NRG ENERGY, INC.
Form 10-Q
August 04, 2011

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 |
| | For the Quarterly Period Ended: June 30, 2011 |
| o | Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 |

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.) |
| 211 Carnegie Center, Princeton, New Jersey | 08540 |
| (Address of principal executive offices) | (Zip Code) |

(609) 524-4500
(Registrant's telephone number, including area code)

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 shorter 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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
Yes x No o

As of August 1, 2011, there were 241,251,871 shares of common stock outstanding, par value $0.01 per share.

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This Quarterly Report on Form 10-Q of NRG Energy, Inc., or NRG or the Company, includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Exchange Act. The words "believes," "projects," "anticipates," "plans," "expects," "intends," "estimates," and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause NRG Energy, Inc.'s actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors, risks and uncertainties include the factors described under Risk Factors Related to NRG Energy, Inc., in Part I, Item 1A of the Company's Annual Report on Form 10-K, for the year ended December 31, 2010, including the following:

- General economic conditions, changes in the wholesale power markets and fluctuations in the cost of fuel;
- Volatile power supply costs and demand for power;
- Hazards customary to the power production industry and power generation operations such as fuel and electricity price volatility, unusual weather conditions, catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, unanticipated changes to fuel supply costs or availability due to higher demand, shortages, transportation problems or other developments, environmental incidents, or electric transmission or gas pipeline system constraints and the possibility that NRG may not have adequate insurance to cover losses as a result of such hazards;
- The effectiveness of NRG's risk management policies and procedures, and the ability of NRG's counterparties to satisfy their financial commitments;
- Counterparties' collateral demands and other factors affecting NRG's liquidity position and financial condition;
- NRG's ability to operate its businesses efficiently, manage capital expenditures and costs tightly, and generate earnings and cash flows from its asset-based businesses in relation to its debt and other obligations;
- NRG's ability to enter into contracts to sell power and procure fuel on acceptable terms and prices;
- The liquidity and competitiveness of wholesale markets for energy commodities;
- Government regulation, including compliance with regulatory requirements and changes in market rules, rates, tariffs and environmental laws and increased regulation of carbon dioxide and other greenhouse gas emissions;
- Price mitigation strategies and other market structures employed by ISOs or RTOs that result in a failure to adequately compensate NRG's generation units for all of its costs;
- NRG's ability to borrow additional funds and access capital markets, as well as NRG's substantial indebtedness and the possibility that NRG may incur additional indebtedness going forward;
- NRG's ability to receive Federal loan guarantees or cash grants to support development projects;
- Operating and financial restrictions placed on NRG and its subsidiaries that are contained in the indentures governing NRG's outstanding notes, in NRG's Senior Credit Facility, and in debt and other agreements of certain of NRG subsidiaries and project affiliates generally;
- NRG's ability to implement its RepoweringNRG strategy of developing and building new power generation facilities, including new wind and solar projects;
- NRG's ability to implement its econrg strategy of finding ways to meet the challenges of climate change, clean air and protecting natural resources while taking advantage of business opportunities;
- NRG's ability to achieve its strategy of regularly returning capital to shareholders;
- NRG's ability to maintain retail market share;
- NRG's ability to successfully evaluate investments in new business and growth initiatives;
- NRG's ability to successfully integrate and manage any acquired businesses; and
- NRG's ability to develop and maintain successful partnering relationships.

Forward-looking statements speak only as of the date they were made, and NRG Energy, Inc. undertakes no obligation to 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 NRG's actual results to differ materially from those contemplated in any forward-looking statements included in this Quarterly Report on Form 10-Q should not be construed as exhaustive.

GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

| | |
|---|---|
| 2010 Form 10-K | NRG's Annual Report on Form 10-K for the year ended December 31, 2010 |
| 2011 Senior Credit Facility | As of July 1, 2011, NRG's new senior secured facility, comprised of a $1.6 billion term loan facility and a $2.3 billion revolving credit facility, which replaces the Senior Credit Facility |
| 316(b) Rule | A section of the Clean Water Act regulating cooling water intake structures |
| ASR Agreement | Accelerated Share Repurchase Agreement |
| Baseload capacity | Electric power generation capacity normally expected to serve loads on an around-the-clock basis throughout the calendar year |
| CAA | Clean Air Act |
| CAIR | Clean Air Interstate Rule |
| CAISO | California Independent System Operator |
| CATR | Clean Air Transport Rule |
| Capital Allocation Plan | Share repurchase program |
| Capital Allocation Program | NRG's plan of allocating capital between debt reduction, reinvestment in the business, and share repurchases through the Capital Allocation Plan |
| C&I | Commercial, industrial and governmental/institutional |
| CFTC | U.S. Commodity Futures Trading Commission |
| CPS | CPS Energy |
| CSAPR | Cross-State Air Pollution Rule |
| DNREC | Delaware Department of Natural Resources and Environmental Control |
| ERCOT | Electric Reliability Council of Texas, the Independent System Operator and the regional reliability coordinator of the various electricity systems within Texas |
| Exchange Act | The Securities Exchange Act of 1934, as amended |
| FERC | Federal Energy Regulatory Commission |
| FFB | Federal Financing Bank |

| | |
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| Funded Letter of Credit Facility | NRG's $1.3 billion term loan-backed fully funded senior secured letter of credit facility, of which $500 million matures on February 1, 2013, and $800 million matures on August 31, 2015, and is a component of NRG's Senior Credit Facility |
| GHG | Greenhouse Gases |
| Green Mountain Energy | Green Mountain Energy Company |
| GWh | Gigawatt hour |
| ISO | Independent System Operator, also referred to as Regional Transmission Organizations, or RTO |
| ISO-NE | ISO New England Inc. |

| | |
|---|---|
| LFRM | Locational Forward Reserve Market |
| LIBOR | London Inter-Bank Offer Rate |
| LTIP | Long-Term Incentive Plan |
| MACT | Maximum Achievable Control Technology |
| Mass | Residential and small business |
| MMBtu | Million British Thermal Units |
| MW | Megawatts |
| MWh | Saleable megawatt hours net of internal/parasitic load megawatt-hours |
| NAAQS | National Ambient Air Quality Standards |
| NINA | Nuclear Innovation North America LLC |
| $NO_x$ | Nitrogen oxide |
| NPNS | Normal Purchase Normal Sale |
| NRC | U.S. Nuclear Regulatory Commission |
| NYISO | New York Independent System Operator |
| OCI | Other comprehensive income |
| PJM | PJM Interconnection, LLC |
| PJM market | The wholesale and retail electric market operated by PJM primarily in all or parts of Delaware, the District of Columbia, Illinois, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia |
| PM 2.5 | Particulate matter particles with a diameter of 2.5 micrometers or less |
| PPA | Power Purchase Agreement |
| PUCT | Public Utility Commission of Texas |
| Repowering | Technologies utilized to replace, rebuild, or redevelop major portions of an existing electrical generating facility, not only to achieve a substantial emissions reduction, but also to increase facility capacity, and improve system efficiency |
| RepoweringNRG | NRG’s program designed to develop, finance, construct and operate new, highly efficient, environmentally responsible capacity |

| | |
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| Revolving Credit Facility | NRG’s $925 million senior secured revolving credit facility, which matures on August 31, 2015, and is a component of NRG’s Senior Credit Facility |
| SEC | United States Securities and Exchange Commission |
| Securities Act | The Securities Act of 1933, as amended |
| Senior Credit Facility | NRG’s senior secured facility, which is comprised of a Term Loan Facility, a $925 million Revolving Credit Facility and a $1.3 billion Funded Letter of Credit Facility |
| Senior Notes | The Company’s $6.1 billion outstanding unsecured senior notes consisting of $1.1 billion of 7.375% senior notes due 2017, $1.2 billion of 7.625% senior notes due 2018, $700 million of 8.5% senior notes due 2019, $800 million of 7.625% senior notes due 2019, $1.1 billion of 8.25% senior notes due 2020 and $1.2 billion of 7.875% senior notes due 2021 |

| | |
|---|---|
| $SO_2$ | Sulfur dioxide |
| STP | South Texas Project — nuclear generating facility located near Bay City, Texas in which NRG owns a 44% Interest |
| STPNOC | South Texas Project Nuclear Operating Company |
| TANE | Toshiba America Nuclear Energy Corporation |
| TANE Facility | NINA’s $500 million credit facility with TANE which matures on February 24, 2012 |
| TEPCO | The Tokyo Electric Power Company of Japan, Inc. |
| Term Loan Facility | A senior first priority secured term loan, of which approximately $608 million matures on February 1, 2013, and $990 million matures on August 31, 2015, and is a component of NRG’s Senior Credit Facility |
| U.S. | United States of America |
| U.S. DOE | United States Department of Energy |
| U.S. EPA | United States Environmental Protection Agency |
| U.S. GAAP | Accounting principles generally accepted in the United States |
| VaR | Value at Risk |

PART I — FINANCIAL INFORMATION
ITEM 1 — CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (In millions, except for per share amounts) | 2011 | 2010 | 2011 | 2010 |
| Operating Revenues | | | | |
| Total operating revenues | $2,278 | $2,133 | $4,273 | $4,348 |
| Operating Costs and Expenses | | | | |
| Cost of operations | 1,608 | 1,329 | 2,932 | 2,968 |
| Depreciation and amortization | 222 | 208 | 427 | 410 |
| Selling, general and administrative | 167 | 139 | 310 | 269 |
| Development costs | 12 | 13 | 21 | 22 |
| Total operating costs and expenses | 2,009 | 1,689 | 3,690 | 3,669 |
| Gain on sale of assets | — | — | — | 23 |
| Operating Income | 269 | 444 | 583 | 702 |
| Other Income/(Expense) | | | | |
| Equity in earnings of unconsolidated affiliates | 12 | 11 | 10 | 25 |
| Impairment charge on investment | (11) | — | (492) | — |
| Other income, net | 3 | 19 | 8 | 23 |
| Loss on debt extinguishment | (115) | — | (143) | — |
| Interest expense | (167) | (147) | (340) | (300) |
| Total other expense | (278) | (117) | (957) | (252) |
| (Loss)/Income Before Income Taxes | (9) | 327 | (374) | 450 |
| Income tax (benefit)/expense | (630) | 117 | (735) | 182 |
| Net Income | 621 | 210 | 361 | 268 |
| Less: Net loss attributable to noncontrolling interest | — | (1) | — | (1) |
| Net Income Attributable to NRG Energy, Inc. | 621 | 211 | 361 | 269 |
| Dividends for preferred shares | 3 | 3 | 5 | 5 |
| Income Available for Common Stockholders | $618 | $208 | $356 | $264 |
| Earnings Per Share Attributable to NRG Energy, Inc. Common Stockholders | | | | |
| Weighted average number of common shares outstanding — basic | 243 | 255 | 245 | 254 |
| Net income per weighted average common share — basic | $2.54 | $0.82 | $1.45 | $1.04 |
| Weighted average number of common shares outstanding — diluted | 244 | 256 | 247 | 256 |
| Net income per weighted average common share — diluted | $2.53 | $0.81 | $1.44 | $1.03 |

See notes to condensed consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

| | June 30, 2011 | December 31, 2010 |
|---|---|---|
| (In millions, except shares) | (unaudited) | |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | $1,939 | $2,951 |
| Funds deposited by counterparties | 260 | 408 |
| Restricted cash | 145 | 8 |
| Accounts receivable — trade, less allowance for doubtful accounts of $18 and $21 | 1,008 | 734 |
| Inventory | 386 | 453 |
| Derivative instruments valuation | 1,749 | 1,964 |
| Cash collateral paid in support of energy risk management activities | 254 | 323 |
| Prepayments and other current assets | 298 | 296 |
| Total current assets | 6,039 | 7,137 |
| Property, plant and equipment, net of accumulated depreciation of $4,170 and $3,796 | 12,283 | 12,517 |
| Other Assets | | |
| Equity investments in affiliates | 549 | 536 |
| Note receivable — affiliate and capital leases, less current portion | 419 | 384 |
| Goodwill | 1,863 | 1,868 |
| Intangible assets, net of accumulated amortization of $1,255 and $1,064 | 1,589 | 1,776 |
| Nuclear decommissioning trust fund | 433 | 412 |
| Derivative instruments valuation | 586 | 758 |
| Restricted cash supporting Funded Letter of Credit Facility | 1,301 | 1,300 |
| Other non-current assets | 274 | 208 |
| Total other assets | 7,014 | 7,242 |
| Total Assets | $25,336 | $26,896 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Current portion of long-term debt and capital leases | $90 | $463 |
| Accounts payable | 842 | 783 |
| Derivative instruments valuation | 1,319 | 1,685 |
| Deferred income taxes | 101 | 108 |
| Cash collateral received in support of energy risk management activities | 260 | 408 |
| Accrued expenses and other current liabilities | 493 | 773 |
| Total current liabilities | 3,105 | 4,220 |
| Other Liabilities | | |
| Long-term debt and capital leases | 8,910 | 8,748 |
| Funded letter of credit | 1,300 | 1,300 |
| Nuclear decommissioning reserve | 326 | 317 |
| Nuclear decommissioning trust liability | 278 | 272 |
| Deferred income taxes | 1,709 | 1,989 |
| Derivative instruments valuation | 333 | 365 |
| Out-of-market contracts | 201 | 223 |
| Other non-current liabilities | 598 | 1,142 |
| Total non-current liabilities | 13,655 | 14,356 |
| Total Liabilities | 16,760 | 18,576 |

| | | |
|---|---|---|
| 3.625% convertible perpetual preferred stock (at liquidation value, net of issuance costs) | 248 | 248 |
| Commitments and Contingencies | | |
| Stockholders' Equity | | |
| Common stock | 3 | 3 |
| Additional paid-in capital | 5,339 | 5,323 |
| Retained earnings | 4,156 | 3,800 |
| Less treasury stock, at cost — 62,972,529 and 56,808,672 shares, respectively | (1,633) | (1,503) |
| Accumulated other comprehensive income | 305 | 432 |
| Noncontrolling interest | 158 | 17 |
| Total Stockholders' Equity | 8,328 | 8,072 |
| Total Liabilities and Stockholders' Equity | $25,336 | $26,896 |

