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FOR IMMEDIATE RELEASE

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National Energy & Gas Transmission Agrees to Sell Equity Interests in 12 Power Plants and Other Assets to Goldman Sachs as a Result of Auction

Transaction is Subject to U.S. Bankruptcy Court and Regulatory Approvals

BETHESDA, Md. – National Energy & Gas Transmission, Inc. (NEGT) today announced that it has entered into a definitive purchase agreement for GS Power Holdings II LLC to acquire NEGТ's equity interests in 12 power plants and a natural gas pipeline for \$656 million, subject to certain post-closing adjustments. The agreement with the wholly-owned subsidiary of The Goldman Sachs Group, Inc. (NYSE: GS) resulted from a multi-round bankruptcy court-sanctioned auction bidding process.

The power plants are located throughout the country and have a combined generating capacity of more than 2,500 megawatts. The plants include: Carneys Point and Logan located in New Jersey; Selkirk and Madison Wind located in New York; Hermiston located in Oregon; Scrubgrass, Northampton and Panther Creek located in Pennsylvania; Cedar Bay and Indiantown located in Florida; MASSPOWER located in Massachusetts, and Plains End, located in Colorado. The plants are fueled primarily by natural gas and coal, and most of the electricity they generate is sold under long term contracts. NEGТ's ownership interests in these facilities range from approximately 13 to 100 percent. Goldman Sachs, through its ownership of Cogentrix Energy, already owns interests in nine of these plants. In addition to selling its interests in these facilities, NEGТ is selling its small ownership stake in the Iroquois Gas Transmission System.

Pursuant to an agreement signed earlier this month, Perennial Power Company, LLC has agreed to purchase NEGТ's equity interest in the Hermiston facility for approximately \$50 million. Perennial Power is a wholly owned subsidiary of Sumitomo Corporation and its principal U.S. affiliate, which is a current partner in the Hermiston plant. If the Perennial Power transaction is completed, then Hermiston's equity interest will be removed from the portfolio being sold to GS Power and the total sale price will be adjusted.

NEGT voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code in July 2003. As a result, the sale of equity interests described above will be subject to bankruptcy court approval at a hearing on September 22, 2004.

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Yesterday's court-sanctioned auction process was held in accordance with customary bidding procedures approved by the bankruptcy court. As part of the process, NEGT sought offers that were higher or otherwise better than the \$558 million purchase price negotiated with Denali Power, LLC, a company formed by affiliates of ArcLight Capital Partners, LLC and Caithness Energy, LLC.

The transaction with GS Power is expected to close in the first quarter of 2005 and is subject to regulatory and third party approvals.

Lazard served as exclusive financial advisor to NEGT in connection with this transaction.

Headquartered in Bethesda, Md., NEGT received bankruptcy court approval of its reorganization plan in May 2004 and anticipates emerging from bankruptcy shortly.

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The information in this news release contains forward-looking statements that are necessarily subject to various risks and uncertainties. Use of words like "anticipate," "estimate," "intend," "project," "plan," "expect," "will," "believe," "could," and similar expressions help identify forward-looking statements. These statements are based on current expectations and assumptions, which National Energy & Gas Transmission, Inc. management believes are reasonable, and on information currently available. Actual results could differ materially from those contemplated by the forward-looking statements. Although management believes that the expectations reflected in the forward-looking statements are reasonable, future results, events, levels of activity, performance, or achievements cannot be guaranteed. Although management is not able to predict all the factors that may affect future results, some of the factors that could cause future results to differ materially from those expressed or implied by the forward-looking statements are described in greater detail in the SEC filings concerning Indiantown Cogeneration Funding Corporation and Selkirk Cogen Funding Corporation.