



NRG Energy: Carbon Policy



The successful commercialization and widespread adoption of next generation, low-carbon technologies is critical to transform the power sector and address the significant challenges of climate change.

We need visionary leadership from Congress to pass comprehensive, innovative climate change legislation to stimulate rapid commercialization of these technologies and make a low-carbon power sector a reality.

In so doing, the U.S. will move from being a major contributor to the carbon problem, to being a global leader in solving it.

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National climate change policy is needed now to reduce the U.S. power sector's carbon intensity dramatically and spur development of sustainable energy sources. This level of transformational change in the power sector cannot happen unless Congress passes comprehensive legislation.

To be effective, climate change legislation must avoid unwarranted windfalls, protect electric reliability, create market certainty, and stimulate commercialization of advanced, low-carbon technologies.

Key elements of successful climate change legislation should include:

- **A national cap and trade program** with a price for carbon established in the 110th Congress, with an effective date of 2012
- **Moderate carbon dioxide (CO₂) price escalation** for the next 10-12 years to allow for development of advanced technologies on a commercial scale
 - Set **greenhouse gas emission caps** that start with achievable GHG reductions through the end of the next decade — immediate, drastic reductions will force energy prices to soar and harm consumers
 - Require **aggressive emission reduction targets** from 2020 through 2050, once low-

carbon technology is widely available and cost barriers are removed

- Implement a CO₂ price “**safety valve**” **to limit price spikes** until advanced technologies are ready for commercial deployment
- **Increase the safety valve price over time** until roughly 2020, at which point it should be significantly increased or removed altogether
- Sufficient **allowances should be allocated to facilities** that cannot pass through costs to buffer their CO₂ compliance costs
- Use of revenue from the sale of the remaining CO₂ allowances to **fund early adoption of advanced technologies** and dramatically accelerate their commercial deployment
- Allocations should be reduced and the CO₂ price “safety valve” removed when low-carbon technologies are available on a commercial scale
- Full implementation and significant expansion of **loan guarantees and other incentives** provided in the Energy Policy Act of 2005 for nuclear, Integrated Gasification Combined Cycle and other low-carbon technologies



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