See notes to condensed consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

| Six months ended June 30, | 2011 | 2010 |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Net income | $361 | $268 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Distributions and equity in earnings of unconsolidated affiliates | — | (9) |
| Depreciation and amortization | 427 | 410 |
| Provision for bad debts | 20 | 22 |
| Amortization of nuclear fuel | 20 | 19 |
| Amortization of financing costs and debt discount/premiums | 16 | 15 |
| Loss on debt extinguishment | 26 | — |
| Amortization of intangibles and out-of-market contracts | 92 | 1 |
| Changes in deferred income taxes and liability for uncertain tax benefits | (748) | 179 |
| Changes in nuclear decommissioning trust liability | 13 | 9 |
| Changes in derivatives | (166) | (55) |
| Changes in collateral deposits supporting energy risk management activities | 69 | (30) |
| Impairment charge on investment | 481 | — |
| Cash used by changes in other working capital | (302) | (224) |
| Net Cash Provided by Operating Activities | 309 | 605 |
| Cash Flows from Investing Activities | | |
| Acquisitions of businesses, net of cash acquired | (68) | (141) |
| Capital expenditures | (839) | (330) |
| Increase in restricted cash, net | (42) | (11) |
| Increase in restricted cash to support equity requirements for U.S. DOE funded projects | (70) | — |
| Decrease in notes receivable | 20 | 15 |
| Purchases of emission allowances | (17) | (45) |
| Proceeds from sale of emission allowances | 4 | 11 |
| Investments in nuclear decommissioning trust fund securities | (165) | (76) |
| Proceeds from sales of nuclear decommissioning trust fund securities | 152 | 67 |
| Proceeds from renewable energy grants | — | 102 |
| Proceeds from sale of assets | 13 | 30 |
| Investments in unconsolidated affiliates | (15) | — |
| Other | (32) | (7) |
| Net Cash Used by Investing Activities | (1,059) | (385) |
| Cash Flows from Financing Activities | | |
| Payment of dividends to preferred stockholders | (5) | (5) |
| Payment for treasury stock | (130) | (50) |
| Net (payments for)/receipts from settlement of acquired derivatives that include financing elements | (46) | 27 |
| Installment proceeds from sale of noncontrolling interest in subsidiary | — | 50 |
| Proceeds from issuance of long-term debt | 3,798 | 141 |
| Proceeds from issuance of term loan for Funded Letter of Credit Facility | — | 1,300 |
| Increase in restricted cash supporting funded letter of credit | (1) | (1,300) |
| Proceeds from issuance of common stock | 1 | 2 |
| Payment of debt issuance costs | (52) | (53) |

| | | |
|---|---|---|
| Payments for short and long-term debt | (3,833) | (459) |
| Net Cash Used by Financing Activities | (268) | (347) |
| Effect of exchange rate changes on cash and cash equivalents | 6 | (9) |
| Net Decrease in Cash and Cash Equivalents | (1,012) | (136) |
| Cash and Cash Equivalents at Beginning of Period | 2,951 | 2,304 |
| Cash and Cash Equivalents at End of Period | $1,939 | $2,168 |

See notes to condensed consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

## Note 1 — Basis of Presentation

NRG Energy, Inc., or NRG or the Company, is an integrated wholesale power generation and retail electricity company with a significant presence in major competitive power markets in the United States. NRG is engaged in: the ownership, development, construction and operation of power generation facilities; the transacting in and trading of fuel and transportation services; the trading of energy, capacity and related products in the United States and select international markets; and the supply of electricity, energy services, and cleaner energy products to retail electricity customers in deregulated markets through its retail subsidiaries Reliant Energy and Green Mountain Energy Company, or Green Mountain Energy.

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the SEC's regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The following notes should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2010, or 2010 Form 10-K. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all material adjustments consisting of normal and recurring accruals necessary to present fairly the Company's consolidated financial position as of June 30, 2011, the results of operations for the three and six months ended June 30, 2011, and 2010, and cash flows for the six months ended June 30, 2011, and 2010.

### Use of Estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during the reporting period. Actual results could be different from these estimates.

## Note 2 — Other Cash Flow Information

NRG’s investing activities exclude capital expenditures of $204 million which were accrued and unpaid at June 30, 2011.

Note 3 — Comprehensive Income

The following table summarizes the components of the Company's comprehensive income, net of tax:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (In millions) | 2011 | 2010 | 2011 | 2010 |
| Net Income attributable to NRG Energy, Inc. | $621 | $211 | $361 | $269 |
| Changes in derivative activity | (67) | (154) | (149) | 103 |
| Foreign currency translation adjustment | 10 | (36) | 22 | (42) |
| Unrealized loss on available-for-sale securities | (1) | (1) | — | (1) |
| Other comprehensive (loss)/income | (58) | (191) | (127) | 60 |
| Comprehensive income attributable to NRG Energy, Inc. | $563 | $20 | $234 | $329 |

The following table summarizes the changes in the Company’s accumulated other comprehensive income, or OCI, net of tax:

| (In millions) | |
|---|---|
| Accumulated other comprehensive income as of December 31, 2010 | $432 |
| Changes in derivative activity | (149) |
| Foreign currency translation adjustment | 22 |
| Accumulated other comprehensive income as of June 30, 2011 | $305 |

Note 4 — Business Acquisitions and Disposition

2011 Acquisitions

Ivanpah — On April 5, 2011, NRG acquired a 50.1% stake in the 392 MW Ivanpah Solar Electric Generation System, or Ivanpah, from BrightSource Energy, Inc., or BSE, for cash consideration of $68 million. In addition, NRG committed to contribute up to an additional $232 million into Ivanpah, against which it paid $7 million for debt issuance costs and posted $192 million of collateral, which included $70 million in cash and $122 million in a letter of credit. The Company may increase its letter of credit to replace the cash collateral at its discretion. The Company has recorded the $70 million of cash collateral as restricted cash on the consolidated balance sheet as of June 30, 2011. In addition to the cash collateral of $70 million, Ivanpah had approximately $52 million of restricted cash as of June 30, 2011, which primarily represented cash collateral for its various agreements.

Ivanpah is composed of three separate facilities - Ivanpah 1 (126 MW), Ivanpah 2 (133 MW) and Ivanpah 3 (133 MW), all of which are expected to be fully operational by the end of 2013. Ivanpah has received project financing of $1.6 billion from the Federal Financing Bank, or FFB, under a credit agreement, or the Ivanpah Credit Agreement, which is guaranteed by the United States Department of Energy, or U.S. DOE. As of June 30, 2011, approximately $474 million of borrowings were outstanding under the Ivanpah Credit Agreement. The terms of the borrowings are described further in Note 9, Long-Term Debt. Power generated from Ivanpah will be sold to Southern California Edison and Pacific Gas and Electric, under multiple 20 to 25 year Power Purchase Agreements, or PPAs.

The acquisition is accounted for under the acquisition method of accounting in accordance with Accounting Standards Codification, or ASC, 805, Business Combinations, with identifiable assets acquired and liabilities assumed provisionally recorded at their estimated fair values on the acquisition date. The purchase price was primarily allocated to property, plant and equipment of $492 million, restricted cash of $25 million, other current assets of $29 million, other non-current assets of $7 million, accrued expenses of $327 million, $4 million of debt and accrued interest and a non-controlling interest of $154 million. The non-controlling interest represents the fair value of the capital contributions from the minority investors in Ivanpah. The provisional amounts recognized are subject to revision until evaluations are completed and to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. The provisional fair value of the property, plant and equipment at the acquisition date was measured primarily based on significant inputs that are not observable in the market and thus represent a Level 3 measurement as defined in ASC 820, Fair Value Measurement. The fair value of the property, plant and equipment was valued using a cost approach, which estimates value by determining the current cost of replacing the asset with another equivalent economic utility.

2010 Acquisitions

The Company made several acquisitions in 2010, which were recorded as business combinations under ASC 805. Those acquisitions for which purchase accounting was not finalized as of December 31, 2010 are briefly summarized below. See Note 3, Business Acquisitions and Note 12, Debt and Capital Leases, in the Company's 2010 Form 10-K for additional information related to these acquisitions.

Green Mountain Energy — On November 5, 2010, NRG acquired Green Mountain Energy for $357 million in cash, net of $75 million cash acquired, funded from cash on hand. The identifiable assets acquired and liabilities assumed were provisionally recorded at their estimated fair values on the acquisition date, and are subject to revision until the evaluations are completed and to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. Any changes to the fair value assessments will affect the acquisition-date fair value of goodwill.

Cottonwood — On November 15, 2010, NRG acquired the Cottonwood Generating Station, or Cottonwood, a 1,265 MW combined cycle natural gas plant in the Entergy zone of east Texas for $507 million in cash, funded from cash on hand. The purchase price was primarily allocated to fixed assets acquired, which were recorded at provisional fair value on the acquisition date. The accounting for Cottonwood was considered complete as of March 31, 2011, at which point the provisional fair values became final.

2010 Disposition

Padoma — On January 11, 2010, NRG sold its terrestrial wind development company, Padoma Wind Power LLC, or Padoma, to Enel North America, Inc. NRG recognized a gain on the sale of Padoma of $23 million, which was recorded as a component of operating income in the statement of operations during the six months ended June 30, 2010.

Note 5 — Nuclear Innovation North America LLC Developments, Including Impairment Charge

Nuclear Innovation North America LLC, or NINA, which is majority-owned by NRG, was established in May 2008 to focus on marketing, siting, developing, financing and investing in new advanced design nuclear projects in select markets across North America, including the planned South Texas Project Units 3 and 4, or STP 3 & 4, Project. Toshiba America Nuclear Energy Corporation, or TANE, a wholly-owned subsidiary of Toshiba Corporation, is the minority owner of NINA. NINA is a bankruptcy remote entity under NRG's corporate structure and designated as an Excluded Project Subsidiary under NRG's Senior Credit Facility and senior unsecured notes, which require that NRG not be obligated to contribute any capital to service NINA's debt or fund the repayment of any NINA debt in the event of a default. Furthermore, NRG is not required to continue the funding of NINA and any capital provided to NINA by any other equity partner could result in the dilution of NRG's equity interest.

On March 11, 2011, Japan was hit by a devastating earthquake and tsunami which, in turn, triggered a nuclear incident at the Fukushima Daiichi Nuclear Power Station owned by The Tokyo Electric Power Company of Japan, Inc., or TEPCO. The nuclear incident in Japan introduced multiple and substantial uncertainties around new nuclear development in the United States and the availability of debt and equity financing to NINA. Consequently, NINA announced, on March 21, 2011, that it was reducing the scope of development at the STP 3 & 4 expansion to allow time for the U.S. Nuclear Regulatory Commission, or NRC, and other nuclear stakeholders to assess the impacts from the events in Japan. NINA suspended indefinitely all detailed engineering work and other pre-construction activities and, as a result, dramatically reduced the project workforce. The decision to reduce the scope of activities was made jointly by NINA, NRG and Toshiba. Further, on April 19, 2011, NRG announced that, while it will cooperate with and support its current partners and any prospective future partners in attempting to develop STP 3 & 4 successfully, NRG was withdrawing from further financial participation in NINA's development of STP 3 & 4. NINA, going forward, will be focused solely on securing a combined operating license from the NRC and on obtaining the loan guarantee from the U.S. DOE, two items that are essential to the success of any future project development. TANE agreed, for the time being, to assume responsibility for NINA's ongoing costs associated with continuation of the licensing process. In concurrence with the substantial reduction in NINA's project workforce, and to support NINA's reduced scope of work, NRG has contributed approximately $11 million to NINA in the second quarter of 2011, and expects to incur additional one-time costs, related to contributions to NINA, of up to $9 million, bringing these total expected costs to $20 million. These contributions are expensed as incurred to "Impairment charge on investment."

Due to the events described above, NRG evaluated its investment in NINA for impairment. As part of this process, NRG evaluated the contractual rights and economic interests held by the various stakeholders in NINA, and concluded that while it continues to hold majority legal ownership, NRG ceased to have a controlling financial interest in NINA at the end of the first quarter of 2011. Consequently, NRG deconsolidated NINA as of March 31, 2011, in accordance with ASC-810, Consolidation, or ASC 810. This resulted in the removal of the following amounts from NRG's consolidated balance sheet: $930 million of construction in progress; $154 million of accounts payable and accrued expenses; $297 million of long-term debt; $17 million of non-controlling interest; and $19 million of other assets and liabilities. Furthermore, NRG assessed the impact of the diminished prospects for the STP 3 & 4 project on the fair value of NINA's assets relative to NINA's existing liabilities as well as NINA's potential contingent liabilities. Based on this assessment, the Company concluded it was remote that NRG would recover any portion of the carrying amount of its equity investment in NINA and, consequently, recorded an impairment charge of $492 million for the six months ended Six months ended June 30, 2011, for the full amount of its investment, including $481 million as of March 31, 2011, and $11 million from the 2011 second quarter. This impairment charge included net assets contributed from all of NINA's equity investors, both NRG and TANE, which the Company previously consolidated.

As part of a March 1, 2010, settlement of litigation with CPS Energy, or CPS, NRG had agreed to pay $80 million to CPS, subject to the U.S. DOE's approval of a fully executed term sheet for a conditional U.S. DOE loan guarantee for STP 3 & 4. NRG also had agreed to donate an additional $10 million, unconditionally, over four years in annual payments of $2.5 million to the Residential Energy Assistance Partnership, or REAP, in San Antonio. Payments of $5 million were made to REAP through March 31, 2011. As a result of the events stemming from the nuclear incident in Japan, the Company no longer believes it probable that the conditional U.S. DOE loan guarantee will be received or accepted. Therefore, as of March 31, 2011, the Company reversed the $80 million contingent liability to CPS previously recorded within other current liabilities, along with the $80 million of associated amounts capitalized to construction in progress within property, plant and equipment. At June 30, 2011, $5 million in liabilities remains on the condensed consolidated balance sheet for the obligations to REAP.

