier number set forth below or such other address or telecopier number as such party may hereafter specify by notice to the Agent and the Borrower, given by courier, by United States certified or registered mail, or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices under the Credit Documents to the Banks shall be addressed to their respective addresses, telecopier or telephone numbers set forth on the signature pages hereof or in the assignment agreement which any assignee bank executes pursuant to Section 11.12 hereof, and to the Borrower and to the Agent

to:

If to the Borrower:

NRG Energy, Inc.
901 Marquette Avenue
Suite 2300
Minneapolis, MN 55402-3265
Attention: Treasurer
Facsimile: (612) 373-8804
Telephone: (612) 373-8898

If to the Agent:

Credit Suisse First Boston
5 World Trade Center
New York, New York 10048

In Connection with Administrative Matters:
Attention: Christina Maurillo
Facsimile: (212) 335-0593

Telephone: (212) 322-0421

In Connection with Notices:
Attention: Andrea Shkane
Facimile: (212) 325-8320
Telephone: (212) 325-6513

With copies to:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
4 World Financial Center - 7th Floor
New York, New York 10080

In Connection with Amendments, Financials, Etc.:
Attention: Carol Feeley
Portfolio Manager
Facsimile: (212) 738-1649
Telephone: (212) 449-8414/9579

In Connection with Loan Activity & Interest:
Attention: Eve Lam/Mark Campbell
Facsimile: (212) 738-1719
Telephone: (212) 449-6187/6996

And

Citicorp USA, Inc.
388 Greenwich Street
New York, New York, 10013
Attention: Nick McKee
Facsimile: (212) 816-8098
Telephone: (212) 816-8592

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section 11.8 or on the signature pages hereof and a confirmation of receipt of such telecopy has been received by the sender, (ii) if given by courier, when delivered, (iii) if given by mail, three business days after such communication is deposited in the mail, registered with return receipt requested, addressed as aforesaid or (iv) if given by any other means, when delivered at the addresses specified in this Section 11.8; provided that

any notice given pursuant to Section 2 hereof shall be effective only upon receipt.

Section 11.9 Counterparts. This Agreement may be executed in any number of counterpart signature pages, and by the different parties on different counterparts, each of which when executed shall be deemed an original but all such counterparts taken together shall constitute one and the same instrument.

Section 11.10 Successors and Assigns. This Agreement shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of each of the Banks and the benefit of their respective successors and assigns, including any subsequent holder of any Note. The Borrower may not assign any of its rights or obligations under any Credit Document without the written consent of all of the Banks.

Section 11.11 Participants and Note Assignees. Each Bank shall have the right at its own cost to grant participations (to be evidenced by one or more agreements or certificates of participation) in the Loans made and Credit Facility Commitment held by such Bank at any time and from time to time, and to assign its rights under such Loans or the Note evidencing such Loans to a federal reserve bank; provided that (i) no such participation or assignment shall relieve any Bank of any of its obligations under this Agreement, (ii) no such assignee or participant shall have any rights under this Agreement except as provided in this Section 11.11, and (iii) the Agent shall have no obligation or responsibility to such participant or assignee, except that nothing herein is intended to affect the rights of an assignee of a Note to enforce the Note assigned. Any party to which such a participation or assignment has been granted shall have the benefits of Section 2.12 and Section 9.3, but shall not be entitled to receive any greater payment under either such Section than the Bank granting such participation would have been entitled to receive in connection with the rights transferred. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the Borrower hereunder, including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement that would (A) increase the Credit Facility Commitment of such Bank if such increase would also increase the participant's obligations, (B) forgive any amount of or postpone the date for payment of any principal of or interest on any Loan or of any fee payable hereunder in which such participant has an interest or (C) reduce the stated rate at which interest or fees in which such participant has an interest accrue hereunder.

Section 11.12 Assignment of Commitments by Banks.

(a) Each Bank shall have the right at any time, with the written consent (except in the case of an assignment to (i) an Affiliate of such Bank, (ii) another Bank or (iii) as provided in clause (b) below) of the Borrower and Agent (which consent shall not be unreasonably withheld), to assign all or any part of its Credit Facility Commitment (including the same percentage of its Note and outstanding Loans) to one or more other Persons; provided that such assignment is in an amount of at least $10,000,000 or the entire Credit Facility Commitment of such Bank, and if such assignment is not for such Bank's entire Credit Facility Commitment then such Bank's Credit Facility Commitment after giving effect to such assignment shall not be less than $10,000,000; and provided further that neither the consent of the Borrower nor of the Agent shall be required for any Bank to assign all or part of its Credit Facility Commitment to any Affiliate of the assigning Bank. Each such assignment shall set forth the assignee's address for

notices to be given under Section 11.8 hereof hereunder and its designated Lending Office pursuant to Section 9.4 hereof. Upon any such assignment, delivery to the Agent of an executed copy of such assignment agreement and the forms referred to in Section 11.1 hereof, if applicable, and, except in the case of an assignment to an Affiliate of the assigning Bank, the payment of a $3,500 recordation fee to the Agent, the assignee shall become a Bank hereunder, all Loans and the Credit Facility Commitment it thereby holds shall be governed by all the terms and conditions hereof and the Bank granting such assignment shall have its Credit Facility Commitment, and its obligations and rights in connection therewith, reduced by the amount of such assignment; provided, however, in the event a Bank assigns all of its Credit Facility Commitment to an Affiliate or at the request of the Borrower, pursuant to Section 11.13(iii), no recordation fee shall be required hereunder. Notwithstanding any other provision set forth in this Agreement, any Bank may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Loans owing to it and the Note held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

(b) Notwithstanding anything to the contrary contained herein, any Bank (a "Granting Bank") may grant to a special purpose funding vehicle (a "SPC"), identified as such in writing from time to time by the Granting Bank to the Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Bank would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Bank shall be obligated to make such Loan pursuant to the terms hereof. The making of an Loan by an SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Loan were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Bank). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 11.12(b), any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Agent and without paying any processing fee therefore, assign all or a portion of its interests in any Loans to the Granting Bank or to any financial institutions (consented to by the Borrower and Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency,

commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of the SPC.

Section 11.13 Amendments. Any provision of the Credit Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by (a) the Borrower, (b) the Required Banks, and (c) if the rights or duties of the Agent are affected thereby, the Agent; provided that:

(a) no amendment or waiver pursuant to this Section 11.13 shall (A) increase any Credit Facility Commitment of any Bank without the consent of such Bank or (B) reduce the stated rate at which interest or fees accrue or reduce the amount of or postpone any fixed date for payment of any principal of or interest on any Loan or of any fee payable hereunder without the consent of each Bank; and

(b) no amendment or waiver pursuant to this Section 11.13 shall, unless signed by each Bank, change this Section 11.13, or the definition of Required Banks, or affect the number of Banks required to take any action under the Credit Documents.

