



News Release

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Texas Legislature Encourages Clean Energy Development

Tenaska Trailblazer Energy Center Boosted by New Incentives

AUSTIN, Texas – The Tenaska Trailblazer Energy Center near Sweetwater, Texas, is significantly closer to reality with the Texas Legislature’s passage of groundbreaking clean energy legislation.

Legislation passed during the 81st session that ended June 1 will help put into place state and local incentives that, together, continue to structure a practical framework for attracting to Texas investment in large capital-intensive projects such as Tenaska’s Trailblazer project. Texas began taking bold steps to create these incentives in 2007.

Trailblazer is proposed to be possibly the first conventional coal-fueled power plant in the world to capture 85 to 90 percent of its carbon dioxide (CO₂) that would otherwise be emitted into the air and provide for its geologic storage. The facility will be a source of essential and cost-effective baseload electricity generating capacity, meeting the around-the-clock needs of approximately 600,000 Texas homes.

Tenaska’s application for an air quality permit is pending before the Texas Commission on Environmental Quality (TCEQ). Trailblazer is the only Texas coal-fueled power plant with carbon capture equipment to have submitted an air permit application, having done so over 15 months ago.

“When Tenaska began development of the Trailblazer project, we recognized that our

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costs would be higher than those of others who follow our lead,” said David Fiorelli, Tenaska president and CEO, Business Development. “The incentives contained in the 2009 legislation recognize the cost of advancing the state’s energy objectives, and will enable us to continue providing leadership in this area.”

According to a study by TXP, Inc. (TXP), an Austin economic analysis and public policy consulting firm, the project would provide: 1,500 jobs in West Texas at the peak of construction and more than 100 for plant operations; more than \$742 million in local economic activity during construction and more than \$300 million annually over the 50-year life of the project; and a 50 percent increase in taxable property in Nolan County.

The technology used to capture CO₂ at Trailblazer also potentially can be retrofit to other coal-fueled power plants in Texas, thereby providing even greater benefits to the environment.

As a plant that will capture and provide for the storage for 85 to 90 percent of CO₂ emissions, Trailblazer is eligible for a state grant approved by the Legislature to help fund front-end engineering and design studies and related costs.

New legislation also establishes a framework for regulation of CO₂ sequestration and storage between the Railroad Commission of Texas and the TCEQ. CO₂ captured by Trailblazer would be shipped via pipeline to the Permian Basin oil fields for use in extracting additional oil from wells nearing depletion, a well-established technology in Texas for more than 30 years.

Another bill provides for tax incentives for each of up to three carbon-fueled power generating projects that capture and sequester at least 70 percent of their CO₂ emissions. Recipients of the tax credits must supply CO₂ for enhanced oil recovery, as Trailblazer would. The CO₂ Trailblazer would provide to the Permian Basin oil fields would increase annual production by more than 10 million barrels, enhancing the West Texas economy and helping reduce dependence on foreign oil.

The bill also establishes stringent air emission standards for nitrogen oxides, sulfur dioxide, particulate matter and mercury, all of which Trailblazer, with its highly advanced emissions controls, will meet. These standards set the bar higher to qualify for environment-based incentives than any other state or national incentive program.

“Tenaska applauds the Texas Legislature on creating mechanisms and incentives that support pioneering companies such as ours,” said Fiorelli. “Today, Texas stands out among the

states for its progressive and far-sighted approach to encouraging development of needed and environmentally responsible power generation. Its leadership is one reason Tenaska can consider bringing such a large capital project to West Texas.”

Trailblazer will generate 600 megawatts (net) of electricity by using the best available supercritical, pulverized coal technology. Tenaska will weigh the state support, along with other financial factors, to determine whether construction of the project can proceed in 2010.

About Tenaska

Tenaska is one of the largest privately-owned energy companies in the United States. *Forbes* and *Fortune* magazines rank Tenaska 24th and 25th, respectively, among the largest privately-held U.S. companies. Headquartered in Omaha, Nebraska, it develops, constructs, owns and operates non-utility generation and cogeneration plants. The company also markets natural gas, biofuels and electric power, and provides risk management services. Tenaska is involved in asset acquisition, fuel supply, natural gas exploration, production and transportation systems, and electric transmission development. Tenaska has developed approximately 9,000 megawatts (MW) of electric generating capacity across the United States. Tenaska’s affiliates operate and manage eight power plants in six states totaling more than 6,700 MW of generating capacity owned in partnership with other companies. In 2008, Tenaska was listed in benchmarking studies by the Natural Resources Defense Council as having the best records in the United States for lowest fleet-wide average emissions of carbon dioxide, nitrogen oxides and sulfur dioxide. For more information about Tenaska and the Trailblazer Energy Center, visit www.tenaska.com or www.tenaskatrailblazer.com.