Note 6 — Fair Value of Financial Instruments

The estimated carrying values and fair values of NRG's recorded financial instruments are as follows:

| | Carrying Amount | | Fair Value | |
|---|---|---|---|---|
| | June 30, 2011 | December 31, 2010 | June 30, 2011 | December 31, 2010 |
| | (In millions) | | | |
| Assets: | | | | |
| Cash and cash equivalents | $1,939 | $ 2,951 | $1,939 | $ 2,951 |
| Funds deposited by counterparties | 260 | 408 | 260 | 408 |
| Restricted cash | 145 | 8 | 145 | 8 |
| Cash collateral paid in support of energy risk management activities | 254 | 323 | 254 | 323 |
| Investment in available-for-sale securities (classified within other non-current assets): | | | | |
| Debt securities | 9 | 8 | 9 | 8 |
| Marketable equity securities | 2 | 3 | 2 | 3 |
| Trust fund investments | 435 | 414 | 435 | 414 |
| Notes receivable | 203 | 177 | 214 | 190 |
| Derivative assets | 2,335 | 2,722 | 2,335 | 2,722 |
| Restricted cash supporting funded Letter of Credit Facility | 1,301 | 1,300 | 1,301 | 1,300 |
| Liabilities: | | | | |
| Long-term debt, including current portion | 8,886 | 9,104 | 8,950 | 9,236 |
| Funded letter of credit | 1,300 | 1,300 | 1,300 | 1,295 |
| Cash collateral received in support of energy risk management activities | 260 | 408 | 260 | 408 |
| Derivative liabilities | $1,652 | $ 2,050 | $1,652 | $ 2,050 |

Recurring Fair Value Measurements

The following table presents assets and liabilities measured and recorded at fair value on the Company's condensed consolidated balance sheet on a recurring basis and their level within the fair value hierarchy:

| (In millions) | Fair Value | | | |
|---|---|---|---|---|
| As of June 30, 2011 | Level 1 | Level 2 | Level 3 | Total |
| Cash and cash equivalents | $1,939 | $— | $— | $1,939 |
| Funds deposited by counterparties | 260 | — | — | 260 |
| Restricted cash | 145 | — | — | 145 |
| Cash collateral paid in support of energy risk management activities | 254 | — | — | 254 |
| Investment in available-for-sale securities (classified within other non-current assets): | | | | |
| Debt securities | — | — | 9 | 9 |
| Marketable equity securities | 2 | — | — | 2 |
| Trust fund investments: | | | | |
| Cash and cash equivalents | 2 | — | — | 2 |
| U.S. government and federal agency obligations | 37 | — | — | 37 |
| Federal agency mortgage-backed securities | — | 60 | — | 60 |
| Commercial mortgage-backed securities | — | 11 | — | 11 |
| Corporate debt securities | — | 53 | — | 53 |
| Marketable equity securities | 226 | — | 41 | 267 |
| Foreign government fixed income securities | — | 5 | — | 5 |
| Derivative assets: | | | | |
| Commodity contracts | 700 | 1,548 | 87 | 2,335 |
| Restricted cash supporting Funded Letter of Credit Facility | 1,301 | — | — | 1,301 |
| Total assets | $4,866 | $1,677 | $137 | $6,680 |
| Cash collateral received in support of energy risk management activities | $260 | $— | $— | $260 |
| Derivative liabilities: | | | | |
| Commodity contracts | 707 | 758 | 113 | 1,578 |
| Interest rate contracts | — | 74 | — | 74 |
| Total liabilities | $967 | $832 | $113 | $1,912 |

| (In millions) | Fair Value | | | |
|---|---|---|---|---|
| As of December 31, 2010 | Level 1 | Level 2 | Level 3 | Total |
| Cash and cash equivalents | $2,951 | $— | $— | $2,951 |
| Funds deposited by counterparties | 408 | — | — | 408 |
| Restricted cash | 8 | — | — | 8 |
| Cash collateral paid in support of energy risk management activities | 323 | — | — | 323 |
| Investment in available-for-sale securities (classified within other non-current assets): | | | | |
| Debt securities | — | — | 8 | 8 |
| Marketable equity securities | 3 | — | — | 3 |
| Trust fund investments: | | | | |
| Cash and cash equivalents | 9 | — | — | 9 |
| U.S. government and federal agency obligations | 27 | — | — | 27 |
| Federal agency mortgage-backed securities | — | 57 | — | 57 |
| Commercial mortgage-backed securities | — | 11 | — | 11 |
| Corporate debt securities | — | 56 | — | 56 |
| Marketable equity securities | 213 | — | 39 | 252 |
| Foreign government fixed income securities | — | 2 | — | 2 |
| Derivative assets: | | | | |
| Commodity contracts | 652 | 2,046 | 24 | 2,722 |
| Restricted cash supporting Funded Letter of Credit Facility | 1,300 | — | — | 1,300 |
| Total assets | $5,894 | $2,172 | $71 | $8,137 |
| Cash collateral received in support of energy risk management activities | $408 | $— | $— | $408 |
| Derivative liabilities: | | | | |
| Commodity contracts | 660 | 1,251 | 51 | 1,962 |
| Interest rate contracts | — | 88 | — | 88 |
| Total liabilities | $1,068 | $1,339 | $51 | $2,458 |

There were no transfers during the three months and six months ended June 30, 2011, and 2010, between Levels 1 and 2. The following tables reconcile, for the three months and six months ended June 30, 2011, and 2010, the beginning and ending balances for financial instruments that are recognized at fair value in the consolidated financial statements at least annually using significant unobservable inputs:

| | Fair Value Measurement Using Significant Unobservable Inputs (Level 3) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Three months ended June 30, 2011 | | | | Six months ended June 30, 2011 | | | |
| (In millions) | Debt Securities | Trust Fund Investments | Derivatives[a] | Total | Debt Securities | Trust Fund Investments | Derivatives[a] | Total |
| Beginning Balance | $9 | $40 | $(11) | $38 | $8 | $39 | $(27) | $20 |
| Total gains and losses (realized/unrealized): | | | | | | | | |
| Included in earnings | — | — | 10 | 10 | — | — | 19 | 19 |
| Included in OCI | — | — | — | — | 1 | — | — | 1 |
| Included in nuclear decommissioning obligations | — | — | — | — | — | 1 | — | 1 |
| Purchases | — | 1 | 5 | 6 | — | 1 | 8 | 9 |
| Transfers into Level 3 [b] | — | — | (12) | (12) | — | — | (30) | (30) |
| Transfers out of Level 3 [b] | — | — | (18) | (18) | — | — | 4 | 4 |
| Ending balance as of June 30, 2011 | $9 | $41 | $(26) | $24 | $9 | $41 | $(26) | $24 |
| The amount of the total gains for the period included in earnings attributable to the change in unrealized gains relating to assets still held as of June 30, 2011 | $— | $— | $5 | $5 | $— | $— | $7 | $7 |

| | Fair Value Measurement Using Significant Unobservable Inputs (Level 3) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Three months ended June 30, 2010 | | | | Six months ended June 30, 2010 | | | |
| (In millions) | Debt Securities | Trust Fund Investments | Derivatives[a] | Total | Debt Securities | Trust Fund Investments | Derivatives[a] | Total |
| Beginning Balance | $9 | $37 | $(25) | $21 | $9 | $37 | $(13) | $33 |
| Total gains and losses (realized/unrealized): | | | | | | | | |
| Included in earnings | — | — | (63) | (63) | — | — | (31) | (31) |
| Included in OCI | 1 | — | — | 1 | 1 | — | — | 1 |
| Included in nuclear decommissioning obligations | — | (5) | — | (5) | — | (5) | — | (5) |
| Purchases | — | — | 8 | 8 | — | — | 9 | 9 |
| Transfers into Level 3 [b] | — | — | 15 | 15 | — | — | (47) | (47) |
| Transfers out of Level 3 [b] | — | — | (11) | (11) | — | — | 6 | 6 |
| Ending balance as of June 30, 2010 | $10 | $32 | $(76) | $(34) | $10 | $32 | $(76) | $(34) |
| The amount of the total gains for the period included in earnings attributable to the change in unrealized gains | $— | $— | $(61) | $(61) | $— | $— | $(36) | $(36) |

relating to assets still held as
of June 30, 2010

(a) Consists of derivative assets and liabilities, net.

(b) Transfers into/out of Level 3 are related to the availability of external broker quotes, and are valued as of the end of the reporting period. All transfers into/out are with Level 2.

Realized and unrealized gains and losses included in earnings that are related to the energy derivatives are recorded in operating revenues and cost of operations.

In determining the fair value of NRG's Level 2 and 3 derivative contracts, NRG applies a credit reserve to reflect credit risk which is calculated based on credit default swaps. As of June 30, 2011, the credit reserve resulted in a $2 million decrease in fair value which is composed of a $2 million loss in operating revenue and cost of operations. As of June 30, 2010, the credit reserve resulted in an $11 million decrease in fair value which is composed of a $6 million loss in OCI and a $5 million loss in operating revenue and cost of operations.

Concentration of Credit Risk

In addition to the credit risk discussion as disclosed in Note 2, Summary of Significant Accounting Policies, to the Company's 2010 Form 10-K, the following item is a discussion of the concentration of credit risk for the Company's contractual obligations. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. NRG is exposed to counterparty credit risk through various activities including wholesale sales, fuel purchases and retail supply arrangements, and retail customer credit risk through its retail load activities.

Counterparty Credit Risk

The Company monitors and manages counterparty credit risk through credit policies that include: (i) an established credit approval process; (ii) daily monitoring of counterparties' credit limits; (iii) the use of credit mitigation measures such as margin, collateral, prepayment arrangements, or volumetric limits; (iv) the use of payment netting arrangements; and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risk surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty credit risk with a diversified portfolio of counterparties. The Company also has credit protection within various agreements to call on additional collateral support if and when necessary. Cash margin is collected and held at NRG to cover the credit risk of the counterparty until positions settle.

As of June 30, 2011, counterparty credit exposure to a significant portion of the Company's counterparties was $1.3 billion and NRG held collateral (cash and letters of credit) against those positions of $250 million, resulting in a net exposure of $1.1 billion. Counterparty credit exposure is discounted at the risk free rate. The following tables highlight the counterparty credit quality and the net counterparty credit exposure by industry sector. Net counterparty credit exposure is defined as the aggregate net asset position for NRG with counterparties where netting is permitted under the enabling agreement and includes all cash flow, mark-to-market and Normal Purchase Normal Sale, or NPNS, and non-derivative transactions. The exposure is shown net of collateral held, and includes amounts net of receivables or payables.

| Category | Net Exposure [(a)] (% of Total) | |
|---|---|---|
| Financial institutions | 53 | % |
| Utilities, energy merchants, marketers and other | 38 | |
| Coal and emissions | 4 | |
| ISOs | 5 | |
| Total as of June 30, 2011 | 100 | % |

| Category | Net Exposure [(a)] (% of Total) | |
|---|---|---|
| Investment grade | 73 | % |
| Non-Investment grade | 3 | |
| Non-rated [(b)] | 24 | |
| Total as of June 30, 2011 | 100 | % |

(a) Counterparty credit exposure excludes uranium and coal transportation contracts because of the unavailability of market prices.

(b) For non-rated counterparties, the majority are related to ISO and municipal public power entities, which are considered investment grade equivalent ratings based on NRG's internal credit ratings.

NRG has counterparty credit risk exposure to certain counterparties representing more than 10% of total net exposure discussed above and the aggregate of such counterparties was $251 million. Approximately 77% of NRG's positions relating to this credit risk roll-off by the end of 2012. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, NRG does not anticipate a material impact on the Company's financial position or results of operations from nonperformance by any of NRG's counterparties.

Counterparty credit exposure described above excludes credit risk exposure under certain long term agreements, including California tolling agreements, South Central load obligations and a coal supply agreement. As external sources or observable market quotes are not available to estimate such exposure, the Company valued these contracts based on various techniques including but not limited to internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Based on these valuation techniques, as of June 30, 2011, credit risk exposure to these counterparties is approximately $700 million for the next five years. This amount excludes potential credit exposure for projects with long term PPAs that have not reached commercial operations. Many of these power contracts are with utilities or public power entities that have strong credit quality and specific public utility commission or other regulatory support. In the case of the coal supply agreement, NRG holds a lien against the underlying asset. These factors significantly reduce the risk of loss.

Retail Customer Credit Risk

NRG is exposed to credit risk through the Company's competitive electricity supply business, which serves retail customers. Retail credit risk results when a customer fails to pay for services rendered. The losses may result from both nonpayment of customer accounts receivable and the loss of in-the-money forward value. NRG manages retail credit risk through the use of established credit policies that include monitoring of the portfolio, and the use of credit mitigation measures such as deposits or prepayment arrangements.

As of June 30, 2011, the Company's retail customer credit exposure to C&I customers was diversified across many customers and various industries, with a significant portion of the exposure residing at government entities.

NRG is also exposed to retail customer credit risk relating to its Mass customers, which may result in a write-off of bad debt. During 2011, the Company continued to experience improved customer payment behavior, but current economic conditions may affect the ability of the Company's customers to pay bills in a timely manner, which could increase customer delinquencies and may lead to an increase in bad debt expense.

This footnote should be read in conjunction with the complete description under Note 5, Fair Value of Financial Instruments, to the Company's 2010 Form 10-K.

Note 7 — Nuclear Decommissioning Trust Fund

NRG's nuclear decommissioning trust fund assets, which are for its portion of the decommissioning of the South Texas Project, or STP 1 & 2 are comprised of securities classified as available-for-sale and recorded at fair value based on actively quoted market prices. NRG accounts for the nuclear decommissioning trust fund in accordance with ASC 980, Regulated Operations, or ASC 980. Since the Company is in compliance with PUCT rules and regulations regarding decommissioning trusts and the cost of decommissioning is the responsibility of the Texas ratepayers, not NRG, all realized and unrealized gains or losses (including other-than-temporary impairments) related to the Nuclear Decommissioning Trust Fund are recorded to the Nuclear Decommissioning Trust Liability to the ratepayers and are not included in net income or accumulated other comprehensive income, consistent with regulatory treatment.

The following table summarizes the aggregate fair values and unrealized gains and losses (including other-than-temporary impairments) for the securities held in the trust funds, as well as information about the contractual maturities of those securities. The cost of securities sold is determined on the specific identification method.

| | As of June 30, 2011 | | | | As of December 31, 2010 | | | |
|---|---|---|---|---|---|---|---|---|
| (In millions, except otherwise noted) | Fair Value | Unrealized Gains | Unrealized Losses | Weighted-average maturities (in years) | Fair Value | Unrealized Gains | Unrealized Losses | Weighted-average maturities (in years) |
| Cash and cash equivalents | $2 | $— | $— | — | $9 | $— | $— | — |
| U.S. government and federal agency obligations | 35 | 1 | — | 10 | 25 | 1 | — | 9 |
| Federal agency mortgage-backed securities | 60 | 3 | — | 23 | 57 | 2 | — | 24 |
| Commercial mortgage-backed securities | 11 | — | — | 29 | 11 | — | — | 29 |
| Corporate debt securities | 53 | 2 | 1 | 11 | 56 | 3 | 1 | 10 |
| Marketable equity securities | 267 | 130 | 1 | — | 252 | 117 | 1 | — |
| Foreign government fixed income securities | 5 | — | — | 6 | 2 | — | — | 8 |
| Total | $433 | $136 | $2 | | $412 | $123 | $2 | |

The following tables summarize proceeds from sales of available-for-sale securities and the related realized gains and losses from these sales. The cost of securities sold is determined on the specific identification method.

| | Six months ended June 30, | |
|---|---|---|
| (In millions) | 2011 | 2010 |
| Realized gains | $3 | $2 |
| Realized losses | 3 | 2 |
| Proceeds from sale of securities | 152 | 67 |

Note 8 — Accounting for Derivative Instruments and Hedging Activities

This footnote should be read in conjunction with the complete description under Note 6, Accounting for Derivative Instruments and Hedging Activities, to the Company's 2010 Form 10-K.

Energy-Related Commodities

As of June 30, 2011, NRG had energy-related derivative financial instruments extending through December 2013, which are designated as cash flow hedges.