If the Borrower requests an amendment to this Agreement which requires the approval of all of the Banks and one of the Banks (a "Replaceable Bank") does not approve it, the Borrower may propose that another bank which is reasonably acceptable to the Agent (a "Replacement Bank") be substituted for and replace the Replaceable Bank for purposes of this Agreement. If a Replacement Bank is so substituted for the Replaceable Bank, the Replaceable Bank shall enter into an assignment agreement with the Replacement Bank, the Borrower and the Agent to assign and transfer to the Replacement Bank, the Replaceable Bank's Credit Facility Commitment hereunder, which shall provide, among other things, for the payment of all Obligations owing to the Replaceable Bank; provided, however, if a Replacement Bank cannot be found, then the Borrower may elect to take out the Replaceable Bank and reduce the facility accordingly by making a prepayment in the amount of such Replaceable Bank's outstanding Loans plus all accrued and unpaid interest thereon and all fees and all other Obligations due and owing to the Replaceable Bank on the date of replacement. Notwithstanding anything to the contrary contained herein, in no event shall the Agent be a Replaceable Bank.

Section 11.14 Headings. Section headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

Section 11.15 Legal Fees, Other Costs and Indemnification. The Borrower agrees to pay all reasonable costs and expenses of the Agent in connection with the preparation and negotiation of the Credit Documents, including, without limitation, the reasonable fees and disbursements of counsel to the Agent, in connection with the preparation and execution of the Credit Documents and any amendment, waiver or consent related hereto, whether or not the transactions contemplated herein are consummated. The Borrower further agrees to indemnify each Bank, the Agent, and their

respective Affiliates, directors, agents, officers and employees, against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefore, whether or not the indemnified Person is a party thereto) which any of them may incur or reasonably pay arising out of or relating to any Credit Document or any of the transactions contemplated thereby or the direct or indirect application or proposed application of the proceeds of any Loan other than those which arise from the gross negligence or willful misconduct of the party claiming indemnification. The Borrower, upon demand by the Agent or a Bank at any time, shall reimburse the Agent or Bank for any reasonable legal or other expenses incurred in connection with investigating or defending against any of the foregoing except if the same is directly due to the gross negligence or willful misconduct of the party to be indemnified.

Section 11.16 Entire Agreement. The Credit Documents constitute the entire understanding of the parties thereto with respect to the subject matter thereof and any prior or contemporaneous agreements, whether written or oral, with respect thereto are superseded thereby.

Section 11.17 Construction. The parties hereto acknowledge and agree that neither this Agreement nor the other Credit Documents shall be construed more

favorably in favor of one than the other based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation of this Agreement and the other Credit Documents.

Section 11.18 Governing Law. This Agreement and the other Credit Documents, and the rights and duties of the parties hereto, shall be construed and determined in accordance with the internal laws of the State of New York.

Section 11.19 Submission to Jurisdiction; Waiver of Jury Trial. Each of the Borrower, each Bank and the Agent hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in the City of New York for purposes of all legal proceedings arising out of or relating to this Agreement, the other Credit Documents or the transactions contemplated hereby or thereby. Each of the Borrower, each Bank and the Agent irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each of the Borrower, each Bank and the Agent hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to any Credit Document or the transactions contemplated thereby.

[signature pages follow]

In Witness Whereof, the parties hereto have caused this Agreement to be duly executed and delivered in New York, New York, by their duly authorized officers as of the day and year first above written.

NRG ENERGY, INC.

By: ______________________
Name: Brian B. Bird
Title: Vice President & Treasurer

CREDIT SUISSE FIRST BOSTON,
in its capacity as Administrative
Agent, Joint Lead Arranger and Joint
Book Runner

By: ______________________
Name:
Title:

By: ______________________
Name:

Title:

Commitment: $200,000,000

CREDIT SUISSE FIRST BOSTON,
in its individual capacity as a Bank

By: _______________________
Name:
Title:

By: _______________________
Name:
Title:

Address for notices:
Credit Suisse First Boston
5 World Trade Center
New York, New York 10048

In Connection with Administrative Matters:
Attention: Christina Maurillo
Tel. (212) 322-0421
Fax (212) 335-0593

In Connection with Notices:
Attention: Andrea Shkane
Tel. (212) 325-6513
Fax (212) 325-8320

MERRILL LYNCH, PIERCE,
FENNER & SMITH
INCORPORATED, in its capacity as
Co-Syndication Agent, Joint Lead
Arranger and Joint Book Runner

By: _______________________
Name:
Title:

Commitment: $200,000,000

MERRILL LYNCH CAPITAL
CORPORATION, in its individual
capacity as a Bank

By: _______________________
Name:
Title:

Address for notices:
Merrill Lynch, Pierce, Fenner & Smith Incorporated
4 World Financial Center - 7th Floor
New York, New York 10080

In Connection with Amendments, Financials, Etc.:
Attention: Carol Feeley/Paul Fox
Portfolio Manager
Facsimile: (212) 738-1649
Telephone: (212) 449-8414/9579

In Connection with Loan Activity & Interest:
Attention: Eve Lam/Mark Campbell
Facsimile: (212) 738-1719
Telephone: (212) 449-6187/6996

CITICORP USA, INC., in its
capacity as Co-Syndication Agent,
Joint Lead Arranger and Joint Book
Runner

By: _______________________
Name:
Title:

Commitment: $200,000,000

CITICORP USA, INC., in its
individual capacity as a Bank

By: _______________________
Name:
Title:

Address for notices:
Citicorp USA, Inc.
388 Greenwich Street
New York, New York 10013
Attention: Nick McKee
Facsimile: (212) 816-8098
Telephone: (212) 816-8592

EXHIBIT A

NOTE

____________, 2000

For Value Received, the undersigned, NRG Energy, Inc., a Delaware corporation (the "Borrower"), promises to pay to the order of (the "Bank") on the Maturity Date of the hereinafter defined Credit Agreement, at the principal office of _____________ in New York, New York, in U.S. Dollars, the aggregate unpaid principal amount of all Loans made by the Bank to the Borrower pursuant to the Credit Agreement, together with interest on the principal amount of each Loan from time to time outstanding hereunder at the rates, and payable in the manner and on the dates, specified in the Credit Agreement.

The Bank shall record on its books or records or on a schedule attached to

this Note, which is a part hereof, each Loan made by it pursuant to the Credit Agreement, together with all payments of principal and interest and the principal balances from time to time outstanding hereon, whether the Loan is a Base Rate Loan or a Eurocurrency Loan, the interest rate and Interest Period applicable thereto, provided that prior to the transfer of this Note all such amounts shall be recorded on a schedule attached to this Note. The record thereof, whether shown on such books or records or on a schedule to this Note, shall be prima facie evidence of the same, provided, however, that the failure of the Bank to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans made to it pursuant to the Credit Agreement together with accrued interest thereon.

