

January 15, 2010

**VIA ELECTRONIC MAIL AND U.S. MAIL**

S. Derek Phelps  
Executive Director  
Connecticut Siting Council  
10 Franklin Sq.  
New Britain, CT 06051

**Re: Docket No. 225 Kleen Energy Systems, LLC – Quarterly Report**

Dear Mr. Phelps:

I am writing to provide the Siting Council with an update as to the progress of the construction for the Kleen Energy Systems, LLC's ("Kleen Energy") 620 MW project in Middletown, Connecticut. This is the seventh such update for the Siting Council, and provides the Siting Council with an update of the activities at the Kleen Energy site for the past quarter.

- 1) As was mentioned previously, FERC has opened Docket No. CP08-462-000 to address the construction of the Algonquin gas lateral, and an alternative routing of the pipeline was agreed to by Algonquin and NRG. Since reaching its agreement with NRG, Algonquin has completed the construction and testing of the pipeline, and the pipeline is now ready for use.
- 2) With respect to the fuel oil pipeline, since receiving the Siting Council's approval of the re-routing of the pipeline, the Project's oil pipeline contractor has been steadily working to complete this portion of the project. The pipeline has been installed and has completed hydrostatic testing. In addition, the construction of the fuel oil tanks is complete, the tanks have completed hydrostatic testing, and the facility is ready for the storage of oil.
- 3) The construction of the power block and foundations has continued apace, as has the construction of the auxiliary boiler, water treatment building and demineralization tank. As of this writing, approximately 38,632 cubic yards of concrete has been poured at the Project.
- 4) The construction of the water project continues on schedule as well. As mentioned previously, the installation of the laterals for both collector wells has been completed, as have significant portions of the water tank storage area and the water treatment plant. Activities during this past quarter have focused primarily on outfitting the water project electrically as well

**PULLMAN & COMLEY, LLC**  
ATTORNEYS AT LAW

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as the installation of the SCADA systems. In addition, the exterior of the wells is being completed, as can be seen on the attached pictures.

5) In addition, the Project has been working to ensure that was interconnected to the electrical grid on schedule. All construction activities in the electrical switchyard and on the ISO-phase bus between the generator step-up (GSU) transformers and the switchyard building are now complete. The project's GSU transformers were energized on December 7, 2009, and were then subject to functional testing. The testing was completed and the operations of the switchyard were transferred to CL&P. It is anticipated that the transfer of the ownership of the switchyard to CL&P will be completed in the near future.

6) Construction progress for the Project as a whole is estimated to be at 93%. This means that the Project continues to be constructed slightly ahead of anticipated schedule, and the Project estimates that it will come on-line prior to its Commercial Operation Date of November 30, 2010. It is currently estimated that the project will come on line in the summer of 2010, and ISO-NE has also been notified of this change in the anticipated schedule.

To better understand the scope of the project and its construction, pictures of recent construction activities at the Project are attached to this letter.

Kleen Energy anticipates that it will continue with its construction activities as scheduled over the next quarter. Kleen Energy will file its next status report with the Siting Council on April 15, 2010.