Interest Rate Swaps

NRG is exposed to changes in interest rates through the Company's issuance of variable and fixed rate debt. In order to manage the Company's interest rate risk, NRG enters into interest rate swap agreements. As of June 30, 2011, NRG had interest rate derivative instruments on recourse debt extending through 2013 and on non-recourse debt extending through 2029, the majority of which are designated as cash flow hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of NRG's open derivative transactions broken out by commodity, excluding those derivatives that qualified for the NPNS exception as of June 30, 2011 and December 31, 2010. Option contracts are reflected using delta volume. Delta volume equals the notional volume of an option adjusted for the probability that the option will be in-the-money at its expiration date.

| | | Total Volume | |
|---|---|---|---|
| | | June 30, 2011 | December 31, 2010 |
| Commodity | Units | (In millions) | |
| Emissions | Short Ton | (2) | — |
| Coal | Short Ton | 35 | 34 |
| Natural Gas | MMBtu | (64) | (175) |
| Oil | Barrel | — | 1 |
| Power | MWh | 10 | 5 |
| Capacity | MW/Day | — | (1) |
| Interest | Dollars | $1,266 | $2,782 |

Fair Value of Derivative Instruments

The following table summarizes the fair value within the derivative instrument valuation on the balance sheet:

| (In millions) | Fair Value Derivative Assets June 30, 2011 | December 31, 2010 | Derivative Liabilities June 30, 2011 | December 31, 2010 |
|---|---|---|---|---|
| Derivatives Designated as Cash Flow or Fair Value Hedges: | | | | |
| Interest rate contracts current | $— | $— | $— | $ 17 |
| Interest rate contracts long-term | — | — | 74 | 71 |
| Commodity contracts current | 329 | 392 | 2 | 2 |
| Commodity contracts long-term | 116 | 217 | — | — |
| Total Derivatives Designated as Cash Flow or Fair Value Hedges | 445 | 609 | 76 | 90 |
| Derivatives Not Designated as Cash Flow or Fair Value Hedges: | | | | |
| Commodity contracts current | 1,420 | 1,572 | 1,317 | 1,666 |
| Commodity contracts long-term | 470 | 541 | 259 | 294 |
| Total Derivatives Not Designated as Cash Flow or Fair Value Hedges | 1,890 | 2,113 | 1,576 | 1,960 |
| Total Derivatives | $2,335 | $ 2,722 | $1,652 | $ 2,050 |

Accumulated Other Comprehensive Income

The following table summarizes the effects of ASC 815 on NRG's accumulated OCI balance attributable to cash flow hedge derivatives, net of tax:

| (In millions) | Three months ended June 30, 2011 Energy Commodities | Interest Rate | Total | Six months ended June 30, 2011 Energy Commodities | Interest Rate | Total |
|---|---|---|---|---|---|---|
| Accumulated OCI beginning balance | $392 | $(33) | $359 | $488 | $(47) | $441 |
| Reclassified from accumulated OCI to income: | | | | | | |
| - Due to realization of previously deferred amounts | (92) | — | (92) | (190) | 11 | (179) |
| Mark-to-market of cash flow hedge accounting contracts | 32 | (7) | 25 | 34 | (4) | 30 |
| Accumulated OCI ending balance, net of $181 tax | $332 | $(40) | $292 | $332 | $(40) | $292 |
| Gains/(losses) expected to be realized from OCI during the next 12 months, net of $134 tax | $230 | $(2) | $228 | $230 | $(2) | $228 |
| Gains/(losses) recognized in income from the ineffective portion of cash flow hedges | $(4) | $4 | $— | $(1) | $3 | $2 |

| (In millions) | Three months ended June 30, 2010 | | | Six months ended June 30, 2010 | | |
|---|---|---|---|---|---|---|
| | Energy Commodities | Interest Rate | Total | Energy Commodities | Interest Rate | Total |
| Accumulated OCI beginning balance | $719 | $(56) | $663 | $461 | $(55) | $406 |
| Reclassified from accumulated OCI to income: | | | | | | |
| - Due to realization of previously deferred amounts | (128) | (2) | (130) | (234) | — | (234) |
| Mark-to-market of cash flow hedge accounting contracts | (16) | (8) | (24) | 348 | (11) | 337 |
| Accumulated OCI balance ending balance, net of $308 tax | $575 | $(66) | $509 | $575 | $(66) | $509 |
| Gains/(losses) expected to be realized from OCI during the next 12 months, net of $186 tax | $348 | $(32) | $316 | $348 | $(32) | $316 |
| (Losses)/gains recognized in income from the ineffective portion of cash flow hedges | $(12) | $2 | $(10) | $(14) | $2 | $(12) |

Amounts reclassified from accumulated OCI into income and amounts recognized in income from the ineffective portion of cash flow hedges are recorded to operating revenue for commodity contracts and interest expense for interest rate contracts.

The following table summarizes the amount of gain/(loss) resulting from fair value hedges reflected in interest income/(expense) for interest rate contracts:

| (In millions) | Three months ended June 30, 2011 | 2010 | Six months ended June 30, 2011 | 2010 |
|---|---|---|---|---|
| Derivative | $— | $— | $— | $3 |
| Senior Notes (hedged item) | — | — | — | (3) |

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Impact of Derivative Instruments on the Statement of Operations

In accordance with ASC 815, unrealized gains and losses associated with changes in the fair value of derivative instruments not accounted for as cash flow hedge derivatives and ineffectiveness of hedge derivatives are reflected in current period earnings.

The following table summarizes the pre-tax effects of economic hedges that did not qualify for cash flow hedge accounting, ineffectiveness on cash flow hedges, and trading activity on NRG's statement of operations. These gains are included within operating revenues and cost of operations.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (In millions) | 2011 | 2010 | 2011 | 2010 |
| Unrealized mark-to-market results | | | | |
| Reversal of previously recognized unrealized losses/(gains) on settled positions related to economic hedges | $24 | $(51) | 22 | $(91) |
| Reversal of loss positions acquired as part of the Reliant Energy acquisition as of May 1, 2009 | 19 | 60 | 47 | 150 |
| Reversal of loss positions acquired as part of the Green Mountain Energy acquisition as of November 5, 2010 | 11 | — | 24 | — |
| Net unrealized (losses)/gains on open positions related to economic hedges | (7) | 48 | 84 | (70) |
| Loss on ineffectiveness associated with open positions treated as cash flow hedges | (4) | (12) | (1) | (14) |
| Total unrealized mark-to-market gains/(losses) for economic hedging activities | 43 | 45 | 176 | (25) |
| Reversal of previously recognized unrealized losses on settled positions related to trading activity | — | 8 | 14 | 26 |
| Net unrealized gains on open positions related to trading activity | 22 | 9 | 22 | 23 |
| Total unrealized mark-to-market for trading activity | 22 | 17 | 36 | 49 |
| Total unrealized gains | $65 | $62 | $212 | $24 |

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (In millions) | 2011 | 2010 | 2011 | 2010 |
| Revenue from operations — energy commodities | $91 | $(83) | $104 | $(14) |
| Cost of operations | (26) | 145 | 108 | 38 |
| Total impact to statement of operations | $65 | $62 | $212 | $24 |

Reliant Energy's loss positions were acquired as of May 1, 2009, and valued using forward prices on that date. Green Mountain Energy's loss positions were acquired as of November 5, 2010, and valued using forward prices on that date. The roll-off amounts were offset by realized losses at the settled prices and are reflected in the cost of operations during the same period.

For the six months ended June 30, 2011, the unrealized gain from open economic hedge positions is the result of an increase in value of forward purchases and sales of natural gas, electricity and fuel due to a decrease in forward power and gas prices.

For the six months ended June 30, 2010, the unrealized loss from open economic hedge positions is the result of a decrease in value of forward purchases and sales of natural gas, electricity and fuel due to a decrease in forward power and gas prices. This was partially offset by an increase in the value of forward sales of natural gas and electricity.

Credit Risk Related Contingent Features

Certain of the Company's hedging agreements contain provisions that require the Company to post additional collateral if the counterparty determines that there has been deterioration in credit quality, generally termed “adequate assurance” under the agreements, or require the Company to post additional collateral if there were a one notch downgrade in the Company's credit rating. The collateral required for contracts that have adequate assurance clauses that are in a net liability position as of June 30, 2011, was $45 million. The collateral required for contracts with credit rating contingent features was $38 million. The Company is also a party to certain marginable agreements where NRG has a net liability position but the counterparty has not called for the collateral due, which was approximately $19 million as of June 30, 2011.

See Note 6, Fair Value of Financial Instruments, to this Form 10-Q for discussion regarding concentration of credit risk.

Note 9 — Long-Term Debt

This footnote should be read in conjunction with the complete description under Note 12, Debt and Capital Leases, to the Company's 2010 Form 10-K.

Long-term debt and capital leases consisted of the following:

| | June 30, 2011 | December 31, 2010 | Interest rate [a] |
|---|---|---|---|
| | (In millions, except rates) | | |
| NRG Recourse Debt: | | | |
| Senior notes, due 2021 | $1,200 | $— | 7.875 |
| Senior notes, due 2020 | 1,100 | 1,100 | 8.250 |
| Senior notes, due 2019 | 800 | — | 7.625 |
| Senior notes, due 2019 | 691 | 690 | 8.500 |
| Senior notes, due 2018 | 1,200 | — | 7.625 |
| Senior notes, due 2017 | 1,100 | 1,100 | 7.375 |
| Senior notes, due 2016 | — | 2,400 | 7.375 |
| Senior notes, due 2014 | — | 1,205 | 7.250 |
| Term loan facility, due 2013 - 2015 [b] | 1,598 | 1,759 | L+1.75 - L+3.25 |
| Indian River Power LLC, tax-exempt bonds, due 2040 | 51 | 1 | 6.000 |
| Indian River Power LLC, tax-exempt bonds, due 2045 | 111 | 66 | 5.375 |
| Dunkirk Power LLC, tax-exempt bonds, due 2042 | 59 | 59 | 5.875 |
| NRG Non-Recourse Debt: | | | |
| NRG Peaker Finance Co. LLC, bonds, due 2019 | 209 | 206 | L+1.07 |
| NRG Energy Center Minneapolis LLC, senior secured notes, due 2013, 2017, and 2025 | 157 | 163 | 5.95 - 7.31 |
| Solar Partners I, due 2014 and 2033 | 161 | — | 1.126 - 3.991 |
| Solar Partners II, due 2014 and 2038 | 162 | — | 1.116 - 4.195 |
| Solar Partners VIII, due 2014 and 2038 | 151 | — | 1.381 - 4.256 |
| NRG Connecticut Peaking Development LLC, equity bridge loan facility, due 2011 | — | 61 | L+2 |
| NINA TANE facility | — | 144 | L+2 |
| NINA Shaw facility | — | 23 | L+6 |
| South Trent Wind LLC, financing agreement, due 2020 | 76 | 78 | L+2.5 |
| NRG Solar Blythe LLC, credit agreement, due 2028 | 29 | 29 | L+2.5 |
| Other | 31 | 20 | various |
| Subtotal long-term debt | 8,886 | 9,104 | |
| Capital leases: | | | |
| Saale Energie GmbH, Schkopau capital lease, due 2021 | 114 | 107 | |
| Subtotal | 9,000 | 9,211 | |
| Less current maturities | 90 | 463 | |
| Total long-term debt and capital leases | $8,910 | $8,748 | |
| Funded letter of credit [b] | $1,300 | $1,300 | L+1.75 - L+3.25 |

(a) L+ equals LIBOR plus x%.

(b) On July 1, 2011, the Term loan facility and Funded letter of credit were repaid and replaced, as described below under Senior Credit Facility.

Issuance of 2018 Senior Notes

On January 26, 2011, NRG issued $1.2 billion aggregate principal amount at par of 7.625% Senior Notes due 2018, or 2018 Senior Notes. The 2018 Senior Notes were issued under an Indenture, dated February 2, 2006, between NRG and Law Debenture Trust Company of New York, as trustee, as amended through a Supplemental Indenture, which is discussed in Note 12, Debt and Capital Leases, in the Company's 2010 Form 10-K. The Indenture and the form of the note provide, among other things, that the 2018 Senior Notes will be senior unsecured obligations of NRG.

The net proceeds were used primarily to complete the tender offer of the 2014 Senior Notes. Interest is payable semi-annually beginning on July 15, 2011, until their maturity date of January 15, 2018.

Prior to maturity, NRG may redeem all or a portion of the 2018 Senior Notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus a premium and accrued and unpaid interest. The premium is the greater of: (i) 1% of the principal amount of the note or (ii) the excess of the present value of the principal amount at maturity plus all required interest payments due on the note through the maturity date discounted at a Treasury rate plus 0.50%.

Redemption of 2014 Senior Notes

On January 26, 2011, the Company redeemed $945 million of the 2014 Senior Notes through a tender offer, at an early redemption percentage of 102.063%. An additional $2 million was tendered at a redemption percentage of 100.063% and the remaining $253 million of 2014 Senior Notes were called on February 25, 2011, at a redemption percentage of 101.813%. A $28 million loss on the extinguishment of the 2014 Senior Notes was recorded during the three months ended March 31, 2011, which primarily consisted of the premiums paid on the redemption and the write-off of previously deferred financing costs.

Issuance of 7.625% 2019 Senior Notes and 2021 Senior Notes

On May 24, 2011, NRG issued $800 million aggregate principal amount at par of 7.625% Senior Notes due 2019, or the 7.625% 2019 Senior Notes, and $1.2 billion aggregate principal amount at par of 7.875% Senior Notes due 2021, or the 2021 Senior Notes. The 7.625% 2019 Senior Notes and the 2021 Senior Notes were issued under an Indenture, dated February 2, 2006, between NRG and Law Debenture Trust Company of New York, as trustee, as amended through Supplemental Indentures, which is discussed in Note 12, Debt and Capital Leases, in the Company's 2010 Form 10-K. The Indentures and the form of the notes provide, among other things, that the 7.625% 2019 Senior Notes and the 2021 Senior Notes will be senior unsecured obligations of NRG.

The net proceeds of $2 billion for both the 7.625% 2019 Senior Notes and the 2021 Senior Notes were used to complete the tender offer of the 2016 Senior Notes. Interest is payable semi-annually beginning on November 15, 2011, until their maturity dates of May 15, 2019, and May 15, 2021, respectively.