This Note is one of the Notes referred to in the Credit Agreement dated as of _________, 2000, among the Borrower, ________________, as Agent, and the Banks party thereto (the "Credit Agreement"), and this Note and the holder hereof are entitled to all the benefits provided for thereby or referred to therein, to which Credit Agreement reference is hereby made for a statement thereof. All defined terms used in this Note, except terms otherwise defined herein, shall have the same meaning as in the Credit Agreement. This Note shall be governed by and construed in accordance with the internal laws of the State of New York.

Prepayments may be made hereon and this Note may be declared due prior to the expressed maturity hereof, all in the events, on the terms and in the manner as provided for in the Credit Agreement.

The Borrower hereby waives demand, presentment, protest or notice of any kind hereunder.

NRG ENERGY, INC.

By: _______________________
Name: Brian B. Bird
Title: Vice President & Treasurer

EXHIBIT B

COMPLIANCE CERTIFICATE

This Compliance Certificate is furnished to ______________, as Agent pursuant to the Credit Agreement (the "Credit Agreement") dated as of June 22, 2001, by and among NRG Energy, Inc., the financial institutions from time to time party thereto and ___________, as Agent. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Credit Agreement.

The undersigned hereby certifies that:

1. I am the duly elected or appointed ___________ of NRG Energy, Inc.;

2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of NRG Energy, Inc. and its Subsidiaries during the accounting period covered by the attached financial statements;

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or an Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Compliance Certificate, except as set forth

below; and

4. Schedule B-1 attached hereto sets forth financial data and computations evidencing compliance with certain covenants of the Credit Agreement, all of which data and computations are true, complete and correct. All computations are made in accordance with the terms of the Credit Agreement.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule 1 hereto and the financial statements delivered with this Compliance Certificate in support hereof

are made and delivered this ________________ day of ____________________, ______

COMPLIANCE CERTIFICATE

SCHEDULE B-1

COMPLIANCE CALCULATIONS FOR CREDIT AGREEMENT

CALCULATION AS OF __________, 20___

A. Liens (Section 7.9)

1. Total Liens $

(Line A1 not to exceed 10% of Consolidated Net Tangible Assets)

B. Sale of Assets (Section 7.11)

1 . Net book value of assets sold

during this fiscal year $

(Line B1 not to exceed 10% of Consolidated Net Tangible Assets)

C. Consolidated Net Worth (Section 7.12)

1. Consolidated stockholders equity $

2. Less currency translation account $

3. Consolidated Net Worth

(Line C1 minus Line C2) $

D. Consolidated Capitalization

1. Consolidated Net Worth (Line C3) $

2. Indebtedness of the Borrower $

3. Consolidated Capitalization

(Sum of line D1 and D2) $

E. Indebtedness to Consolidated Capitalization

1. Indebtedness of the Borrower $_________________

2. 50% of Indebtedness of Borrower consisting of performance guarantees under which demand has not been made $______________

3. Adjusted Indebtedness of Borrower (line E1-E2) $______________

4. Consolidated Capitalization (line D3) $________________

5. Ratio of Adjusted Indebtedness of Consolidated Capitalization
__ to __
(Line E3 to E4)
(ratio not to exceed 0.68 to 1.00 unless a Non-Conforming Period, in which case ratio cannot exceed 0.72 to 1.00)

EXHIBIT C

FORM OF LEGAL OPINION OF COUNSEL TO THE BORROWER

[DATE OF INITIAL DISBURSEMENT]

------------,
in its capacity as
Agent, and the Banks party to the Credit Agreement referred to below

Ladies and Gentlemen:

I am Vice President and General Counsel of NRG Energy, Inc., a Delaware corporation ("Borrower"), and have represented the Borrower in connection with the transactions to be effected pursuant to the terms and conditions of that certain Credit Agreement dated as of the date hereof among the Borrower, the Banks party thereto and _________________, as Agent (the "Credit Agreement").

This opinion is delivered to you pursuant to Section 6.1(a) of the Credit Agreement. Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

In connection with this opinion I have examined:

A. the Credit Agreement; and

B. the Notes.

The foregoing documents, together with the other documents executed and delivered by the Borrower to the Agent in connection with the Credit Agreement, are sometimes referred to herein as the "Loan Documents."

I have also examined such corporate documents and records of the Borrower and such certificates of public officials and officers of the Borrower as I have deemed necessary or appropriate for purposes of rendering this opinion. In stating my opinion, I have assumed the genuineness of all signatures (except the Borrower), the authority of persons signing the Loan Documents on behalf of all parties thereto (except the Borrower), the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies.

Based on the foregoing, and subject to the qualifications set forth herein, I am of the opinion that:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

2. The Borrower has the corporate power and authority to execute, deliver and perform the Loan Documents and all corporate action necessary to authorize the execution, delivery and performance of the Loan Documents has been taken.

3. The Loan Documents have been duly executed and delivered on behalf of the Borrower and constitute valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors or the application of general principles of equity (whether considered in a proceeding in equity or at law).

4. The execution, delivery and performance by the Borrower of the Loan Documents do not: (i) result in a breach or other violation of any of the terms, conditions or provisions of any indenture, loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or any of its properties may be bound; (ii) result in a breach or other violation of any of the terms, conditions or provisions of any order, writ, injunction or decree of any court or other governmental authority or instrumentality to which the Borrower is subject; or (iii) result in the creation or imposition of any lien, charge, security interest or encumbrance upon any property of the Borrower under any indenture, loan or credit agreement or any other material agreement, lease, instrument, order, writ, injunction or decree referred to in clauses (i) and (ii) above; where any such breach, violation or lien could have a Material Adverse Effect. The execution, delivery and performance by the Borrower of the Loan Documents and the transactions contemplated thereby do not result in a breach or other violation of any of the terms, conditions or provisions of any applicable federal, or Delaware statute or regulation where such breach or violation could have a Material Adverse Effect.

5. Except as set forth on Schedule 5.5 to the Credit Agreement, no judgments are outstanding against the Borrower, nor is there pending or, to the best of our knowledge, threatened, any litigation, investigation, contested claim or governmental proceeding by or against the Borrower which could have a Material Adverse Effect.

6. Neither the Borrower nor any Subsidiary is an "investment company" within the meaning of the Investment Company Act of 1940, as amended. No approvals by the SEC under the Public Utility Holding Company Act of 1935, as amended ("PUHCA") are required in connection with the execution by the Borrower of the Loan Documents or the performance by the Borrower of any of the

transactions contemplated thereby.

7. No authorization, consent, license, order or approval of, or other action by, any governmental authority is required to be obtained or made in connection with the due execution, delivery and performance of the Loan Documents.

I am a member of the bar of the State of Minnesota, and I am not licensed to practice in the States of Delaware or New York. I express no opinion on the law of any other jurisdiction other than the State of Minnesota and the provisions of the Delaware General

Corporation Law and the federal laws of the United States applicable therein or thereto. The opinions expressed herein are based upon the law and circumstances as they are in effect or exist on the date hereof, and I assume no obligation to revise or supplement this letter in the event of future changes in the law or interpretations thereof with respect to circumstances or events that may occur subsequent to the date hereof. I express no opinion as to the effect of the laws of any other jurisdiction.

