CALIFORNIA
Water Boards

EDMUND G. BROWN JR.
GOVERNOR

MATTHEW RODRIQUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

September 18, 2013

Ms. Barb Irwin
Dynegy, Inc.
6200 Stoneridge Mall Road, Suite 300
Pleasanton, CA 94588

Dear Ms. Irwin:

INFORMATION REQUIREMENTS FOR MOSS LANDING POWER PLANT

On November 30, 2010 a letter was sent out by the State Water Resources Control Board's (State Water Board) Executive Director requiring the submittal of an Implementation Plan (Plan) by April 1, 2011. The letter outlined the required information to include in the Plan, including information on planned actions for compliance with the Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Policy). If final compliance by October 1, 2015, is not feasible, interim mitigation measures must be identified in the plan.

Due to the current uncertainty as to conditions identified in implementation plans previously submitted from the Once-Through Cooling (OTC) power plants with a near term compliance deadline, further information and data input is necessary to conduct grid reliability analysis to determine the impact on local and system reliability.

Pursuant to the Policy and California Water Code section 13383, the State Water Board requires Dynegy to provide the most current information for Moss Landing Generating Station (Moss Landing) in the previously-submitted Plan if the following content is not up-to-date or is inaccurate:

1. What mechanism is being used to bring this unit into compliance?

   In its April 1, 2011 Plan for Moss Landing Units 1 and 2, Dynegy proposed to comply using the existing OTC system through the end of 2032. At that time, Dynegy proposed to evaluate repowering or installation of feasible impingement and entrainment control technologies, if any. Dynegy believes interim mitigation required by the Policy is already satisfied for Units 1 and 2 through the existing Best Technology Available mitigation project that was mandated by the facility's National Pollutant Discharge Elimination System Permit and California Energy Commission Certification.

   For Moss Landing Units 6 and 7, Dynegy intends to evaluate certain impingement and entrainment control measures (i.e., technologies, operational measures, and combinations thereof) to determine if any such measures will enable Units 6 and/or 7 to achieve

compliance with Track 2 requirements. If Dynegy determines that any such control measures exist and are commercially viable, Dynegy anticipates implementing the selected control measures by no later than December 31, 2017, the currently applicable final compliance deadline. If Dynegy determines that no commercially viable control measures capable of achieving compliance with Track 2 exist for Units 6 and/or 7 (or in the event implementation is not completed by the final compliance deadline), Dynegy anticipates that it will cease cooling water intake flows to Units 6 and/or 7 by December 31, 2017 until either (i) that time as commercially viable control measures capable of meeting Track 2, if any, are implemented, or (ii) a decision is made to retire Unit 6 and/or 7, unless the final compliance deadline is suspended or extended. In addition, if Dynegy determines that no commercially viable control measures exist for Units 6 and/or 7 to achieve compliance with Track 2, Dynegy may consider repowering Units 6 and/or 7. Based on a preliminary analysis and contingent on numerous currently unknown future variables, repowering, if commercially viable and if pursued, would be limited by air permitting emission reduction credit requirements to a simple-cycle combustion turbine in the 100 to 180 Mega Watt (MW) (nominal) ranges.

2. What actions have been taken to obtain permits, obtain contracts, or meet other regulatory obligations to implement the compliance mechanism identified above?

   Unknown. Dynegy is currently in settlement discussions with the State Water Board staff.

3. What is the capacity of the repowered/replaced/retrofitted facility?

   If the proposed compliance date extension is approved by the State Water Board, Unit 1 and 2 would remain at 1,020 MW. If Track 2 measures are implemented for Units 6 and 7, capacity would likely be less than the existing 1,510 MW.

4. Are retirements covered by California Public Utilities Commission authorized procurements?

   No. Units 1 and 2 are traditionally operated under high peak load conditions for the Greater Bay Area and can also help balance system needs created by variability of renewable resources as well as load. The California Independent System Operator is conducting studies in its 2013-2014 Transmission Planning Process to determine the impacts if these two units were retired.

Submission of the above information is required no later than 60 days after the date of this letter.

Should you have any questions on this matter please feel free to contact Mr. Jonathan Bishop, Chief Deputy Director, at (916) 341-5820 (jsbishop@waterboards.ca.gov) or Dr. Maria de la Paz Carpio-Obeso, Chief of the Ocean Unit, at (916) 341-5858 (mcarpio-obeso@waterboards.ca.gov).

Sincerely,

Thomas Howard

Thomas Howard
Executive Director

ECM# 1085029