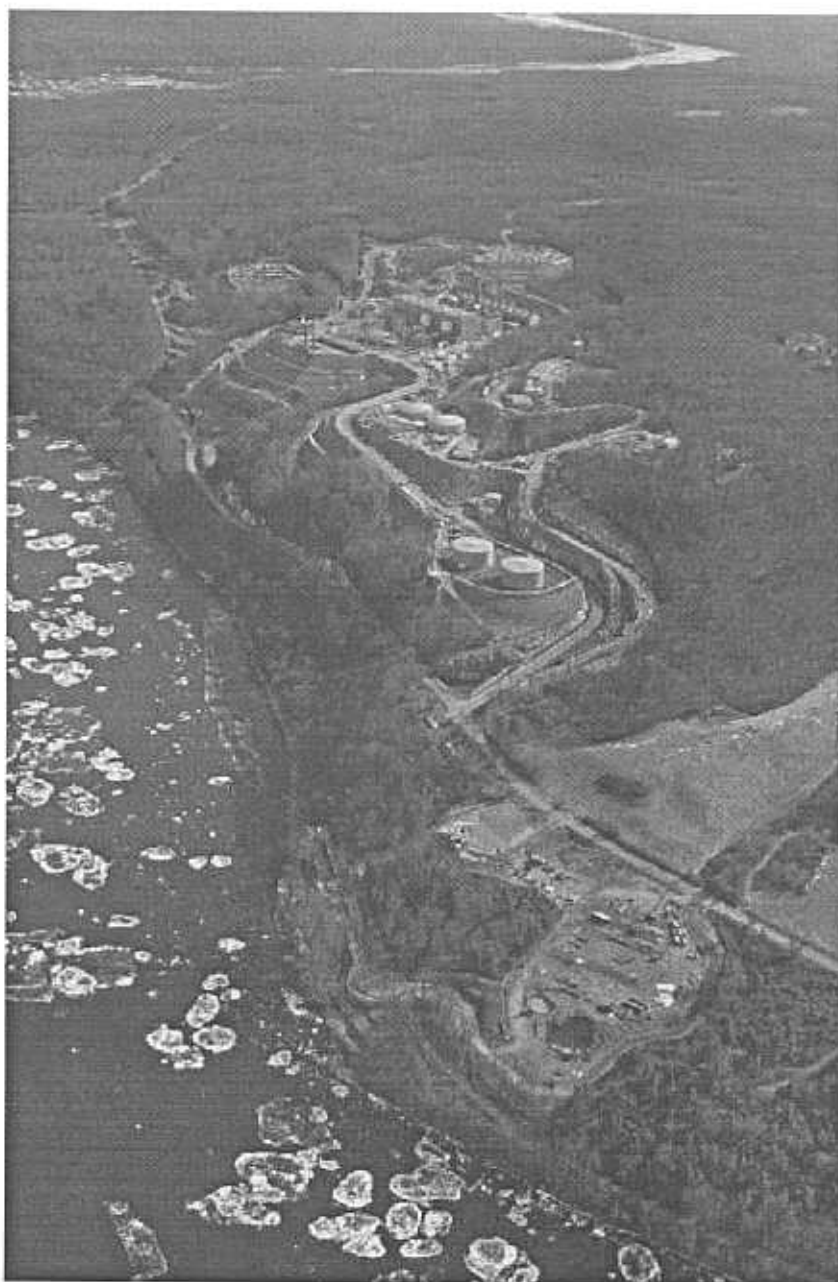
Should you have any questions concerning this information, please contact the undersigned at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Lee D. Hoffman".

Lee D. Hoffman

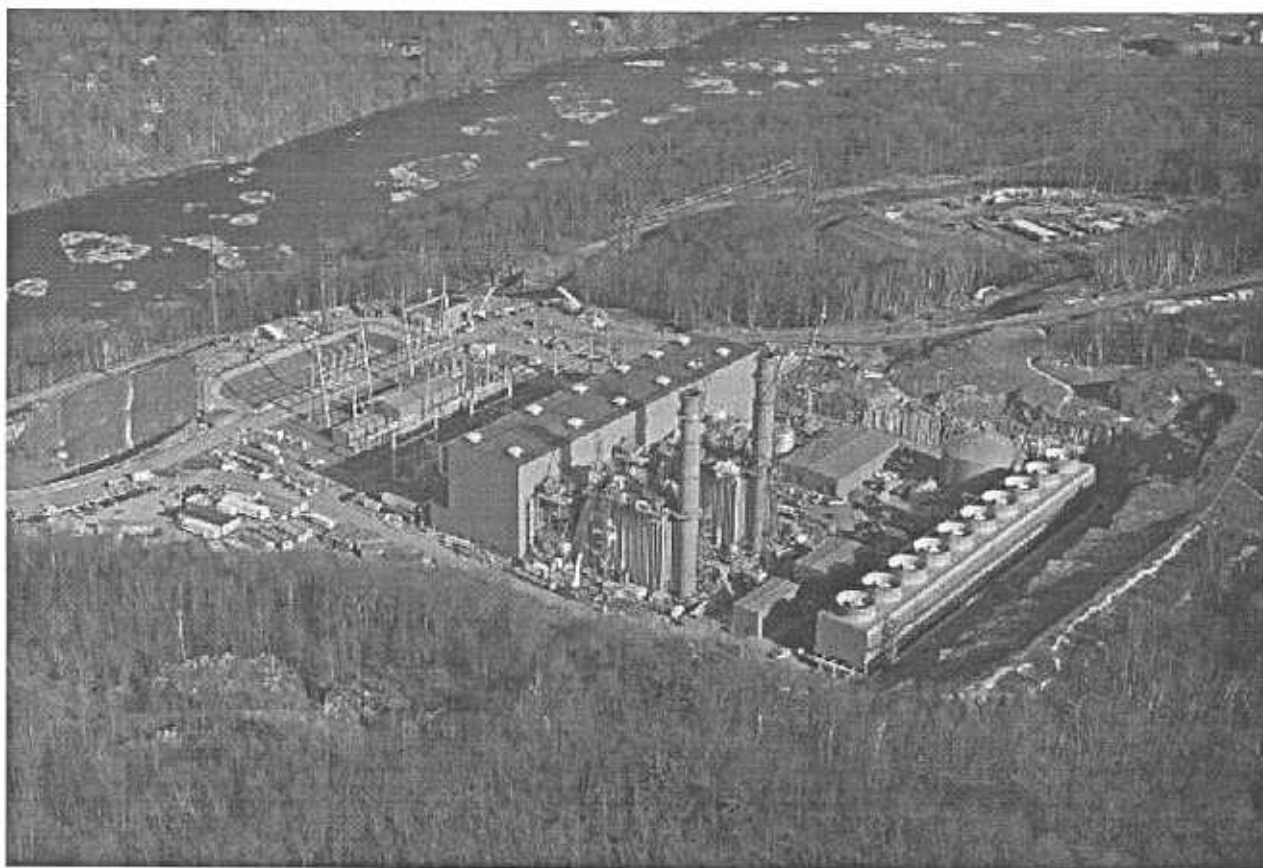
cc: Robert Mercier  
Service List Docket 225