For purposes of the opinion rendered in paragraph 3, I have assumed that the laws of the State of New York are substantially the same as the laws of the State of Minnesota.

Minnesota Statutes ss.290.371, Subd. 4, provides that any corporation required to file a Notice of Business Activities Report does not have a cause of action upon which it may bring suit under Minnesota law unless the corporation has filed a Notice of Business Activities Report and provides that the use of the courts of the State of Minnesota for all contracts executed and all causes of action that arose before the end of any period for which a corporation failed to file a required report is precluded. Insofar as our opinion may relate to the valid, binding and enforceable character of any agreement under Minnesota law or in a Minnesota court, we have assumed that any party seeking to enforce such agreement has at all times been, and will continue at all times to be, exempt from the requirement of filing a Notice of Business Activities Report or, if not exempt, has duly filed, and will continue to duly file, all Notice of Business Activities Reports.

This opinion is furnished by me as General Counsel of the Borrower to you pursuant to the Credit Agreement. This opinion is solely for your benefit and may not be relied upon by any other Person or by you in any other context, or any other Person that may become a Bank under the Credit Agreement after the date hereof. This opinion may not be quoted, in whole or in part, or copies hereof furnished, to any other Person, or any other Person that may become a Bank under the Credit Agreement after the date hereof without my prior express written consent.

Very truly yours,

SCHEDULE 5.2

SUBSIDIARIES

Subsidiary Name	State of Incorporation/

		Formation
1.	Berrians I Gas Turbine Power LLC	Delaware
2.	Cobee Holdings Inc.	Delaware
3.	Elk River Resource Recovery, Inc.	Minnesota
4.	Graystone Corporation	Minnesota
5.	Meriden Gas Turbines LLC	Delaware
6.	MidAtlantic Generation Holding LLC	Delaware
7.	NEO Corporation	Minnesota
8.	NRG Connecticut Power Assets LLC	Delaware
9.	Northeast Generation Holding LLC	Delaware
10.	NRG Affiliate Services Inc.	Delaware
11.	NRG Asia-Pacific, Ltd.	Delaware
12.	NRG Audrain Holding LLC	Delaware
13.	NRG Brazos Valley GP LLC	Delaware
14.	NRG Brazos Valley LP LLC	Delaware
15.	NRG Cadillac Inc.	Delaware
16.	NRG Capital LLC	Delaware
17.	NRG Central U.S. LLC	Delaware
18.	NRG ComLease LLC	Delaware
19.	NRG Connecticut Affiliate Services Inc.	Delaware
20.	NRG Connecticut Ancillary Assets LLC	Delaware
21.	NRG del Coronado Inc.	Delaware
22.	NRG Eastern LLC	Delaware
23.	NRG El Segundo Inc.	Delaware
24.	NRG Energy Center, Inc.	Minnesota
25.	NRG Energy Jackson Valley I, Inc.	California
26.	NRG Energy Jackson Valley II, Inc.	California
27.	NRG Granite Acquisition LLC	Delaware
28.	NRG International Services Company	Delaware
29.	NRG International Development Inc.	Delaware

30.	NRG International, Inc.	Delaware
31.	NRG Kaufman LLC	Delaware
32.	NRG Lakefield Inc.	Delaware
33.	NRG Latin America Inc.	Delaware
34.	NRG Louisiana LLC	Delaware
35.	NRG Mextrans Inc.	Delaware
36.	NRG MidAtlantic LLC	Delaware
37.	NRG Mesquite LLC	Delaware

38.	NRG North Central Operations Inc.	Delaware
39.	NRG Northeast Affiliate Services Inc.	Delaware
40.	NRG Operating Services, Inc.	Delaware
41.	NRG PacGen Inc.	Delaware
42.	NRG Power Marketing Inc.	Delaware
43.	NRG Processing Solutions LLC	Delaware
44.	NRG San Diego Inc.	Delaware
45.	NRG San Francisco Thermal Inc.	Delaware
46.	NRG Services Corporation	Delaware
47.	NRG South Central Operations Inc.	Delaware
48.	NRG Sunnyside Operations GP Inc.	Delaware
49.	NRG Sunnyside Operations LP Inc.	Delaware
50.	NRG Thermal Corporation	Delaware
51.	NRG Valmy Power LLC	Delaware
52.	NRG Valmy Power Holdings LLC	Delaware
53.	NRG West Coast Inc.	Delaware
54.	NRG Western Affiliate Services Inc.	Delaware
55.	O'Brien Cogeneration, Inc. II	Delaware
56.	Okeechobee Power I, Inc.	Delaware
57.	Okeechobee Power II, Inc.	Delaware
58.	Okeechobee Power III, Inc.	Delaware
59.	Power Operations, Inc.	Delaware
60.	San Joaquin Valley Energy I, Inc.	California
61.	San Joaquin Valley Energy IV, Inc.	California
62.	Scoria Incorporated	Minnesota
63.	South Central Generation Holding LLC	Delaware

SCHEDULE 5.5

LITIGATION/GOVERNMENTAL PROCEEDINGS SUMMARY

Fortistar (Oswego)

In July 1999, Fortistar Capital, Inc. ("Fortistar") commenced an action against NRG Energy, Inc. (the "Company") in Hennepin County (Minnesota) District Court, seeking damages in excess of $100 million and an order restraining the Company from consummating the acquisition of Niagara Mohawk Power Corporation's Oswego generating station. Fortistar's motion for a temporary restraining order was denied. A temporary injunction hearing was held in September 1999. The acquisition was consummated in October 1999. In January 2000, the court denied Fortistar's request for a temporary injunction. In April and December 2000, the Company filed summary judgment motions to dispose of the litigation respecting both liability and damages, and a hearing on these motions was held in April 2001 and certain of Fortistar's claims were dismissed. No trial date has been set in respect of the remaining claims. The Company has asserted numerous counterclaims against Fortistar and will continue to vigorously defend the suit.

New York Environmental Investigation

In May 2000, the New York Department of Environmental Conservation issued a Notice of Violation to the Company and the prior owner of the Company's Huntley and Dunkirk facilities in New York, relating to physical changes made at those facilities prior to our assumption of ownership. The Notice of Violation alleges that these changes represent major modifications undertaken without the proper permits having been obtained. Although the Company has a right to indemnification by the previous owner for fines, penalties, assessments and related losses resulting from the previous owner's failure to comply with environmental laws and regulations, if these facilities did not comply with the applicable permit requirements, the Company could be required, among other things, to install specified pollution control technology to further reduce pollutant emissions from the Huntley and Dunkirk facilities, and the Company could become subject to fines and penalties associated with the current and prior operation of the facilities. The Company is currently in settlement discussions with the Department of Environmental Conservation and the State Attorney General's Office. On May 14, 2001, the Company received a Notice of Intent to Sue from the New York Attorney General, notifying the Company pursuant to Section 304 of the Clean Air Act (the "Act") of the State's intent to file suit against the Company and Niagara Mohawk Power Corporation in federal district court for violations of the Act, unless a settlement is reached within 60 days. The Company will continue its settlement discussions with the Attorney General's Office and the Department of Environmental Conservation.

