



TXU Corp.
1601 Bryan Street
Dallas, Texas 75201

Brian Tulloh
Vice President, Corporate Affairs

February 13, 2007

James Marston
Environmental Defense
44 East Avenue
Suite 304
Austin, TX 78701

Dear Mr. Marston:

While we respect Environmental Defense's right to publicly express its point of view, we are dismayed by the approach taken in your recent TV ad. Unfortunately, your new ad takes the false and misleading claims your organization has previously made about TXU's power development plans to a new level of misrepresentation. We believe the public would be better served by a more realistic airing of these issues.

In the ad that is posted on your website, and which we believe is intended for television viewers in various markets in Texas, Environmental Defense specifically states that TXU is "... building plants without modern pollution controls ..." This statement is egregiously false. As evidenced by the draft permits, our public communications material, and deposition testimony from the litigation in which Environmental Defense is a party, it is clear that TXU's new proposed power will indeed have modern controls.

In fact, these new units would have the latest, most advanced pollution controls available. As a result, they would emit 80 percent less NOx pollution than the average U.S. coal plant. We believe that full implementation of TXU's program would result in TXU having the cleanest large coal fleet in the country for NOx and SO₂ and second cleanest for mercury.¹

Your ad also suggests TXU's proposal to provide urgently needed generation capacity in ERCOT will increase pollution. Again, such claims are, at the least, extremely misleading. It is well known that TXU has committed to offset 100 percent of the NOx, SO₂ and mercury emissions from the new units by retrofitting existing coal-fueled plants; plus, TXU has voluntarily agreed to further reduce the company's emissions of these key pollutants from its existing coal plants by 20 percent below 2005 levels.

¹ Both claims based on 2004 EPA data including the Acid Rain database, as detailed in TXU's November 7, 2006, EEI presentation materials available at TXUCorp.com

Instead of misleading the public with scare tactics, we continue to urge Environmental Defense to join with us in calling on others to adopt this kind of pollution reduction strategy.


The "raised rates to raise profits" comment is also misleading. Retail prices went up in 2006 versus 2005 to reflect higher wholesale prices that were driven by increased natural gas prices. TXU's business restructuring and existing generation assets were the primary drivers of TXU's profitability, not the retail business. Please refer to the company's 2005 10K and recent 10Q's for specifics.

More importantly, we believe our proposal to increase power supplies would save Texas customers an estimated \$1.7 billion annually by diversifying the fuel supply mix away from more expensive natural gas.

Finally, the ad misleads the public by suggesting "business leaders, mayors and citizens across Texas..." oppose TXU's plans. Actually, some of Texas' largest business groups – including the Texas Association of Businesses – support the program. More than 100 city councils, school boards and community organizations and community leaders from across the state have publicly endorsed TXU's plans.

Because of these false and misleading claims, TXU requests that you pull the advertisement from your website and any other media. Going forward, we ask that you engage with fact-based perspectives rather than promoting misleading information. These are very complex issues, and misinformation only does the public a disservice. I'm sure neither of us wants that.

Sincerely,



Brian Tulloh
Vice President,
Corporate Affairs

cc: Mike McCall, TXU