Prior to May 15, 2014, NRG may redeem up to 35% of the aggregate principal amount of the 7.625% 2019 Senior Notes with the net proceeds of certain equity offerings, at a redemption price of 107.625% of the principal amount. Prior to May 15, 2014, NRG may redeem all or a portion of the 7.625% 2019 Senior Notes at a price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The premium is the greater of: (i) 1% of the principal amount of the notes; or (ii) the excess of the principal amount of the note over the following: the present value of 103.813% of the note, plus interest payments due on the note from the date of redemption through May 15, 2014, discounted at a Treasury rate plus 0.50%. In addition, on or after May 15, 2014, NRG may redeem some or all of the notes at redemption prices expressed as percentages of principal amount as set forth in the following table, plus accrued and unpaid interest on the notes redeemed to the first applicable redemption date:

| Redemption Period | Redemption Percentage |
|---|---|
| May 15, 2014 to May 14, 2015 | 103.813% |
| May 15, 2015 to May 14, 2016 | 101.906% |
| May 15, 2016 and thereafter | 100.000% |

Prior to May 15, 2016, NRG may redeem up to 35% of the aggregate principal amount of the 2021 Senior Notes with the net proceeds of certain equity offerings, at a redemption price of 107.875% of the principal amount. Prior to May 15, 2016, NRG may redeem all or a portion of the 2021 Senior Notes at a price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The premium is the greater of: (i) 1% of the principal amount of the notes; or (ii) the excess of the principal amount of the note over the following: the present value of 103.938% of the note, plus interest payments due on the note from the date of redemption through May 15, 2016, discounted at a Treasury rate plus 0.50%. In addition, on or after May 15, 2016, NRG may redeem some or all of the notes at redemption prices expressed as percentages of principal amount as set forth in the following table, plus accrued and unpaid interest on the notes redeemed to the first applicable redemption date:

| Redemption Period | Redemption Percentage |
|---|---|
| May 15, 2016 to May 14, 2017 | 103.938% |
| May 15, 2017 to May 14, 2018 | 102.625% |
| May 15, 2018 to May 14, 2019 | 101.313% |
| May 15, 2019 and thereafter | 100.000% |

In connection with the 7.625% 2019 Senior Notes and the 2021 Senior Notes, NRG entered into a registration payment arrangement. For the 7.625% 2019 Senior Notes and the 2021 Senior Notes, for the first 90-day period immediately following a registration default, additional interest will be paid in an amount equal to 0.25% per annum of the principal amount of 7.625% 2019 Senior Notes or the 2021 Senior Notes outstanding, as applicable. The amount of interest paid will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until all registration defaults are cured, up to a maximum amount of interest of 1% per annum of the principal amount of the 7.625% 2019 Senior Notes or the 2021 Senior Notes outstanding, as applicable. The additional interest is paid on the next scheduled interest payment date and following the cure of the registration default, the additional interest payment will cease.

Redemption of 2016 Senior Notes

On May 23, 2011, the Company redeemed $1.7 billion of the 2016 Senior Notes through a tender offer, at an early redemption percentage of 103.938%. An additional $0.4 million was tendered at a redemption percentage of 102.938% and the remaining $666 million of 2016 Senior Notes was called on June 23, 2011, at a redemption percentage of 103.688%. A $115 million loss on the extinguishment of the 2016 Senior Notes was recorded during the six months ended June 30, 2011, which primarily consisted of the premiums paid on the redemption and the write-off of previously deferred financing costs.

Senior Credit Facility

Prepayment of Senior Credit Facility — In March 2011, NRG made a repayment of approximately $149 million to its first lien lenders under the Term Loan Facility. This payment resulted from the mandatory annual offer of a portion of NRG's excess cash flow (as defined in the Senior Credit Facility) for 2010.

2011 Senior Credit Facility — On July 1, 2011, NRG replaced its Senior Credit Facility, consisting of its Term Loan Facility, Revolving Credit Facility and Funded Letter of Credit Facility, with a new senior secured facility, or the 2011 Senior Credit Facility, which includes the following:

- A $2.3 billion revolving credit facility with a maturity date of June 30, 2016, which will pay interest on amounts drawn at a rate of LIBOR plus 2.75%. In connection with the issuance of this revolving credit facility, the outstanding letters of credit were novated from the Funded Letter of Credit Facility to the new revolving credit facility. In addition, the related Funded Letter of Credit loan was repaid, the non-current restricted cash balance was returned to the lenders and the related balances were removed from NRG's balance sheet.

- A $1.6 billion term loan facility with a maturity date of June 30, 2018, which will pay interest at a rate of LIBOR plus 3.00%, with a LIBOR floor of 1.00%. The debt was issued at 99.75% of face value; the discount will be amortized to interest expense over the life of the loan. Repayments under the new term loan facility will consist of 0.25% per quarter, with the remainder due at maturity. The proceeds of the new term loan facility were used to repay the existing term loan balance outstanding.

Indian River Power LLC Tax-Exempt Bonds

During the first half of 2011, the Company received additional proceeds of $45 million from the Delaware Economic Development Authority tax-exempt bond financing, and $50 million from the Sussex County, Delaware tax-exempt bond financing, bringing the total proceeds received as of June 30, 2011, to $111 million and $51 million, respectively.

Ivanpah Financing

On April 5, 2011, NRG acquired a majority interest in Ivanpah, as discussed in Note 4, Business Acquisitions and Disposition. On April 5, 2011, Ivanpah entered into an agreement with the Federal Financing Bank, or FFB, to borrow up to $1.6 billion to finance the costs of constructing the Ivanpah solar facility, or the Ivanpah Credit Agreement. Each phase of the project is governed by a separate financing agreement and is non recourse to both the other projects and to NRG. Funding requests are submitted to the FFB on a monthly basis and the loans provided by the FFB are guaranteed by the U.S. DOE. Amounts borrowed under the Ivanpah Credit Agreement accrue interest at a fixed rate based on U.S. Treasury rates plus a spread of 0.375% and are secured by all the assets of Ivanpah. Ivanpah intends to submit an application to the U.S. Department of Treasury for a cash grant; any proceeds received will be utilized to repay the borrowings that mature in 2014.

The following table reflects the borrowings under the FFB Credit Agreement as of June 30, 2011:

| | Maximum borrowings available under FFB Credit Agreement | Amounts borrowed | Weighted average interest rate on amounts borrowed | |
|---|---|---|---|---|
| | (In millions, except rates) | | | |
| Solar Partners I, due June 27, 2014 [a] | $159 | $152 | 1.677 | % |
| Solar Partners I, due June 27, 2033 | 392 | 9 | 3.991 | % |
| Solar Partners II, due February 27, 2014 [a] | 132 | 128 | 1.609 | % |
| Solar Partners II, due February 27, 2038 | 387 | 34 | 4.183 | % |
| Solar Partners VIII, due October 27, 2014 [a] | 117 | 111 | 1.996 | % |
| Solar Partners VIII, due October 27, 2038 | 440 | 40 | 4.229 | % |
| | $1,627 | $474 | | |

(a) The cash portion of the loan is fully drawn; additional amounts will be utilized for capitalized interest.

Roadrunner Financing

On May 25, 2011, NRG, through its wholly-owned subsidiary, NRG Roadrunner LLC, or Roadrunner, entered into a credit agreement with a bank, or the Roadrunner Financing Agreement, for a $47 million construction loan that converts to a term loan upon commencing commercial operations and a $21 million cash grant loan, both of which have an interest rate of LIBOR plus an applicable margin of 2.01%. The construction and term loans, which will be drawn upon first, have an interest rate of LIBOR plus an applicable margin which escalates 0.25% every five years and ranges from 2.01% at closing to 2.76% in year fifteen through maturity. The term loan, which is secured by all the assets of Roadrunner, matures on November 30, 2031, and amortizes based upon a predetermined schedule. The cash grant loan matures upon the earlier of the receipt of the cash grant or May 2012. The Roadrunner Financing Agreement also includes a letter of credit facility on behalf of Roadrunner of up to $5 million. Roadrunner pays an availability fee of 100% of the applicable margin on issued letters of credit. As of June 30, 2011, $9 million was outstanding under the construction and term loan and $2 million letters of credit in support of the PPA were issued.

Also related to the Roadrunner Financing Agreement, in April 2011, Roadrunner entered into a fixed for floating interest rate swap for 75% of the outstanding term loan amount, intended to hedge the risks associated with floating interest rates. Roadrunner will pay its counterparty the equivalent of a 4.313% fixed interest payment on a predetermined notional value, and Roadrunner will receive quarterly the equivalent of a floating interest payment based on a three month LIBOR calculated on the same notional value. All interest rate swap payments by Roadrunner and its counterparty are made quarterly and the LIBOR rate is determined in advance of each interest period. The original notional amount of the swap, which matures in December 2029, is $36 million and amortizes in proportion to the loan. The swap is forward starting and effective September 30, 2011.

NRG CT Peaking

On June 29, 2011, NRG Connecticut Peaking Development LLC repaid the $61 million outstanding under the equity bridge loan facility, or EBL. The commitment was terminated and the collateral held under the facility, including the letter of credit issued by NRG under the Funded Letter of Credit Facility, has been returned. The EBL was used to fund the majority of the equity portion of the GenConn Energy LLC investment.

Note 10 — Variable Interest Entities, or VIEs

NRG has interests in entities that are considered Variable Interest Entities, or VIEs, under ASC 810 but NRG is not considered the primary beneficiary. NRG accounts for its interests in these entities under the equity method of accounting.

Sherbino I Wind Farm LLC — NRG owns a 50% interest in Sherbino, a joint venture with BP Wind Energy North America Inc. NRG's maximum exposure to loss is limited to its equity investment, which was $93 million as of June 30, 2011.

GenConn Energy LLC — Through its subsidiary, NRG Connecticut Peaking Development LLC, NRG owns a 50% interest in GenConn, a limited liability company formed to construct, own and operate two 200 MW peaking generation facilities in Connecticut at NRG's Devon and Middletown sites. The GenConn Devon facility reached commercial operation in 2010. Construction of the Middletown facility is substantially complete with all four generating units becoming operational and participating in the ISONE market in June 2011.

NRG Connecticut Peaking Development LLC had a note receivable due from GenConn for $63 million as of June 30, 2011 as discussed in Note 9, Capital Leases and Notes Receivable to the Company's 2010 Form 10-K. As of June 30, 2011, NRG had a $69 million equity investment in GenConn. NRG's maximum exposure to loss is limited to its equity investment and note receivable.

Note 11 — Changes in Capital Structure

As of June 30, 2011, and December 31, 2010, the Company had 500,000,000 shares of common stock authorized. The following table reflects the changes in NRG's common shares issued and outstanding:

| | Issued | Treasury | Outstanding |
|---|---|---|---|
| Balance as of December 31, 2010 | 304,006,027 | (56,808,672) | 247,197,355 |
| Shares issued under LTIP | 103,289 | — | 103,289 |
| Shares issued under ESPP | — | 65,717 | 65,717 |
| Capital Allocation Plan repurchases | — | (6,229,574) | (6,229,574) |
| Balance as of June 30, 2011 | 304,109,316 | (62,972,529) | 241,136,787 |

2011 Capital Allocation Plan

On February 22, 2011, the Company announced a plan to repurchase $180 million of common stock under the Company's 2011Capital Allocation Plan. The Company entered into an accelerated share repurchase agreement, or ASR Agreement, with a financial institution to repurchase a total of $130 million of NRG common stock, based on a volume weighted average price less a specified discount. On February 25, 2011, the Company remitted $130 million to the financial institution. The share repurchases under the ASR Agreement were completed on April 29, 2011, and the Company received 6,229,574 shares of NRG common stock. On August 4 2011, the Company announced additional share repurchases of $250 million under the Capital Allocation Plan, bringing the total targeted share repurchases for 2011 to $430 million. The Company intends to complete its remaining $300 million of share repurchases by the end of 2011, subject to market prices, financial restrictions under the Company's debt facilities and as permitted by securities laws.

Employee Stock Purchase Plan

In July 2011, 54,410 shares of NRG common stock were issued to employee accounts from treasury stock under the ESPP.

Note 12 — Earnings Per Share

Basic earnings per common share is computed by dividing net income less accumulated preferred stock dividends by the weighted average number of common shares outstanding. Shares issued and treasury shares repurchased during the year are weighted for the portion of the year that they were outstanding. Diluted earnings per share is computed in a manner consistent with that of basic earnings per share while giving effect to all potentially dilutive common shares that were outstanding during the period. Shares borrowed under the Share Lending Agreement (see Note 15, Capital Structure — Share Lending Agreements in the Company's 2010 Form 10-K) were not treated as outstanding for earnings per share purposes.

The reconciliation of NRG's basic and diluted earnings per share is shown in the following table:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (In millions, except per share data) | 2011 | 2010 | 2011 | 2010 |
| Basic earnings per share attributable to NRG common stockholders | | | | |
| Numerator: | | | | |
| Net income attributable to NRG Energy, Inc. | $621 | $211 | $361 | $269 |
| Preferred stock dividends | (3) | (3) | (5) | (5) |
| Net income attributable to NRG Energy, Inc. available to common stockholders | $618 | $208 | $356 | $264 |
| Denominator: | | | | |
| Weighted average number of common shares outstanding | 243 | 255 | 245 | 254 |
| Basic earnings per share: | | | | |
| Net income attributable to NRG Energy, Inc. | $2.54 | $0.82 | $1.45 | $1.04 |
| Diluted earnings per share attributable to NRG common stockholders | | | | |
| Numerator: | | | | |
| Net income attributable to NRG Energy, Inc. available to common stockholders | $618 | $208 | $356 | $264 |
| Denominator: | | | | |
| Weighted average number of common shares outstanding | 243 | 255 | 245 | 254 |
| Incremental shares attributable to the issuance of equity compensation (treasury stock method) | 1 | 1 | 2 | 1 |
| Incremental shares attributable to assumed conversion features of outstanding preferred stock (if-converted method) | — | — | — | 1 |
| Total dilutive shares | 244 | 256 | 247 | 256 |
| Diluted earnings per share: | | | | |
| Net income attributable to NRG Energy, Inc. | $2.53 | $0.81 | $1.44 | $1.03 |

The following table summarizes NRG's outstanding equity instruments that are anti-dilutive and were not included in the computation of the Company's diluted earnings per share:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (In millions of shares) | 2011 | 2010 | 2011 | 2010 |
| Equity compensation — NQSOs and PUs | 7 | 6 | 7 | 6 |

| | | | | |
|---|---|---|---|---|
| Embedded derivative of 3.625% redeemable perpetual preferred stock | 16 | 16 | 16 | 16 |
| Total | 23 | 22 | 23 | 22 |

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Note 13 — Segment Reporting

NRG's segment structure reflects core areas of operation which are primarily segregated based on the Company's wholesale power generation, retail, thermal and chilled water business, and corporate activities. Within NRG's wholesale power generation operations, there are distinct components with separate operating results and management structures for the following geographical regions: Texas, Northeast, South Central, West and International. The Company's corporate activities include solar and wind development, NINA activity and Green Mountain Energy. Intersegment supply sales between Texas, Reliant Energy and Green Mountain Energy are accounted for at market.