California Actions

The Company has been named as a defendant in certain private plaintiff class actions filed in the Superior Court of the State of California for the County of San

Diego in San Diego, California on November 27, 2000 (Pamela R. Gordon v. Reliant Energy, Inc., et al.) and November 29, 2000 (Ruth Hendricks v. Dynegy Power Marketing Inc., et al.), and in the Superior Court of the State of California, City and County of San Francisco (Pier 23 Restaurant v. PG&E Energy Trading, et al., filed January 24, 2001). The Company has also been named in another suit filed on January 16, 2001 in the Superior Court of the State of California for the County of San Diego, brought by three California water districts, as consumers of electricity (Sweetwater Authority v. Dynegy Inc., et al.), and in a suit filed on January 18, 2001 in Superior Court of the State of California, County of San Francisco, brought by the San Francisco City Attorney on behalf of the People of the State of California (The People of the State of California v. Dynegy Power Marketing, Inc., et al.). Although the complaints contain a number of allegations, the basic claim is that, by underbidding forward contracts and exporting electricity to surrounding markets, the defendants, acting in collusion, were able to drive up wholesale prices on the Real Time and Replacement Reserve markets, through the Western Systems Coordinating Council and otherwise. The complaints allege that the conduct violated California antitrust and/or unfair competition laws. The Company does not believe that it has engaged in any illegal activities, and intends to vigorously defend these lawsuits.

On May 2, 2001, certain partially-owned subsidiaries of the Company, and other power generators and power traders, were named as defendants in a class action filed in the Superior Court of the State of California for the County of Los Angeles (Cruz M. Bustamante and Barbara Matthews v. Dynegy, Inc., et al.). The complaint alleges that defendants engaged in various anti-competitive, unlawful, fraudulent and unfair business practices and acts, and acted with the anti-competitive purpose of using economic and physical withholding of electricity from the California electric generation market in order to derive monopoly profits from the sale of their electricity in California. The Company does not believe that its affiliates named in this lawsuit engaged in any illegal activities, and the Company's affiliates intend to vigorously contest these allegations.

LABOR DISPUTE SUMMARY

None.

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EXHIBIT 10.42

NRG EXECUTIVE OFFICER AND
KEY PERSONNEL

SEVERANCE PLAN

[[NAME]]

2

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NRG ENERGY, INC.
EXECUTIVE OFFICER AND KEY PERSONNEL SEVERANCE PLAN

ARTICLE 1. ESTABLISHMENT, TERM, AND PURPOSE

1.1 ESTABLISHMENT OF THE PLAN. NRG Energy, Inc., (hereinafter referred to as the "Company"), hereby establishes a severance plan to be known as the NRG Executive Officer and Key Personnel Severance Plan (the "Plan"). The Plan provides severance benefits to certain executive officers and key personnel (the "Participants") of the Company upon a termination of employment from the Company, including termination of employment as a result of a Change in Control of the Company. The Plan is intended to supersede any and all plans, programs, or agreements providing for severance-related payments. This specifically includes, but is not limited to, the NRG and NSP Employment Agreements for Executive Officers which the Company has previously terminated.

1.2 TERM OF THE PLAN. This plan shall be effective on the Effective Date and shall remain in effect until the third anniversary of the Effective Date. This plan shall thereafter automatically be renewed for successive one-year terms each commencing on an Effective Date anniversary and ending on the day immediately preceding the succeeding Effective Date anniversary. Notwithstanding the foregoing, the Company may at any time and in its sole discretion terminate this Plan at the end of the initial term or any renewal term by giving the Participant six (6) months written notice prior to the end of a term.

1.3 PURPOSE OF THE PLAN. The purpose of the Plan is to provide certain executive officers and key personnel of the Company financial security in the event of a termination of employment from the Company, including termination of employment as a result of a Change in Control of the Company.

ARTICLE 2. DEFINITIONS

Whenever used in this Plan, the following terms shall have the meanings set forth below:

2.1 "BASE SALARY" means an amount equal to the Participant's base annual salary as of the date of a termination. For this purpose, "Base Salary" shall not include bonuses, long-term incentive compensation, or any remuneration other than base annual salary.

2.2 "BENEFICIAL OWNER" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.3 "BENEFICIARY" means the persons or entities designated or deemed designated by the Participant pursuant to Section 13.1 hereof.

2.4 "BOARD" means the Board of Directors of the Company.

2.5 "CAUSE" shall mean the occurrence of any one or more of the following events:

(a) The willful (as defined in 2.5[c]) and continued failure by the Participant to substantially perform his normal duties (other than any such failure resulting from the Participant's Disability), after a written demand for substantial performance, signed by the CEO or the Participant's immediate supervisor, is delivered to the Participant, that identifies the manner in which the Participant has not substantially performed his duties, and the Participant has failed to remedy the situation within thirty (30) business days of receiving such notice; or

(b) The Participant's conviction for committing an act of fraud, embezzlement, theft, or other act constituting a felony; or the Participant's violation of the Company Code of Conduct; or

(c) The engaging by the Participant in willful, reckless or grossly

negligent conduct materially and demonstrably injurious to the Company. However, no act, or failure to act on the Participant's part, shall be considered "willful, reckless or grossly negligent" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his action or omission was in the best interest of the Company.

2.6 "CODE" means the United States Internal Revenue Code of 1986, as amended.

2.7 "CHANGE IN CONTROL" means a Change in Control as defined in the NRG Energy, Inc. 2000 Long-Term Incentive Compensation Plan, which may be amended from time to time as directed by the Board of Directors.

2.8 "COMMITTEE" means the Compensation Committee of the Board, or any other committee appointed by the Board to perform the functions of the Compensation Committee.

2.9 "COMPANY" means NRG Energy, Inc., a Delaware corporation (including any and all subsidiaries), or any successor thereto as provided in Article 12 herein.

2.10 "DISABILITY" means the definition provided in the NRG Energy, Inc. 2000 Long-Term Incentive Compensation Plan.

2.11 "EFFECTIVE DATE" means [[Effective_Date]].

2.12 "EFFECTIVE DATE OF TERMINATION" means the date on which a termination occurs which triggers the payment of Severance Benefits or Change in Control Severance Benefits hereunder.

2.13 "EXCHANGE ACT" means the United States Securities Exchange Act of 1934, as amended.

2.14 "GOOD REASON" means, without the Participant's express written consent, the occurrence of any one or more of the following:

(a) Any material reduction in the Participant's Base Salary or Targeted Bonus Opportunity below the amount in effect as of the Change in Control Effective Date (including all increases following the Change in Control Effective Date).