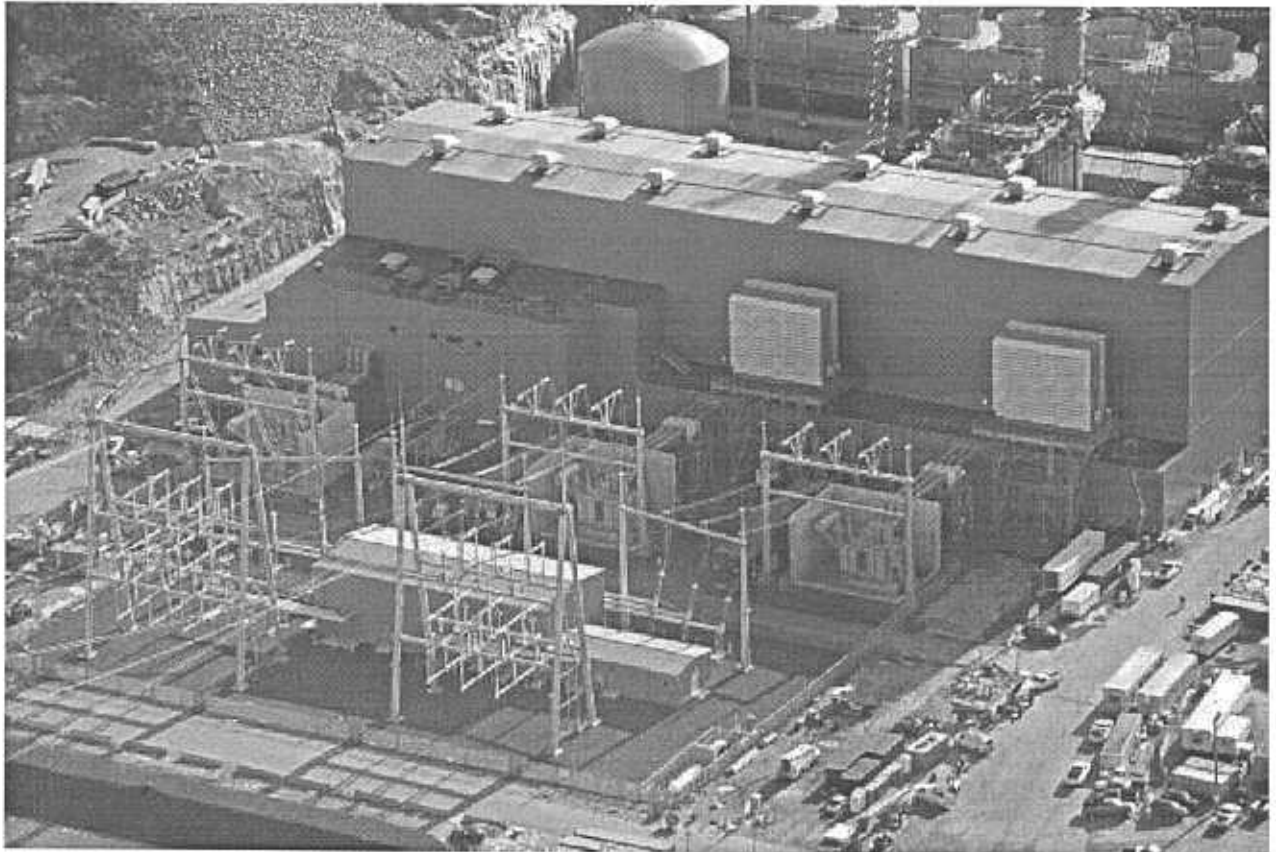
Overview of Entire Site



Power Block Overview



Power Block



Overview of Switchyard



Water Project