| (In millions) | | Wholesale Power Generation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Three months ended June 30, 2011 | Reliant Energy | Texas[(a)] | Northeast | South Central | West | Internat-ional | Thermal | Corporate[(b)(c)] | Elimination | Total |
| Operating revenues | $1,264 | $822 | $246 | $188 | $38 | $38 | $32 | $ 161 | $ (511 ) | $2,278 |
| Depreciation and amortization | 24 | 122 | 27 | 22 | 3 | — | 4 | 20 | — | 222 |
| Equity in earnings of unconsolidated affiliates | — | 2 | 3 | — | 5 | 2 | — | — | — | 12 |
| Income/(loss) before income taxes | 31 | 203 | 19 | 12 | 12 | 8 | (2 ) | (292 ) | — | (9 ) |
| Net income/(loss) attributable to NRG Energy, Inc. | $31 | $203 | $19 | $12 | $12 | $6 | $(2 ) | $ 340 | $— | $621 |
| Total assets | $1,519 | $12,760 | $1,914 | $1,312 | $1,430 | $798 | $344 | $ 19,951 | $ (14,692 ) | $25,336 |

(a) Includes inter-segment sales of $456 million to Reliant Energy and $50 million to Green Mountain Energy.
(b) Includes Green Mountain Energy results.
(c) Includes an impairment charge on investment of $11 million.

| (In millions) | | Wholesale Power Generation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Three months ended June 30, 2010 | Reliant Energy | Texas[(d)] | Northeast | South Central | West | Internat-ional | Thermal | Corporate | Elimination | Total |
| Operating revenues | $1,282 | $692 | $205 | $152 | $32 | $30 | $27 | $(4 ) | $ (283 ) | $2,133 |
| Depreciation and amortization | 29 | 124 | 31 | 16 | 3 | — | 3 | 2 | — | 208 |
| Equity in earnings/(losses) of unconsolidated affiliates | — | 1 | (1 ) | — | 1 | 11 | — | (1 ) | — | 11 |
| | 277 | 157 | (2 ) | 4 | 8 | 31 | (2 ) | (147 ) | 1 | 327 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (Loss)/income before income taxes | | | | | | | | | | |
| Net loss attributable to non-controlling interest | — | (1) | — | — | — | — | — | — | — | (1) |
| Net income/(loss) attributable to NRG Energy, Inc. | $277 | $158 | $(2) | $4 | $8 | $21 | $(2) | $(254) | $1 | $211 |

(d) Includes inter-segment sales of $281 million to Reliant Energy.

| (In millions) | | Wholesale Power Generation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Six months ended June 30, 2011 | Reliant Energy | Texas[(a)] | Northeast | South Central | West | Internat-ional | Thermal | Corporate[(b)(c)] | Elimination | Total |
| Operating revenues | $2,269 | $1,353 | $472 | $377 | $80 | $73 | $72 | $ 283 | $(706 ) | $4,273 |
| Depreciation and amortization | 48 | 244 | 56 | 42 | 6 | — | 7 | 24 | — | 427 |
| Equity in (losses)/earnings of unconsolidated affiliates | — | (6 ) | 5 | — | 5 | 6 | — | — | — | 10 |
| Income/(loss) before income taxes | 303 | 210 | (13 ) | 26 | 25 | 18 | 3 | (946 ) | — | (374 ) |
| Net income/(loss) attributable to NRG Energy, Inc. | $303 | $210 | $(13 ) | $26 | $25 | $14 | $3 | $ (207 ) | $— | $361 |

(a) Includes inter-segment sales of $633 million to Reliant Energy and $66 million to Green Mountain Energy.
(b) Includes Green Mountain Energy results.
(c) Includes an impairment charge on investment of $492 million.

| (In millions) | | Wholesale Power Generation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Six months ended June 30, 2010 | Reliant Energy | Texas [(d)] | Northeast | South Central | West | Internat-ional | Thermal | Corporate | Elimination | Total |
| Operating revenues | $2,458 | $1,562 | $484 | $295 | $67 | $ 65 | $63 | $(2 ) | $(644 ) | $4,348 |
| Depreciation and amortization | 59 | 241 | 63 | 32 | 6 | — | 5 | 4 | — | 410 |
| Equity in earnings/(losses) of unconsolidated affiliates | — | 11 | (1 ) | — | 1 | 15 | — | (1 ) | — | 25 |
| Income/(loss) before income taxes | 89 | 532 | 50 | — | 14 | 41 | 2 | (279 ) | 1 | 450 |
| Net loss attributable to non-controlling interest | — | (1 ) | — | — | — | — | — | — | — | (1 ) |
| Net income/(loss)attributable to NRG Energy, Inc. | $89 | $533 | $50 | $— | $14 | $ 29 | $2 | $(449 ) | $1 | $269 |

(d) Includes inter-segment sales of $642 million to Reliant Energy.

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Note 14 — Income Taxes
Effective Tax Rate
The income tax provision consisted of the following:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (In millions except otherwise noted) | 2011 | 2010 | 2011 | 2010 |
| Income tax (benefit)/expense | $(630) | $117 | $(735) | $182 |
| Effective tax rate | 7,000.0% | 35.8% | 196.5% | 40.4% |

For the three and six months ended June 30, 2011, NRG recorded an income tax benefit on pre-tax losses of $9 million and $374 million, respectively. NRG's overall effective tax rates for both of these periods were different than the statutory rate of 35% primarily due to a benefit of $612 million resulting from the resolution of the federal tax audit. The benefit is predominantly due to the recognition of previously uncertain tax benefits that were effectively settled upon audit in June 2011 and that were mainly composed of net operating losses of $536 million which had been classified as capital loss carryforwards for financial statement purposes. In addition, valuation allowance net decreases of $40 million and $23 million for the three and six month periods, respectively, increased the effective tax rates. For both the three and six months ended June 30, 2010, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to state and local income taxes, as well as recording federal and state tax expense and interest for uncertain tax benefits.

Uncertain tax benefits

In the 2011 second quarter, the Company received the final audit report effectively closing the Internal Revenue Service's audit examination for the years 2004 through 2006. The Company believes the matters addressed under audit are effectively settled in accordance with ASC 740 and recognized a benefit of $536 million to income tax expense during the 2011 second quarter.

As of June 30, 2011, a non-current tax liability of $53 million for uncertain tax benefits remains from positions taken on various state tax returns, including accrued interest. NRG has accrued interest and penalties related to these uncertain tax benefits of $1 million for the six months ended June 30, 2011, and has accrued $9 million since adoption. The Company recognizes interest and penalties related to uncertain tax benefits in income tax expense.

The Company continues to be under examination for various state jurisdictions for multiple years.

Tax Receivable and Payable

As of June 30, 2011, NRG recorded a current tax payable of $20 million that represents a tax liability due for domestic state taxes of $15 million, as well as foreign taxes payable of $5 million. In addition, as of June 30, 2011, NRG has a domestic tax receivable of $95 million, of which $89 million is related to property tax refunds as a result of the New York State Empire Zone program.

Note 15 — Benefit Plans and Other Postretirement Benefits

NRG sponsors and operates three defined benefit pension and other postretirement plans. In addition, NRG has a 44% undivided ownership interest in STP 1 & 2. South Texas Project Nuclear Operating Company, or STPNOC, which operates and maintains STP 1 & 2, provides its employees a defined benefit pension plan as well as postretirement health and welfare benefits. Although NRG does not sponsor the South Texas Project plans, it reimburses STPNOC for 44% of the contributions made towards its retirement plan obligations.

The total amount of employer contributions paid for the six months ended June 30, 2011, including reimbursements to STPNOC, was $16 million. NRG expects to make approximately $9 million in contributions for the remainder of 2011. Relating to its sponsored plans as well as its 44% interest in STP 1 & 2, the Company recognized total net periodic benefit cost of $9 million and $19 million for the three and six months ended June 30, 2011, respectively, and $7 million and $15 million for the three and six months ended June 30, 2010, respectively.

## Note 16 — Commitments and Contingencies

### First Lien Structure

NRG has granted first liens to certain counterparties on substantially all of the Company's assets to reduce the amount of cash collateral and letters of credit that it would otherwise be required to post from time to time to support its obligations under out-of-the-money hedge agreements for forward sales of power or MWh equivalents. The Company's lien counterparties may have a claim on NRG's assets to the extent market prices exceed the hedged price. As of June 30, 2011, all hedges under the first liens were in-the-money for NRG on a counterparty aggregate basis.

### Contingencies

Set forth below is a description of the Company's material legal proceedings. The Company believes that it has valid defenses to these legal proceedings and intends to defend them vigorously. Pursuant to the requirements of ASC 450 and related guidance, NRG records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. In addition, legal costs are expensed as incurred. Management has assessed each of the following matters based on current information and made a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought, and the probability of success. Unless specified below, the Company is unable to predict the outcome of these legal proceedings or reasonably estimate the scope or amount of any associated costs and potential liabilities. As additional information becomes available, management adjusts its assessment and estimates of such contingencies accordingly. Because litigation is subject to inherent uncertainties and unfavorable rulings or developments, it is possible that the ultimate resolution of the Company's liabilities and contingencies could be at amounts that are different from its currently recorded reserves and that such difference could be material.

In addition to the legal proceedings noted below, NRG and its subsidiaries are party to other litigation or legal proceedings arising in the ordinary course of business. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect NRG's consolidated financial position, results of operations, or cash flows.

### California Department of Water Resources

This matter concerns, among other contracts and other defendants, the California Department of Water Resources, or CDWR, and its wholesale power contract with subsidiaries of WCP (Generation) Holdings, Inc., or WCP. The case originated with a February 2002 complaint filed by the State of California alleging that many parties, including WCP subsidiaries, overcharged the State of California. For WCP, the alleged overcharges totaled approximately $940 million for 2001 and 2002. The complaint demanded that the Federal Energy Regulatory Commission, or FERC, abrogate the CDWR contract and sought refunds associated with revenues collected under the contract. In 2003, the FERC rejected this complaint, denied rehearing, and the case was appealed to the U.S. Court of Appeals for the Ninth Circuit where oral argument was held on December 8, 2004. On December 19, 2006, the Ninth Circuit decided that in the FERC's review of the contracts at issue, the FERC could not rely on the Mobile-Sierra standard presumption of just and reasonable rates, where such contracts were not reviewed by the FERC with full knowledge of the then existing market conditions. WCP and others sought review by the U.S. Supreme Court. WCP's appeal was not selected, but instead held by the Supreme Court. In the appeal that was selected by the Supreme Court, on June 26, 2008, the Supreme Court ruled: (i) that the Mobile-Sierra public interest standard of review applied to contracts made under a seller's market-based rate authority; (ii) that the public interest "bar" required to set aside a contract remains a very high one to overcome; and (iii) that the Mobile-Sierra presumption of contract reasonableness applies when a contract is formed during a period of market dysfunction unless (a) such market conditions were caused by the illegal actions of one of the parties or (b) the contract negotiations were tainted by fraud or duress. In this related case, the U.S. Supreme Court affirmed the Ninth Circuit's decision agreeing that the case should be remanded to the FERC to clarify the FERC's 2003 reasoning regarding its rejection of the original complaint relating to the financial burdens under the contracts at issue and to alleged market manipulation at the time these contracts were formed. As a result, the U.S. Supreme Court then reversed and remanded the WCP CDWR case to the Ninth Circuit for treatment consistent with its June 26, 2008, decision in the related case. On October 20, 2008, the Ninth Circuit asked the parties in the remanded CDWR case, including WCP and the FERC, whether that Court should answer a question the U.S. Supreme Court did not address in its June 26, 2008, decision; whether the Mobile-Sierra doctrine applies to a third-party that was not a signatory to any of the wholesale power contracts, including the CDWR contract, at issue in that case. Without answering that reserved question, on December 4, 2008, the Ninth Circuit vacated its prior opinion and remanded the WCP CDWR case back to the FERC for proceedings consistent with the U.S. Supreme Court's June 26, 2008, decision.

On December 15, 2008, WCP and the other seller-defendants filed with the FERC a Motion for Order Governing Proceedings on Remand. On January 14, 2009, the Public Utilities Commission of the State of California filed an Answer and Cross Motion for an Order Governing Procedures on Remand and on January 28, 2009, WCP and the other seller-defendants filed their reply. At this time, the FERC has not acted on remand.

At this time, while NRG cannot predict with certainty whether WCP will be required to make refunds for rates collected under the CDWR contract or estimate the range of any such possible refunds, a reconsideration of the CDWR contract by the FERC with a resulting order mandating significant refunds could have a material adverse impact on NRG's financial position, statement of operations, and statement of cash flows. As part of the 2006 acquisition of Dynegy's 50% ownership interest in WCP, WCP and NRG assumed responsibility for any risk of loss arising from this case, unless any such loss was deemed to have resulted from certain acts of gross negligence or willful misconduct on the part of Dynegy, in which case any such loss would be shared equally between WCP and Dynegy.

On January 14, 2010, the U.S. Supreme Court issued its decision in an unrelated proceeding involving the Mobile-Sierra doctrine that will affect the standard of review applied to the CDWR contract on remand before the FERC. In NRG Power Marketing v. Maine Public Utilities Commission, the Supreme Court held that the Mobile-Sierra presumption regarding the reasonableness of contract rates does not depend on the identity of the complainant who seeks a FERC investigation/refund.

Louisiana Generating, LLC

On February 11, 2009, the U.S. Department of Justice, or U.S. DOJ, acting at the request of the U.S. Environmental Protection Agency, or U.S. EPA, commenced a lawsuit against Louisiana Generating, LLC, or LaGen, in federal district court in the Middle District of Louisiana alleging violations of the Clean Air Act, or CAA, at the Big Cajun II power plant. This is the same matter for which Notices of Violation, or NOVs, were issued to LaGen on February 15, 2005, and on December 8, 2006. Specifically, it is alleged that in the late 1990's, several years prior to NRG's acquisition of the Big Cajun II power plant from the Cajun Electric bankruptcy and several years prior to the NRG bankruptcy, modifications were made to Big Cajun II Units 1 and 2 by the prior owners without appropriate or adequate permits and without installing and employing the best available control technology, or BACT, to control emissions of nitrogen oxides and/or sulfur dioxides. The relief sought in the complaint includes a request for an injunction to: (i) preclude the operation of Units 1 and 2 except in accordance with the CAA; (ii) order the installation of BACT on Units 1 and 2 for each pollutant subject to regulation under the CAA; (iii) obtain all necessary permits for Units 1 and 2; (iv) order the surrender of emission allowances or credits; (v) conduct audits to determine if any additional modifications have been made which would require compliance with the CAA's Prevention of Significant Deterioration program; (vi) award to the Department of Justice its costs in prosecuting this litigation; and (vii) assess civil penalties of up to $27,500 per day for each CAA violation found to have occurred between January 31, 1997, and March 15, 2004, up to $32,500 for each CAA violation found to have occurred between March 15, 2004, and January 12, 2009, and up to $37,500 for each CAA violation found to have occurred after January 12, 2009.

On April 27, 2009, LaGen made several filings. LaGen filed an objection in the Cajun Electric Cooperative Power, Inc.'s bankruptcy proceeding in the U.S. Bankruptcy Court for the Middle District of Louisiana to seek to prevent the bankruptcy from closing. LaGen also filed a complaint, or adversary proceeding, in the same bankruptcy proceeding, seeking a judgment that: (i) it did not assume liability from Cajun Electric for any claims or other liabilities under environmental laws with respect to Big Cajun II that arose, or are based on activities that were undertaken, prior to the closing date of the acquisition; (ii) it is not otherwise the successor to Cajun Electric with respect to environmental liabilities arising prior to the acquisition; and (iii) Cajun Electric and/or the Bankruptcy Trustee are exclusively liable for any of the violations alleged in the February 11, 2009, lawsuit to the extent that such claims are determined to have merit. On April 15, 2010, the bankruptcy court signed an order granting LaGen's stipulation of voluntary dismissal without prejudice of the adversary proceeding. The bankruptcy proceeding has since closed.

On June 8, 2009, the parties filed a joint status report in the U.S. DOJ lawsuit setting forth their views of the case and proposing a trial schedule. While the district court entered a Joint Case Management Order on April 28, 2010, indicating the potential of a 2011 liability phase trial, no such trial date has been set.

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On August 24, 2009, LaGen filed a motion to dismiss this lawsuit, and on September 25, 2009, the U.S. DOJ filed its opposition to the motion. Thereafter, on February 18, 2010, the Louisiana Department of Environmental Quality, or LDEQ, filed a motion to intervene in the above lawsuit and a complaint against LaGen for alleged violations of Louisiana's Prevention of Significant Deterioration, or PSD, regulations and Louisiana's Title V operating permit program. LDEQ seeks substantially similar relief to that requested by the U.S. DOJ. On February 19, 2010, the district court granted LDEQ's motion to intervene. On April 26, 2010, LaGen filed a motion to dismiss the LDEQ complaint. On July 21, 2010, the motions to dismiss the U.S. DOJ and LDEQ complaints were argued to the district court. On August 20, 2010, the parties submitted proposed findings of fact and conclusions of law, and both parties have submitted additional briefing on emerging jurisprudence from other jurisdictions touching on the issues at stake in the U.S. DOJ lawsuit. On February 4, 2011, LaGen filed motions for summary judgment requesting that the court dismiss all of the U.S. DOJ's claims. Also on February 4, 2011, the U.S. DOJ filed three motions for partial summary judgment. Additional summary judgment briefing was filed by the parties on April 4, 2011. On April 20, 2011, the district court ruled that certain of the liability phase deadlines were vacated until the court ruled on the summary judgment motions submitted by the parties. A status conference is scheduled with the magistrate judge for August 5, 2011.

Excess Mitigation Credits

From January 2002 to April 2005, CenterPoint Energy applied excess mitigation credits, or EMCs, to its monthly charges to retail electric providers as ordered by the PUCT. The PUCT imposed these credits to facilitate the transition to competition in Texas, which had the effect of lowering the retail electric providers' monthly charges payable to CenterPoint Energy. As indicated in its Petition for Review filed with the Supreme Court of Texas on June 2, 2008, CenterPoint Energy has claimed that the portion of those EMCs credited to Reliant Energy Retail Services, LLC, or RERS, a retail electric provider and NRG subsidiary acquired from RRI Energy, Inc. (formerly Reliant Energy, Inc.), totaled $385 million for RERS's “Price to Beat” Customers. It is unclear what the actual number may be. “Price to Beat” was the rate RERS was required by state law to charge residential and small commercial customers that were transitioned to RERS from the incumbent integrated utility company commencing in 2002. In its original stranded cost case brought before the PUCT on March 31, 2004, CenterPoint Energy sought recovery of all EMCs that were credited to all retail electric providers, including RERS, and the PUCT ordered that relief in its Order on Rehearing in Docket No. 29526, on December 17, 2004. After an appeal to state district court, the court entered a final judgment on August 26, 2005, affirming the PUCT's order with regard to EMCs credited to RERS. Various parties filed appeals of that judgment, and on April 17, 2008, the Court of Appeals for the Third District reversed the lower court's decision ruling that CenterPoint Energy's stranded cost recovery should exclude only EMCs credited to RERS for its “Price to Beat” customers. On June 2, 2008, CenterPoint Energy's Petition for Review with the Supreme Court of Texas was accepted. Oral argument occurred on October 6, 2009, and on March 18, 2011, the Texas Supreme Court reversed the Court of Appeals, finding no basis for deducting EMCs credited to RERS. Motions for rehearing were filed on May 4, 2011. On June 10, 2011, the Texas Supreme Court denied all motions for rehearing, thereby ending the matter.

In November 2008, CenterPoint Energy and Reliant Energy Inc., or REI, on behalf of itself and affiliates including RERS, agreed to suspend unexpired deadlines, if any, related to limitations periods that might exist for possible claims against REI and its affiliates if CenterPoint Energy is ultimately not allowed to include in its stranded cost calculation those EMCs previously credited to RERS. The agreed upon suspension of unexpired deadlines will cease by August 29, 2011. NRG believes that any possible future CenterPoint Energy claim against RERS for EMCs credited to RERS would lack legal merit. No such claim has been filed.

Note 17 — Regulatory Matters

NRG operates in a highly regulated industry and is subject to regulation by various federal and state agencies. As such, NRG is affected by regulatory developments at both the federal and state levels and in the regions in which NRG operates. In addition, NRG is subject to the market rules, procedures, and protocols of the various ISO markets in which NRG participates. These power markets are subject to ongoing legislative and regulatory changes that may impact NRG's wholesale and retail businesses.

In addition to the regulatory proceedings noted below, NRG and its subsidiaries are a party to other regulatory proceedings arising in the ordinary course of business or have other regulatory exposure. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect NRG's consolidated financial position, results of operations, or cash flows.

California — On May 4, 2010, in Southern California Edison Company v. FERC, the U.S. Court of Appeals for the D.C. Circuit vacated FERC's acceptance of station power rules for the CAISO market, and remanded the case for further proceedings at FERC. On August 30, 2010, FERC issued an Order on Remand effectively disclaiming jurisdiction over how the states impose retail station power charges. Due to reservation-of-rights language in the California utilities' state-jurisdictional station power tariffs, FERC's ruling arguably requires California generators to pay state-imposed retail charges back to the date of enrollment by the facilities in the CAISO's station period program (February 1, 2009, for the Company's Encina and El Segundo facilities; March 1, 2009, for the Company's Long Beach facility). On February 28, 2011, FERC issued an order denying rehearing. The Company, together with other generators, has filed an appeal. On April 22, 2011, Southern California Edison Company filed with the California Public Utilities Commission seeking authorization to begin charging generators station power charges, and to assess such charges retroactively, which the Company and other generators have challenged. The Company has established an appropriate reserve.

Retail (Replacement Reserve) — On November 14, 2006, Constellation Energy Commodities Group, or Constellation, filed a complaint with the PUCT alleging that ERCOT misapplied the Replacement Reserve Settlement, or RPRS, Formula contained in the ERCOT protocols from April 10, 2006, through September 27, 2006. Specifically, Constellation disputed approximately $4 million in under-scheduling charges for capacity insufficiency asserting that ERCOT applied the wrong protocol. Retail Electric Providers, or REPS, other market participants, ERCOT, and PUCT staff opposed Constellation's complaint. On January 25, 2008, the PUCT entered an order finding that ERCOT correctly settled the capacity insufficiency charges for the disputed dates in accordance with ERCOT protocols and denied Constellation's complaint. On April 9, 2008, Constellation appealed the PUCT order to the Civil District Court of Travis County, Texas and on June 19, 2009, the court issued a judgment reversing the PUCT order, finding that the ERCOT protocols were in irreconcilable conflict with each other. On July 20, 2009, REPS filed an appeal to the Third Court of Appeals in Travis County, Texas, thereby staying the effect of the trial court's decision. On October 6, 2010, the parties argued the appeal before the Court of Appeals for the Third District in Austin, Texas. If all appeals are unsuccessful, on remand to the PUCT, it would determine the appropriate methodology for giving effect to the trial court's decision. It is not known at this time whether only Constellation's under-scheduling charges, the under-scheduling charges of all other Qualified Scheduling Entities, or QSEs, that disputed REPS charges for the same time frame, the entire market, or some other approach would be used for any resettlement.

Under the PUCT ordered formula QSEs who under-scheduled capacity within any of ERCOT's four congestion zones were assessed under-scheduling charges which defrayed the costs incurred by ERCOT for RPRS that would otherwise be spread among all load-serving QSEs. Under the Court's decision, all RPRS costs would be assigned to all load-serving QSEs based upon their load ratio share without assessing any separate charge to those QSEs who under-scheduled capacity. If under-scheduling charges for capacity insufficient QSEs were not used to defray RPRS costs, REPS's share of the total RPRS costs allocated to QSEs would increase.

Retail (Midwest ISO SECA) — Green Mountain Energy previously provided competitive retail energy supply in the Midwest ISO region during the relevant period of January 1, 2002, to December 31, 2005. By order dated November 18, 2004, FERC eliminated certain regional through-and-out transmission rates charged by transmission owners in the regional electric grids operated by the Midwest Independent Transmission Systems Operator, Inc. and PJM Interconnection, L.L.C., or PJM, respectively. In order to temporarily compensate the transmission owners for revenue lost as a result of the elimination of the through-and-out transmission rates, FERC also ordered MISO, PJM and their respective transmission owners to provide for the recovery of certain Seams Elimination Charge/Cost Adjustments/Assignments, or SECA, charges effective December 1, 2004, through March 31, 2006, based on usage during 2002 and 2003. The tariff amendments filed by MISO and the MISO transmission owners allocated certain SECA charges to various zones and sub-zones within MISO, including a sub-zone called the Green Mountain Energy Company Sub-zone. Over the last several years, there has been extensive litigation before FERC relating to these charges seeking, among other things, to recover monies from Green Mountain Energy, and before the federal appellate courts. Green Mountain Energy has not paid any asserted SECA charges.

On May 21, 2010, FERC issued two orders. In its Order on Rehearing, FERC denied all requests for rehearing of its past orders directing and accepting the SECA compliance filings of MISO, PJM, and the transmission owners. In its Order on Initial Decision, FERC: (1) affirmed an order by the Administrative Law Judge granting Green Mountain Energy partial summary judgment and holding Green Mountain Energy not liable for SECA charges for January — March 2006; and (2) reversed an August 2006 determination by the Administrative Law Judge that Green Mountain Energy could be held directly liable for some amount of SECA charges. Requests for rehearing are pending of the Order on Initial Decision. Several parties have filed notices of appeal of the Order on Rehearing, which are being held in abeyance pending resolution of the requests for rehearing before FERC.

With regard to the SECA charges that had been invoiced to Green Mountain Energy, FERC determined that most of those charges, approximately $22 million plus interest, were owed not by Green Mountain Energy but rather by BP Energy — one of Green Mountain Energy's suppliers during the period at issue. On August 19, 2010, the transmission owners and MISO made compliance filings in accordance with FERC's Orders allocating SECA charges to a BP Energy Sub-zone, and making no allocation to a Green Mountain Energy sub-zone. BP Energy has not asserted any contractual claims against Green Mountain Energy. The Company has established an appropriate reserve.

## Note 18 — Environmental Matters

NRG is subject to a wide range of environmental regulations across a broad number of jurisdictions in the development, ownership, construction and operation of domestic and international projects. These laws and regulations generally require that governmental permits and approvals be obtained before construction and during operation of power plants. Environmental laws have become increasingly stringent and NRG expects this trend to continue. The electric generation industry will face new requirements to address air emissions, climate change, combustion byproducts and water use. In general, future laws and regulations are expected to require the addition of emission controls or other environmental quality equipment or the imposition of certain restrictions on the operations of the Company's facilities. NRG expects that future liability under, or compliance with, environmental requirements could have a material effect on the Company's operations or competitive position.

### Environmental Capital Expenditures

Based on current rules, technology and plans, NRG has estimated that environmental capital expenditures from 2011 through 2015 to meet NRG's environmental commitments will be approximately $721 million (of which $180 million will be financed through draws on the Indian River tax exempt facilities) and are primarily associated with controls on the Company's Big Cajun and Indian River facilities. These capital expenditures, in general, are related to installation of particulate, $SO_2$, $NO_x$, and mercury controls to comply with federal and state air quality rules and consent orders, as well as installation of Best Technology Available, or BTA, under the proposed 316(b) Rule. NRG continues to explore cost effective compliance alternatives. This estimate reflects anticipated schedules and controls related to CAIR, Mercury and Air Toxics Standards and the 316(b) Rule. The full impact on the scope and timing of environmental retrofits from any new or revised regulations cannot be determined until these rules are final; however, NRG believes it is positioned to meet more stringent requirements through its planned capital expenditures, existing controls, and the use of Powder River Basin coal.

The U.S. EPA released the final Cross-State Air Pollution Rule, or CSAPR, on July 7, 2011. CSAPR will replace CAIR and is designed to bring 27 states and Washington, D.C. into attainment with PM 2.5 and ozone national ambient air quality standards, or NAAQS, reducing $SO_2$ and $NO_x$ emissions from power plants. Under CSAPR, use of discounted Acid Rain $SO_2$ and CAIR $NO_x$ allowances will be discontinued and replaced with completely distinct allowance programs. Acid Rain allowances will still be required on a 1:1 basis under the Acid Rain Program. NRG owns or has minority interests in plants in six states that are covered by the rule. NRG is reviewing the recent rule and developing an integrated strategy based on enhancing the performance of existing controls, fuel adjustments, other operational changes, and allowance acquisition. While it is still early in the review process, we do not expect any incremental environmental capital investment to be material. In the second half of 2011, this rule will result in an impairment charge ranging from \$150 million to \$200 million on the Company's excess Acid Rain Program $SO_2$ emission allowances, which are recorded as an intangible asset on the Company's balance sheet.

NRG's current contracts with the Company's rural electric cooperative customers in the South Central region allow for recovery of a portion of the regions' environmental capital costs incurred as the result of complying with any change in environmental law. Cost recoveries begin once the environmental equipment becomes operational and include a capital return. The actual recoveries will depend, among other things, on the timing of the completion of the capital projects and the remaining duration of the contracts.