(b) Any significant reduction in the Participant's benefits package, except in the case of a reduction, which similarly applies to all executives on a nondiscriminatory basis.

(c) Any material reduction in the Participant's long-term incentive opportunity with the Company.

(d) Any assignment of new duties that requires the Participant to relocate his domicile more than fifty (50) miles from the Participant's current work location.

(e) Any dissolution or liquidation of the Company.

(f) Any significant reduction or diminution in the duties, responsibilities, or position of the Participant from that in effect, as of the Effective Date (including subsequent increases in duties, responsibilities, or position), provided that the sale of a Company division will not automatically be deemed to result in the significant reduction or diminution in the duties, responsibilities, or position of the Participant without a specific showing of such reduction or diminution.

(g) Any significant increase in responsibility without corresponding compensation.

The Participant's right to terminate employment for Good Reason shall not be affected by the Participant's incapacity due to Disability. The Participant's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason herein.

2.15 "NOTICE OF TERMINATION" shall mean a written notice which shall indicate the specific termination provision in this Plan relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Participant's employment under the provision so indicated.

2.16 "PARTICIPANT" means the executive officers (other than the CEO) and key personnel as designated by the CEO.

2.17 "PERSON" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d).

2.18 "PLAN" means NRG Executive Officer and Key Personnel Severance Plan.

2.19 "RETENTION PERIOD" means the period of time beginning on the Effective Date of this Plan, and ending on the earlier to occur of: (a) the termination of the Plan; or (b) six (6) months prior to the effective date of a Change in Control. The retention period is only applicable in the event of general severance.

2.20 "RETIREMENT" means retirement as defined in the applicable NRG Energy, Inc. and/or NSP/Xcel programs in which the Participant is eligible, which may be amended from time to time as directed by the Board of Directors.

2.21 "SEVERANCE BENEFITS" means the payment of severance compensation as provided in Article 4 or 5 herein.

ARTICLE 3. PARTICIPATION

All executive officers and key personnel as defined by CEO shall be eligible to participate in the Plan.

ARTICLE 4. SEVERANCE BENEFITS OTHER THAN UPON CHANGE IN CONTROL

4.1 RIGHT TO SEVERANCE BENEFITS. Subject to the provisions herein, the Participant shall be entitled to receive from the Company Severance Benefits as described in Section 4.2 herein, if, during the Retention Period, the Participant's employment with the Company shall be terminated by the Company without Cause or if the Participant terminates employment:

(a) within 3 months of a material change or reduction in the Participant's job responsibilities with the Company, unless such action is remedied by the Company promptly upon receipt of written notice thereof from Participant, or

(b) as a result of a material breach by the Company of the compensation or benefit terms of this Agreement, provided that the Participant has given the Company written notice of, and a reasonable opportunity to cure, such breach.

The Participant shall not be entitled to receive Severance Benefits under Section 4.2 hereof if he is terminated for Cause, or if his employment with the

Company ends due to death, Disability, Retirement, or due to a voluntary termination of employment by the Participant.

4.2 DESCRIPTION OF SEVERANCE BENEFITS. In the event that the Participant becomes entitled to receive Severance Benefits, as provided in Section 4.1 herein, the Participant shall receive the following Severance Benefits:

(a) [[Severance_Times]] time(s) the sum of: (i) the Participant's Base Salary; and (ii) the greater of: (a) the Participant's average annual bonus earned over the two (2) full fiscal years prior to the Effective Date of Termination; or (b) the Participant's target annual bonus established for the bonus plan year in which the Participant's Effective Date of Termination occurs.

(b) An amount equal to the Participant's unpaid targeted annual incentive, established for the plan year in which the Participant's Effective Date of Termination occurs, multiplied by a fraction, the numerator of which is the number of days completed in the then existing fiscal year through the Effective Date of Termination, and the denominator of which is three hundred sixty-five (365).

(c) A net cash payment equivalent to the COBRA rates of the welfare benefits of medical insurance, dental insurance, and group term life insurance for a period of [[Benefit__Months]] months. This cash payment shall be made in one lump sum (net of applicable withholding) as prospective reimbursement for the participant's COBRA coverage costs for the number of months stated.

COBRA election and continuation enforced shall be the responsibility of the participant and /or qualified beneficiaries.

In the event the premium cost shall change for all employees of the Company, the cost, likewise, shall change for the Participant in a corresponding manner.

(d) A cash payment of vacation earned prior to the Effective Date of Termination, but not taken by the Participant.

(e) Notwithstanding the provisions of the Long-term Incentive and Compensation Plan (including any options granted thereunder) regarding excercisability of options following termination of employment, in the event that the Participant receives general severance benefits under Article 4, options granted under the NRG Energy, Inc. Long-term Incentive and Compensation Plan prior to the termination date will continue to vest in accordance with the existing vesting schedule for a period of two (2) years following the termination date.

4.3 TERMINATION DUE TO DISABILITY. If the Participant's employment is terminated due to Disability during the term of this Plan, the Participant shall receive his Base Salary and accrued vacation through the Effective Date of Termination and continuation of the welfare benefits of medical insurance, dental insurance, and group term life insurance shall be subject to the treatment provided under the applicable disability plan of the Company.

4.4 TERMINATION DUE TO RETIREMENT OR DEATH. If the Participant's employment is terminated by reason of Retirement or death, the Participant or, where applicable, the Participant's Beneficiaries, shall receive the Participant's Base Salary and accrued vacation through the Effective Date of Termination, and

continuation of the welfare benefits of medical insurance, dental insurance, and group term life insurance shall be subject to the treatment provided under the applicable retirement plan of the Company.

4.5 TERMINATION FOR CAUSE OR BY THE PARTICIPANT OTHER THAN FOR GOOD REASON. If the Participant's employment is terminated either: (a) by the Company for Cause; or (b) by the Participant other than for Good Reason, the Company shall pay the Participant his unpaid Base Salary and accrued vacation through the Effective Date of Termination, at the rate then in effect, plus all other amounts to which the Participant is entitled under any compensation plans of the Company, at the time such payments are due, and the Company shall have no further obligations to the Participant under this Plan.

4.6 NOTICE OF TERMINATION. Notice of Termination shall communicate any termination by the Company for Cause or by the Participant for Good Reason at least sixty (60) days prior to the date on which such termination shall be effective. The Company can terminate the employment of the Participant with no notice in which case the Company shall provide the Participant with continuation of pay for sixty (60) days.

4.7 FORM AND TIMING OF SEVERANCE BENEFITS. At the discretion of the Company, all cash payments set forth in Section 4.2 shall be made as a continuance of pay net of appropriate

withholdings, for the defined severance period, or in one (1) lump sum net of appropriate withholdings, within forty-five (45) days after the Effective Date of Termination.

