

**Luminant Announces Facility Closures, Job Reductions
in Response to EPA Rule**

Company Forced to Take Difficult Steps; Files Suit to Protect Jobs, Reliability

DALLAS - September 12, 2011 - In employee meetings today across its Texas operations, Luminant leadership announced the need to close facilities to comply with the Environmental Protection Agency's Cross-State Air Pollution Rule, which will cause the loss of approximately 500 jobs.

The rule, which the EPA released earlier this summer, requires Texas power generators to make dramatic reductions in emissions beginning January 1, 2012. While Luminant is making preparations to meet the rule's compliance deadline, this morning it also filed a legal challenge in an effort to protect facilities and employees, and to minimize the harm this rule will cause to electric reliability in Texas.

To meet the rule's unrealistic deadline and requirements, Luminant reluctantly must take the difficult steps of idling two generating units and ceasing mining Texas lignite at three mines. Luminant will also implement several other actions to reduce emissions, including making substantial investments in its facilities.

Luminant supports continued efforts to improve air quality across the state and nation. Since 2005, for example, Luminant has achieved a 21 percent reduction in SO₂ emissions, while at the same time increasing generation by 13 percent.

CEO Statement

"As always, Luminant is committed to complying fully with EPA regulations. We have spent the last two months identifying all possible options to meet the requirements of this new rule, and we are launching a significant investment program to reduce emissions across our facilities," said David Campbell, Luminant's chief executive officer. "However, meeting this unrealistic deadline also forces us to take steps that will idle facilities and result in the loss of jobs," said Campbell.

"We have hundreds of employees who have spent their entire professional careers at Luminant and its predecessor companies," added Campbell. "At every step of this process, we have tried to minimize these impacts, and it truly saddens me that we are being compelled to take the actions we've announced today. We have filed suit to try to avoid these consequences."

Legal Basis and Support

The company's legal action is part of a broader effort, supported by a large and bipartisan contingent of political and community leaders, to achieve these goals without harming critically important Texas jobs and electric reliability.

Luminant, like several other affected companies and governmental entities, believes the rule's mandates for Texas are unlawful. A year ago, the EPA's proposed rule did not include Texas in the annual SO₂ and NO_x reductions programs. Now, one year later, the CSAPR imposes a 47 percent SO₂ reduction and substantial NO_x reductions by Texas sources beginning in January 2012. And notably, the rule requires a 64 percent reduction of SO₂ emissions to Luminant's fossil fuel generating units.

Luminant's suit in the United States Court of Appeals for the District of Columbia Circuit seeks to invalidate the CSAPR as to Texas. Further, to try to stop the adverse effects on Luminant, its employees, and its customers in advance of the compliance deadline, Luminant will seek a judicial stay of this rule because of the immediate and irreparable harm that it will inflict.

Operational Response Plan

To ensure compliance in this extremely compressed time frame, production and operational changes will have to be made at two of the company's large power plant and mining complexes. Under the Electric Reliability Council of Texas's protocol, these decisions must be communicated to the Council by October 3 so they can adequately prepare for 2012.

At the Monticello Power Plant and supporting Thermo and Winfield mines in Northeast Texas, the following steps will be necessary:

- Monticello Units 1 and 2 will be idled. These units have a capacity of approximately 1,200 megawatts.
- Monticello Unit 3 will cease using Texas lignite for fuel and begin to operate on 100 percent Powder River Basin coal.
- Thermo and Winfield mines will cease mining Texas lignite with the idling of Monticello units 1 and 2 and the fuel switching at Monticello Unit 3, but Luminant will continue reclamation activities at these sites.

At Big Brown Power Plant and its supporting mine in Freestone County, the following steps will be necessary:

- Big Brown units 1 and 2 will cease using Texas lignite for fuel and begin to operate on 100 percent Powder River Basin coal.
- The Big Brown/Turlington Mine will cease mining Texas lignite, but Luminant will continue reclamation activities there.

In addition to these job losses at Luminant, the closures will mean that the counties and communities around the company's affected operations will see decreased tax contributions, indirect employment, support of local small businesses and other economic activity.

Investment Program

At Monticello Unit 3 and two of Luminant's other coal generating facilities, the Martin Lake Power Plant in Rusk County and the Sandow 4 Power Plant in Milam County, the company will

immediately begin a substantial investment program to upgrade the capabilities of existing environmental control equipment, install new environmental control equipment and implement programs to reduce emissions.

