

“ WHAT OTHERS ARE SAYING ABOUT OAK GROVE AND NEW POWER PLANTS ”

“Proposal of the project is evidence the Texas market is working the way it was designed to. Essentially, the market is responding to our request. We sent a clear signal to the market.”

— **KEN DONOHOO**, *Electric Reliability Council of Texas Manager of System Planning*

“It is very important to have a tax base that will support our educational needs. This project will help our district continue to educate kids for our future and we think it's a good thing.”

— **TONI MATTHEWS**, *Franklin ISD Board President*

“The ... Court hereby endorses the construction and operation of TXU Power's proposed facility in Robertson County ... this Court encourages state officials to act with all due deliberation and speed to review and approve TXU Power's request for an air permit for the proposed facility.”

— *Resolution of Support from Robertson County Commissioner's Court*



THE NEED FOR POWER IN TEXAS

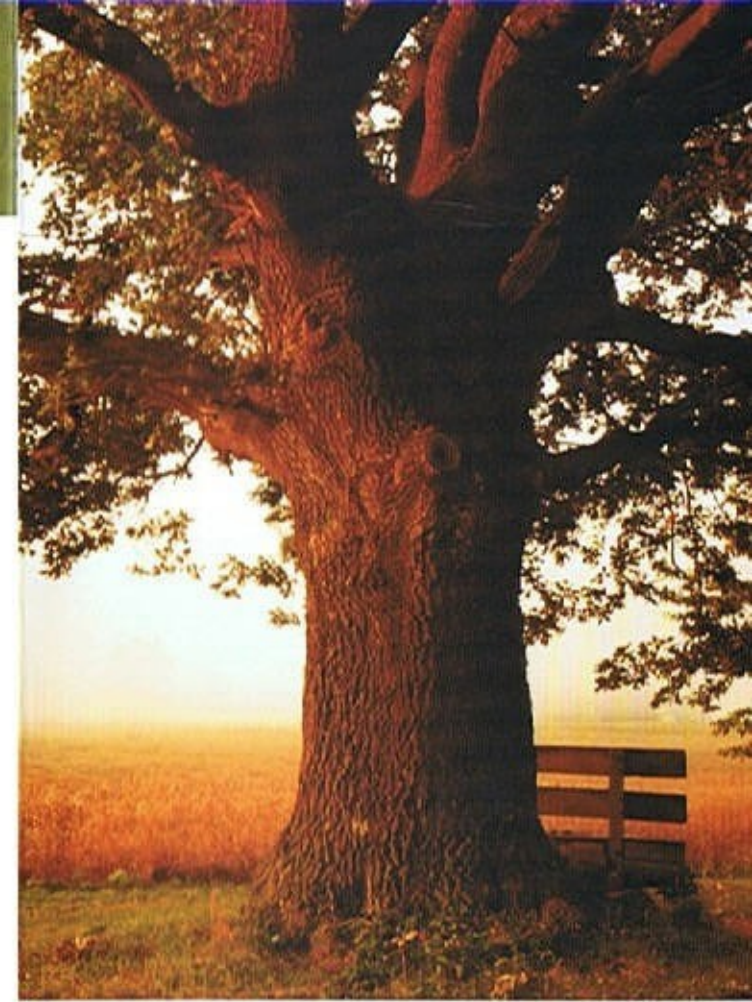
The State of Texas has rebounded from the recession of 2001-02 to become one of the national leaders in major corporate locations, job growth and output gains. This vibrant economic and population growth has resulted in an increasing need for power and projections of future shortfalls, unless there are significant increases in generating capacity.

The Electric Reliability Council of Texas (ERCOT) estimates the demand for electricity will rise by 21% by 2015 and 47% by 2025, given current growth rates. ERCOT has set a minimum planning reserve margin requirement of 12.5%. Based on this requirement, ERCOT estimates reserve margins are adequate through 2009, when additional power may be needed.

The prestigious Perryman Group, an economic research and analysis firm based in Waco, Texas, has studied the state's underlying economic trends and its linkages to power usage. Its analysis supports ERCOT's conclusions regarding the need for additional facility construction.

The Oak Grove Project will also provide greater diversity in Texas' fuel mix of operations. A lignite plant will substantially reduce the state's reliance on natural gas and its vulnerability to individual commodity price fluctuations.

The Lone Star State is well positioned to be an economic growth leader for decades to come. However, its electric generation and transmission capacity must expand to ensure that sufficient power is available for residential, commercial and industrial use.



the Oak
Grove Project

RELIABLE TEXAS POWER