ARTICLE 5. SEVERANCE BENEFITS UPON CHANGE IN CONTROL

5.1 RIGHT TO CHANGE IN CONTROL SEVERANCE BENEFITS. The Participant shall be entitled to receive from the Company Change in Control Severance Benefits, as described in Section 5.2 herein, if there has been a Change in Control of the Company and if, within the six (6) full calendar month period prior to the effective date of a Change in Control, or within twelve (12) calendar months following the effective date of a Change in Control, the Participant's employment with the Company shall end as a result of either an involuntary termination of the Participant's employment by the Company for reasons other than Cause, or by voluntary termination by the Participant for Good Reason.

The Participant shall not be entitled to receive Change in Control Severance Benefits if he is terminated for Cause, or if his employment with the Company ends due to death, Disability, or Retirement, or due to a voluntary termination of employment by the Participant without Good Reason.

5.2 DESCRIPTION OF CHANGE IN CONTROL SEVERANCE BENEFITS. In the event that the Participant becomes entitled to receive Change in Control Severance Benefits, as provided in Section 5.1 herein, the Company shall pay to the Participant and provide him with the following:

(a) An amount equal to [[CIC_Times]] time(s) the sum of (i) the Participant's Base Salary; and (ii) the greater of: (a) the Participant's average annual bonus earned over the two (2) full fiscal years prior to the Effective Date of Termination; or (b) the Participant's target annual bonus established for the bonus plan year in which the Participant's Effective Date of Termination occurs.

(b) An amount equal to the Participant's unpaid targeted annual incentive, established for the plan year in which the Participant's Effective Date of Termination occurs, multiplied by a fraction, the numerator of which is the number of days completed in the then existing fiscal year through the Effective

Date of Termination, and the denominator of which is three hundred sixty-five (365).

(c) A cash payment of vacation earned prior to the Effective Date of Termination, but not taken by the Participant.

(d) A net cash payment equivalent to the COBRA rates of the welfare benefits of medical insurance, dental insurance, and group term life insurance for a period of [[Benefit__Months]] months. This cash payment shall be made in one lump sum (net of applicable withholding) as prospective reimbursement for the participant's COBRA coverage costs for the number of months stated.

COBRA election and continuation enforced shall be the responsibility of the participant and/or qualified beneficiaries.

(e) All outstanding long-term incentive awards shall be subject to the treatment provided under the applicable long-term incentive plan of the Company.

5.3 TERMINATION FOR DISABILITY. Following a Change in Control of the Company, if the Participant's employment is terminated due to Disability during the term of this Plan, the Participant shall receive his Base Salary and accrued vacation through the Effective Date of Termination and continuation of the welfare benefits of medical insurance, dental insurance, and group term life insurance shall be subject to the treatment provided under the applicable disability plan of the Company.

5.4 TERMINATION FOR RETIREMENT OR DEATH. Following a Change in Control of the Company, if the Participant's employment is terminated by reason of his Retirement or death, the Participant or, where applicable, the Participant's Beneficiaries, shall receive the Participant's Base Salary and accrued vacation through the Effective Date of Termination, and continuation of the welfare benefits of medical insurance, dental insurance, and group term life insurance shall be subject to the treatment provided under the applicable retirement plan of the Company.

5.5 TERMINATION FOR CAUSE OR BY THE PARTICIPANT OTHER THAN FOR GOOD REASON OR RETIREMENT. Following a Change in Control of the Company, if the Participant's employment is terminated either: (i) by the Company for Cause; or (ii) by the Participant (other than for Retirement) and other than for Good Reason, the Company shall pay the Participant his full Base Salary and accrued vacation through the Effective Date of Termination, at the rate then in effect, plus all other amounts to which the Participant is entitled under any compensation plans of the Company, at the time such payments are due, and the Company shall have no further obligations to the Participant under this Plan.

5.6 NOTICE OF TERMINATION. Notice of Termination shall communicate any termination by the Company for Cause or by the Participant for Good Reason at least sixty (60) days prior to the date on which such termination shall be effective. The Company can terminate the employment of the Participant with no notice in which case the Company shall provide the Participant with continuation of pay for sixty (60) days.

5.7 FORMS AND TIMING OF CHANGE IN CONTROL SEVERANCE BENEFITS. At the discretion of the Company, all cash payments set forth in Section 5.2 shall be made as a continuance of pay net of appropriate withholdings, for the defined severance period, or in one (1) lump sum net of appropriate withholdings, within forty-five (45) days after the Effective Date of Termination.

ARTICLE 6. EXCISE TAX

6.1 EXCISE TAX EQUALIZATION PAYMENT. In the event that the Participant becomes entitled to severance benefits or any other payment or benefit under

this Plan, or under any other agreement or plan of the Company (in the aggregate, the "Total Payments"), if any of the Total Payments will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any similar tax that may hereafter be imposed), the Company shall pay to the Participant in cash an additional amount (the "Gross-Up Payment") such that the net amount retained by the Participant after deduction of any Excise Tax upon the Total Payments and any federal, state and local income tax and Excise Tax upon the Gross-Up Payment provided for by this Section 6.1 (including FICA and FUTA), shall be equal to the Total Payments. Such payment shall be made by the Company to the Participant as soon

as practical following the effective date of termination, but in no event beyond forty-five (45) days from such date.

6.2 TAX COMPUTATION. For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amounts of such Excise Tax:

(a) Any other payments or benefits received or to be received by the Participant in connection with a Change in Control of the Company or the Participant's termination of employment (whether pursuant to the terms of this Plan or any other plan, arrangement, or agreement with the Company, or with any person (which shall have the meaning set forth in Section 3(a)(9) of the Securities Exchange Act of 1934, including a "group" as defined in Section 13(d) therein) whose actions result in a Change in Control of the Company or any person affiliated with the Company or such persons) shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel as supported by the Company's independent auditors and acceptable to the Participant, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code in excess of the base amount within the meaning of Section 280G(b)(3) of the Code, or are otherwise not subject to the Excise Tax;

(b) The amount of the Total Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of: (i) the total amount of the Total Payments; or (ii) the amount of excess parachute payments within the meaning of Section 280G(b)(1) (after applying clause (a) above); and

(c) The value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

For purposes of determining the amount of the Gross-Up Payment, the Participant shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Participant's residence on the effective date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

6.3 SUBSEQUENT RECALCULATION. In the event the Internal Revenue Service adjusts the computation of the Company under Section 6.2 herein so that the Participant did not receive the greatest net benefit, the Company shall reimburse the Participant for the full amount necessary to make the Participant

whole, plus a market rate of interest, as determined by the Committee.

ARTICLE 7. OUTPLACEMENT ASSISTANCE

Following a termination of employment in which Severance Benefits or Change in Control Severance Benefits are payable hereunder, the Participant shall be reimbursed by the Company for the costs of all outplacement services obtained by the Participant within the two (2) year period after the Effective Date of Termination; provided, however, that the total reimbursement shall be limited to an amount equal to [[Outplace_]].