The company expects to invest approximately \$280 million by the end of 2012 and estimates that it will spend more than \$1.5 billion before the end of the decade in environmental control equipment to comply with regulatory requirements. Unfortunately, the rule's 2012 deadline will not allow for the permitting, construction and installation of new equipment in time to avoid the announced closures.

These investments in environmental control equipment represent the latest in a series of significant investments across Energy Future Holdings, parent company to Luminant, and its subsidiaries. Since 2007, EFH companies have invested over \$11 billion in the state's infrastructure and created 1,500 net new jobs with about 675 of those at Luminant.

The emissions reduction installations Luminant has underway across its fleet follow a series of voluntary actions the company has taken to reduce emissions – actions that have already produced positive results.

Federal Legal Action Outlined

Luminant submitted to the EPA a request for reconsideration and stay of the new rule on August 5, on which the agency has not acted. This morning, the company filed a petition with the U.S. Court of Appeals for the District of Columbia Circuit asking the court to invalidate CSAPR as to Texas. As part of its action, Luminant also plans to ask the court to stay the applicability of the EPA rule. In its request for a stay, the company will demonstrate that:

- Without fair notice and the opportunity to provide comment, the EPA has mandated that Texas slash its SO₂ emissions by half and greatly reduce NO_x emissions in less than five months – a compliance timetable that is impossible to meet without facility closures and job cuts.
- The standard time frame for permitting, constructing, and installing new emission controls is several years, yet the rule allowed less than six months.
- The state would bear 25 percent of the SO₂ reduction burden imposed under this rule, which is more than twice the state's contribution to the total SO₂ emissions of all states included in the rule. Before these mandates go into effect, current SO₂ emissions rates for the state's power generation plants are already lower than the average of the other states included in the rule.
- Having less than a year ago concluded that Texas SO₂ emissions have no significant downwind effects, the EPA is now mandating these CSAPR reductions because the agency predicts, through its modeling, a small contribution from Texas to the air quality at a single monitor 500 miles away in Madison County, Illinois – a location EPA itself has concluded is in air-quality attainment based on actual air sample monitoring. In effect, the rule improperly elevates the EPA's hypothetical modeling over actual monitored conditions.
- Similarly, the rule imposes severe NO_x emission reductions on Luminant, based on modeling that conflicts with actual monitored conditions.
- These requirements will seriously jeopardize the ability of the state's electric grid to supply power to Texas businesses and consumers and cause the loss of hundreds of jobs with corresponding effects on local communities whose economies depend on Luminant's facilities.

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About Luminant

Luminant, a subsidiary of Energy Future Holdings Corp., is a competitive power generation business, including mining, wholesale marketing and trading, and development operations. Luminant has more than 15,400 megawatts of generation in Texas, including 2,300 MW fueled by nuclear power and 8,000 MW fueled by coal. The company is also the largest purchaser of wind-generated electricity in Texas and fifth largest in the United States. EFH is a Dallas-based energy holding company that has a portfolio of competitive and regulated energy subsidiaries, primarily in Texas. Visit www.luminant.com or www.energyfutureholdings.com for additional information.

Luminant Media:

Allan Koenig

(214) 875-8004

Media.Relations@luminant.com

  



Related Fact Sheet for September 12, 2011 News Release

Luminant

- Largest power generator in Texas.
- Approximately 4,400 employees throughout the state.
- 2,580 are employed across the company's coal plant and mining operations.
- Created about 675 net new jobs since the beginning of 2008.

Big Brown Power Plant

Location: Freestone County, Texas

Power Plant and Mine Employees: 332

Operating Capacity: Two units with approximately 1,200 megawatts

Supporting Mine: Big Brown/Turlington

2010 Tax Contribution: \$8.6 million

Monticello Power Plant

Location: Titus, Camp, Hopkins and Franklin County, Texas

Power Plant and Mine Employees: 473

Operating Capacity: Three units with 1,880 megawatts

Supporting Mines: Thermo, Winfield

2010 Tax Contribution: \$17.4 million

Capacity Reduction

The idling of Monticello Units 1 and 2 and the derates that result from switching to 100 percent Powder River Basin coal at Monticello 3 and Big Brown units 1 and 2 will reduce Luminant's generating capacity by approximately 1,300 megawatts – about 9 percent of the company's total.

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Media

Allan Koenig

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