Northeast Region

In January 2006, NRG's Indian River Operations, Inc. received a letter of informal notification from Delaware Department of Natural Resources and Environmental Control, or DNREC, stating that it may be a potentially responsible party with respect to Burton Island Old Ash Landfill, a historic captive landfill located at the Indian River facility. On October 1, 2007, NRG signed an agreement with DNREC to investigate the site through the Voluntary Clean-up Program. On February 4, 2008, DNREC issued findings that no further action is required in relation to surface water and that a previously planned shoreline stabilization project would satisfactorily address shoreline erosion. The landfill itself will require a further Remedial Investigation and Feasibility Study to determine the type and scope of any additional work required. Until the Remedial Investigation and Feasibility Study is completed, the Company is unable to predict the impact of any required remediation. On May 29, 2008, DNREC requested that NRG's Indian River Operations, Inc. participate in the development and performance of a Natural Resource Damage Assessment, or NRDA, at the Burton Island Old Ash Landfill. NRG is currently working with DNREC and other trustees to close out the assessment phase.

Pursuant to a consent order dated September 25, 2007, and amended July 21, 2010, between NRG and DNREC regarding the Indian River plant, NRG agreed to limit the emissions of $NO_x$ and $SO_2$, and to mothball Units 1 and 2. Unit 1 was mothballed as planned on May 1, 2011.

South Central Region

On February 11, 2009, the U.S. DOJ acting at the request of the U.S. EPA commenced a lawsuit against LaGen in federal district court in the Middle District of Louisiana alleging violations of the CAA at the Big Cajun II power plant. This is the same matter for which NOVs were issued to LaGen on February 15, 2005, and on December 8, 2006. Further discussion on this matter can be found in Note 16, Commitments and Contingencies — Louisiana Generating, LLC, to this Form 10-Q.

Note 19 — Condensed Consolidating Financial Information

As of June 30, 2011, the Company had outstanding $1.1 billion of 7.375% Senior Notes due 2017, $1.2 billion of 7.625% Senior Notes due 2018, $700 million of 8.50% Senior Notes due 2019, $800 million of 7.625% Senior Notes due 2019, $1.1 billion of 8.25% Senior Notes due 2020 and $1.2 billion of 7.875% Senior Notes due 2021. These notes are guaranteed by certain of NRG's current and future wholly-owned domestic subsidiaries, or guarantor subsidiaries.

Unless otherwise noted below, each of the following guarantor subsidiaries fully and unconditionally guaranteed the Senior Notes as of June 30, 2011:

| | | |
|---|---|---|
| Arthur Kill Power LLC | NRG Artesian Energy LLC | NRG Services Corporation |
| Astoria Gas Turbine Power LLC | NRG Arthur Kill Operations Inc. | NRG Simply Smart Solutions LLC |
| Cabrillo Power I LLC | NRG Astoria Gas Turbine Operations Inc. | NRG South Central Affiliate Services Inc. |
| Cabrillo Power II LLC | NRG Bayou Cove LLC | NRG South Central Generating LLC |
| Carbon Management Solutions LLC | NRG Cabrillo Power Operations Inc. | NRG South Central Operations Inc. |
| Clean Edge Energy LLC | NRG California Peaker Operations LLC | NRG South Texas LP |
| Conemaugh Power LLC | NRG Cedar Bayou Development Company, LLC | NRG Texas LLC |
| Connecticut Jet Power LLC | NRG Connecticut Affiliate Services Inc. | NRG Texas C & I Supply LLC |
| Cottonwood Development LLC | NRG Construction LLC | NRG Texas Holding Inc. |
| Cottonwood Energy Company LP | NRG Development Company Inc. | NRG Texas Power LLC |
| Cottonwood Generating Partners I LLC | NRG Devon Operations Inc. | NRG West Coast LLC |
| Cottonwood Generating Partners II LLC | NRG Dunkirk Operations, Inc. | NRG Western Affiliate Services Inc. |
| Cottonwood Generating Partners III LLC | NRG El Segundo Operations Inc. | O'Brien Cogeneration, Inc. II |
| Cottonwood Technology Partners LP | NRG Energy Labor Services LLC | ONSITE Energy, Inc. |
| Devon Power LLC | NRG Energy Services Group LLC | Oswego Harbor Power LLC |
| Dunkirk Power LLC | NRG Energy Services LLC | Pennywise Power LLC |
| Eastern Sierra Energy Company | NRG Generation Holdings Inc. | RE Retail Receivables LLC |
| El Segundo Power LLC | NRG Huntley Operations Inc. | Reliant Energy NorthEast LLC |
| El Segundo Power II LLC | NRG Ilion limited partnership | Reliant Energy Power Supply LLC |
| Elbow Creek Wind Project LLC | NRG Ilion LP LLC | Reliant Energy Retail Holdings LLC |
| Energy Protection Insurance Company | NRG International LLC | Reliant Energy Retail Services LLC |
| GCP Funding Company, LLC | NRG Maintenance Services LLC | Reliant Energy Texas Retail LLC |
| Green Mountain Energy Company | NRG Mextrans Inc. | RERH Holdings, LLC |
| Huntley Power LLC | NRG MidAtlantic Affiliate Services Inc. | Saguaro Power LLC |
| Indian River Operations Inc. | NRG Middletown Operations Inc. | Somerset Operations Inc. |
| Indian River Power LLC | NRG Montville Operations Inc. | Somerset Power LLC |
| Keystone Power LLC | NRG New Jersey Energy Sales LLC | Texas Genco Financing Corp. |
| Langford Wind Power, LLC | NRG New Roads Holdings LLC | Texas Genco GP, LLC |
| Louisiana Generating LLC | NRG North Central Operations Inc. | Texas Genco Holdings, Inc. |
| Meriden Gas Turbines LLC | NRG Northeast Affiliate Services Inc. | Texas Genco LP, LLC |
| Middletown Power LLC | NRG Norwalk Harbor Operations Inc. | Texas Genco Operating Services LLC |

| | | |
|---|---|---|
| Montville Power LLC | NRG Operating Services, Inc. | Texas Genco Services, LP |
| NEO Corporation | NRG Oswego Harbor Power Operations Inc. | Vienna Operations Inc. |
| NEO Freehold-Gen LLC | NRG PacGen Inc | Vienna Power LLC |
| NEO Power Services Inc. | NRG Power Marketing LLC | WCP (Generation) Holdings LLC |
| New Genco GP LLC | NRG Retail LLC | West Coast Power LLC |
| Norwalk Power LLC | NRG Rockford Acquisition LLC | |
| NRG Affiliate Services Inc. | NRG Saguaro Operations Inc. | |

The non-guarantor subsidiaries include all of NRG's foreign subsidiaries and certain domestic subsidiaries. NRG conducts much of its business through and derives much of its income from its subsidiaries. Therefore, the Company's ability to make required payments with respect to its indebtedness and other obligations depends on the financial results and condition of its subsidiaries and NRG's ability to receive funds from its subsidiaries. Except for NRG Bayou Cove, LLC, which is subject to certain restrictions under the Company's Peaker financing agreements, there are no restrictions on the ability of any of the guarantor subsidiaries to transfer funds to NRG. In addition, there may be restrictions for certain non-guarantor subsidiaries.

The following condensed consolidating financial information presents the financial information of NRG Energy, Inc., the guarantor subsidiaries and the non-guarantor subsidiaries in accordance with Rule 3-10 under the Securities and Exchange Commission's Regulation S-X. The financial information may not necessarily be indicative of results of operations or financial position had the guarantor subsidiaries or non-guarantor subsidiaries operated as independent entities.

In this presentation, NRG Energy, Inc. consists of parent company operations. Guarantor subsidiaries and non-guarantor subsidiaries of NRG are reported on an equity basis. For companies acquired, the fair values of the assets and liabilities acquired have been presented on a push-down accounting basis.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Three Months Ended June 30, 2011

| (In millions) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | NRG Energy, Inc. (Note Issuer) | Eliminations[a] | Consolidated Balance |
|---|---|---|---|---|---|
| Operating Revenues | | | | | |
| Total operating revenues | $ 2,185 | $ 90 | $— | $ 3 | $ 2,278 |
| Operating Costs and Expenses | | | | | |
| Cost of operations | 1,545 | 59 | 1 | 3 | 1,608 |
| Depreciation and amortization | 210 | 8 | 4 | — | 222 |
| Selling, general and administrative | 93 | 7 | 67 | — | 167 |
| Development costs | — | — | 12 | — | 12 |
| Total operating costs and expenses | 1,848 | 74 | 84 | 3 | 2,009 |
| Operating Income/(Loss) | 337 | 16 | (84) | — | 269 |
| Other Income/(Expense) | | | | | |
| Equity in earnings/(losses) of consolidated subsidiaries | 6 | (8) | 175 | (173) | — |
| Equity in earnings of unconsolidated affiliates | 6 | 6 | — | — | 12 |
| Impairment charge on investment | (11) | — | — | — | (11) |
| Other income, net | — | 1 | 2 | — | 3 |
| Loss on debt extinguishment | — | — | (115) | — | (115) |
| Interest expense | (17) | (14) | (136) | — | (167) |
| Total other expense | (16) | (15) | (74) | (173) | (278) |
| (Loss)/Income Before Income Taxes | 321 | 1 | (158) | (173) | (9) |
| Income tax (benefit)/expense | 148 | 1 | (779) | — | (630) |
| Net Income/(Loss) attributable to NRG Energy, Inc. | $ 173 | $ — | $ 621 | $ (173) | $ 621 |

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Six Months Ended June 30, 2011

| (In millions) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | NRG Energy, Inc. (Note Issuer) | Eliminations[a] | Consolidated Balance |
|---|---|---|---|---|---|
| Operating Revenues | | | | | |
| Total operating revenues | $ 4,089 | $ 194 | $— | $ (10) | $ 4,273 |
| Operating Costs and Expenses | | | | | |
| Cost of operations | 2,798 | 131 | 6 | (3) | 2,932 |
| Depreciation and amortization | 402 | 18 | 7 | — | 427 |
| Selling, general and administrative | 174 | 12 | 124 | — | 310 |
| Development costs | — | (1) | 22 | — | 21 |
| Total operating costs and expenses | 3,374 | 160 | 159 | (3) | 3,690 |
| Operating Income/(Loss) | 715 | 34 | (159) | (7) | 583 |
| Other Income/(Expense) | | | | | |
| Equity in earnings/(losses) of consolidated subsidiaries | 15 | (9) | 97 | (103) | — |
| Equity in losses of unconsolidated affiliates | 6 | 4 | — | — | 10 |
| Impairment charge on investment | (492) | — | — | — | (492) |
| Other income, net | — | 5 | 3 | — | 8 |
| Loss on debt extinguishment | — | — | (143) | — | (143) |
| Interest expense | (26) | (27) | (287) | — | (340) |
| Total other expense | (497) | (27) | (330) | (103) | (957) |
| (Loss)/Income Before Income Taxes | 218 | 7 | (489) | (110) | (374) |
| Income tax (benefit)/expense | 112 | 3 | (850) | — | (735) |
| Net Income attributable to NRG Energy, Inc. | $ 106 | $ 4 | $361 | $ (110) | $ 361 |

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
June 30, 2011

| (In millions) | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | NRG Energy, Inc. (Note Issuer) | Eliminations[a] | Consolidated Balance |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | $ 20 | $ 160 | $ 1,759 | $ — | $ 1,939 |
| Funds deposited by counterparties | 260 | — | — | — | 260 |
| Restricted cash | 4 | 71 | 70 | — | 145 |
| Accounts receivable, net | 971 | 37 | — | — | 1,008 |
| Inventory | 377 | 9 | — | — | 386 |
| Derivative instruments valuation | 1,749 | — | — | — | 1,749 |
| Cash collateral paid in support of energy risk management activities | 254 | — | — | — | 254 |
| Prepayments and other current assets | 165 | 54 | 1,269 | (1,190 ) | 298 |
| Total current assets | 3,800 | 331 | 3,098 | (1,190 ) | 6,039 |
| Net property, plant and equipment | 10,666 | 1,584 | 50 | (17 ) | 12,283 |
| Other Assets | | | | | |
| Investment in subsidiaries | 288 | 412 | 13,884 | (14,584 ) | — |
| Equity investments in affiliates | 52 | 497 | — | — | 549 |
| Notes receivable – affiliate and capital leases, less current portion | — | 419 | 404 | (404 ) | 419 |
| Goodwill | 1,863 | — | — | — | 1,863 |
| Intangible assets, net | 1,529 | 65 | 33 | (38 ) | 1,589 |
| Nuclear decommissioning trust fund | 433 | — | — | — | 433 |
| Derivative instruments valuation | 586 | — | — | — | 586 |
| Restricted cash supporting Funded Letter of Credit Facility | — | 1,301 | — | — | 1,301 |
| Other non-current assets | 42 | 52 | 180 | — | 274 |
| Total other assets | 4,793 | 2,746 | 14,501 | (15,026 ) | 7,014 |
| Total Assets | $ 19,259 | $ 4,661 | $ 17,649 | $ (16,233 ) | $ 25,336 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| Current Liabilities | | | | | |
| Current portion of long-term debt and capital leases | $ 1,150 | $ 64 | $ 26 | $ (1,150 ) | $ 90 |
| Accounts payable | 357 | 155 | 330 | — | 842 |
| Derivative instruments valuation | 1,317 | 2 | — | — | 1,319 |
| Deferred income taxes | 524 | (51 ) | (372 ) | — | 101 |
| Cash collateral received in support of energy risk management activities | 260 | — | — | — | 260 |
| Accrued expenses and other current liabilities | 294 | 28 | 211 | (40 ) | 493 |
| Total current liabilities | 3,902 | 198 | 195 | (1,190 ) | 3,105 |
| Other Liabilities | | | | | |
| Long-term debt and capital leases | 221 | 1,431 | 7,662 | (404 ) | 8,910 |

| | | | | | |
|---|---|---|---|---|---|
| Funded letter of credit | — | — | 1,300 | — | 1,300 |
| Nuclear decommissioning reserve | 326 | — | — | — | 326 |
| Nuclear decommissioning trust liability | 278 | — | — | — | 278 |
| Deferred income taxes | 1,483 | 279 | (53) | — | 1,709 |
| Derivative instruments valuation | 259 | 37 | 37 | — | 333 |
| Out-of-market contracts | 226 | 6 | — | (31) | 201 |
| Other non-current liabilities | 485 | 23 | 90 | — | 598 |
| Total non-current liabilities | 3,278 | 1,776 | 9,036 | (435) | 13,655 |
| Total liabilities | 7,180 | 1,974 | 9,231 | (1,625) | 16,760 |
| 3.625% Preferred Stock | — | — | 248 | — | 248 |
| Stockholders’ Equity | 12,079 | 2,687 | 8,170 | (14,608) | 8,328 |
| Total Liabilities and Stockholders’ Equity | $ 19,259 | | | | |