ARTICLE 8. THE COMPANY'S PAYMENT OBLIGATION

8.1 PAYMENT OBLIGATIONS ABSOLUTE. The Company's obligation to make the payments and the arrangements provided for herein shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which the Company may have against the Participant or anyone else. All amounts payable by the Company hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Company shall be final, and the Company shall not seek to recover all or any part of such payment from the Participant or from whomsoever may be entitled thereto, for any reasons whatsoever.

The Participant shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Plan, and the obtaining of any such other employment shall in no event effect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Plan, except to the extent provided in Sections 4.2(c) and 5.2(d) herein.

8.2 CONTRACTUAL RIGHTS TO BENEFITS. This Plan establishes and vests in the Participant a contractual right to the benefits to which he is entitled hereunder. However, nothing herein contained shall require or be deemed to require, or prohibit or be deemed to prohibit, the Company to segregate, earmark, or otherwise set aside any funds or other assets, in trust or otherwise, to provide for any payments to be made or required hereunder.

ARTICLE 9. WITHHOLDING

The Company shall be entitled to withhold from any amounts payable under this Plan all taxes as legally shall be required (including, without limitation, any United States federal taxes, and any other state, city, or local taxes).

ARTICLE 10. NON-COMPETITION OTHER THAN UPON CHANGE IN CONTROL

10.1 PROHIBITION ON COMPETITION. Unless there has been a Change in Control, the Participant agrees that during the course of the Participant's employment with the Company, without the prior written consent of the Company, and for one (1) year from the date of the Participant's voluntary or involuntary termination of employment with the Company, the Participant shall not:

(a) Directly or indirectly own, manage, consult, associate with, operate, join, work for, control or participate in the ownership, management, operation or control of, or be connected in any manner with, any business (whether in corporate, proprietorship,

or partnership form or otherwise), as more than a 10% owner in

such business or member of a group controlling such business, which is engaged in any activity which competes with the business of the Company as conducted one (1) year prior to (and up through) the date of the Participant's involuntary or voluntary termination of employment with the Company or which will compete with any proposed business activity of the Company in the planning stage on such date of involuntary or voluntary termination. The participant and the Company agree that this provision is reasonably enforced as to any geographic area.

(b) Directly or indirectly solicit, service, contract with or otherwise engage any past (one year prior), existing or prospective customer, client, or account who then has a relationship with the Company for current or prospective business on behalf of a competitor of the Company, or on the Participant's own behalf for a competing business. The Participant and the Company agree that this provision is reasonably enforced with reference to any geographic area applicable to such relationships with the Company.

(c) Cause or attempt to cause any existing or prospective customer, client, or account, who then has a relationship with the Company for current or prospective business, to divert, terminate, limit or in any manner modify, or fail to enter into any actual or potential business relationship with the Company. The Participant and the Company agree that this provision is reasonably enforced with reference to any geographic area applicable to such relationships with the Company.

(d) The Company agrees that the terms "activity which competes with the business of the Company," "competitor of the Company," "competing business," and "relationship with the Company" as used in this Agreement shall be narrowly applied and that it is not the belief of the Company that all companies in the energy business are competitors of the Company. The Company further agrees that this Agreement shall not be so broadly construed that the Participant is prevented during the non-compete period from obtaining all other employment in the energy industry.

10.2 DISCLOSURE OF INFORMATION. The Participant recognizes that he has access to and knowledge of certain confidential and proprietary information of the Company, which is essential to the performance of his duties as an employee of the Company. The Participant will not, during or after the term of his employment by the Company, in whole or in part, disclose such information to any person, firm, corporation, association, or other entity for any reason or purpose whatsoever, nor shall he make use of any such information for his own purposes.

10.3 COVENANTS REGARDING OTHER EMPLOYEES. During the period ending one (1) year following the payment of Severance Benefits or Change in Control Severance Benefits under this Plan, the Participant agrees to not directly or indirectly solicit, employ or conspire with others to employ any of the Company's employees. The term "employ" for purposes of this paragraph means to enter into an arrangement for services as a full-time or part-time employee, independent contractor, consultant, agent or otherwise. The Participant and the Company agree that this provision is reasonably enforced as to any geographic area.

ARTICLE 11. NON-DISPARAGEMENT

11.1 DISPARAGEMENT. The Participant and the Company, each agrees not to make any disparaging or negative statements about the Company or the Participant, including but not limited to its products, services or management to any person or entity whatsoever, including but not limited to past, present

and prospective employees or employers, customers, clients, analysts, investors, vendors and suppliers.

11.2 RELEASE. In order to receive the severance benefits provided under the Plan, the Participant will be required to provide the Company with a release in a form to be provided by the Company. Such release shall fully release the Company and all of its officers, agents, directors, employees, and representatives, any affiliated companies, businesses or entities, and all other persons and entities from each and every legal claim or demand of any kind that the Participant ever had or might have arising out of any action, conduct or decision taking place during the Participant's employment with the Company, or arising out of the Participant's separation from that employment, whether or not any such claim is known at the time of separation. The Company will provide the Participant with a release in a form provided by the Company. Such release shall release the Participant from each and every legal claim or demand excluding acts of fraud, embezzlement, theft or other acts constituting a felony.

ARTICLE 12. SUCCESSORS AND ASSIGNMENT

12.1 SUCCESSORS TO THE COMPANY. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) of all or substantially all of the business and/or assets of the Company or of any division or subsidiary thereof to expressly assume and agree to perform the Company's obligations under this Plan in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effective date of any such succession shall be a breach of this Plan and shall entitle the Participant to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if he had terminated his employment with the Company voluntarily for Good Reason. Except for the purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Effective Date of Termination.

12.2 ASSIGNMENT BY THE PARTICIPANT. This Plan shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Participant dies while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan, to the Participant's Beneficiary. If the Participant has not named a Beneficiary, then such amounts shall be paid to the Participant's devisee, legatee, or other designee, or if there is no such designee, to the Participant's estate.

ARTICLE 13. MISCELLANEOUS

13.1 BENEFICIARIES. The Participant may designate one or more persons or entities as the primary and/or contingent Beneficiaries of any Severance

Benefits or Change in Control Severance Benefits owing to the Participant under this Plan. Such designation must be in the form of a signed writing acceptable to the Company. The Participant may make or change such designations at any time.

13.2 GENDER AND NUMBER. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the feminine shall include the masculine; the plural shall include the singular, and the singular shall include the plural.

13.3 SEVERABILITY. In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included. Further, the captions of this Plan are not part of the provisions hereof and shall have no force and

effect.

13.4 MODIFICATION. No provision of this Plan may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing and signed by the Participant and by an authorized member of the Committee, or by the respective parties' legal representatives and successors.

13.5 APPLICABLE LAW. To the extent not preempted by the laws of the United States, the laws of the State of Minnesota, shall be the controlling law in all matters relating to this Plan.

[[Name]]

Participant's Name

Participant's Signature

Date

NRG Energy, Inc.

By:

Title: Chairman, President and CEO

Date: