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Senator Dianne Feinstein

of California

In Letter to Senator Feinstein: InterGen Agrees to Speed Up Installation of Pollution Control Technology on Turbines at Border Power Plant

January 28, 2004

Washington, DC – In a letter to Senator Dianne Feinstein (D-Calif.), released today, InterGen has agreed to speed up installation of pollution control technology on the turbines of its power plant in Mexicali, Mexico, which will help control air pollution in Southern California border areas.

After having installed Selective Catalytic Reduction technology on one of its two turbines producing electricity for export to California, InterGen agreed earlier this month to live up to its previous commitment and take the second offline until retrofitting was completed in March.

Now Marvin Odum, InterGen's Chief Executive Officer, has committed to moving up installation of the pollution control technology on its two other turbines, which produce power for Mexico from 30 months to 20 months.

“This action will help ensure that the best technology available is used to control pollution along the Southern California border with Mexico,” Senator Feinstein said. **“This is especially important in Imperial County which has some of the worst air quality in the United States and one of the highest childhood asthma rates in the state. I am pleased InterGen is taking this action.”**

In a letter sent to Senator Feinstein on January 23, Odum wrote: *“you had asked if we could advance the installation of an SCR on the third and fourth units of La Rosita – the units serving Mexico. After consultation with our engineers, equipment suppliers and commercial staff, I am pleased to report that we are in a position to accommodate your request for an accelerated installation schedule.*

Working within contractual constraints, we are now in a position to install SCRs on the third and fourth units during the next winter outage (January-April of 2005). In essence, our previously committed 30-month schedule would now be reduced to a 20-month schedule. All units would be equipped with an SCR prior to the summer of 2005, which is expected to be a period of heavy dispatch.

We hope that our voluntary commitment to install pollution controls, now on an accelerated schedule, is testimony to the fact that we take our environmental responsibilities very seriously.”

Attached is a full copy of InterGen CEO Marvin Odum's January 23rd letter.

January 23, 2004

The Honorable Dianne Feinstein
United States Senate
Washington, DC 20510

Dear Senator Feinstein:

I am writing in response to your recent correspondence on the La Rosita power facility.

As you know, we previously made a voluntary public commitment to install Selective Catalytic Reduction (SCR) on a phased basis on all four units of the La Rosita power facility within 30 months of commercial operations. A phased-on installation is necessary so that some portion of the natural gas facility is always available to fulfill contractual commitments to consumers on both sides of the border. Our California contract obligates us to a very high availability during the on-peak months and allows us to take the units offline from January through April to perform scheduled maintenance. Our contract with Mexico demands a very high availability year round.

As planned, SCR was installed as of commencement of operations on the first export unit. The second export unit however, was not designed for an SCR, and therefore, that unit had to be retrofitted to accommodate the technology. We regret any miscommunication with regard to the timing of the SCR installation on the second unit, but rest assured, the process is well under way – we have completed all of the engineering and design work for the project, ordered the necessary equipment and completed negotiations with a contractor who is now on site to perform the installation work.

After discussions with the DOE, we have voluntarily discontinued operation of the second export unit until work underway is completed. We expect installation to be completed by late March.

In your recent letter, you had asked if we could advance the installation of an SCR on the third and fourth units of La Rosita – the units serving Mexico. After consultation with our engineers, equipment suppliers and commercial staff, I am pleased to report that we are in a position to accommodate your request for an accelerated installation schedule.

Working within contractual constraints, we are now in a position to install SCRs on the third and fourth units during the next winter outage (January-April of 2005). In essence, our previously committed 30-month schedule would now be reduced to a 20-month schedule. All units would be equipped with an SCR prior to the summer of 2005, which is expected to be a period of heavy dispatch.

We hope that our voluntary commitment to install pollution controls, now on an accelerated schedule, is testimony to the fact that we take our environmental responsibilities very seriously.

Going forward, it is our intention to keep you and your staff updated on our progress on a regular basis.

Sincerely,
Marvin Odum
Chief Executive Officer