

Dynergy Moss Landing, LLC  
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Moss Landing, CA 95039-0690

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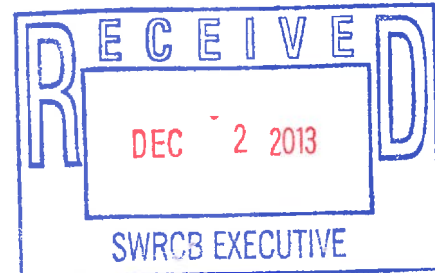
DIVISION OF WATER QUALITY



**Via UPS 2nd Day Air Delivery**

November 25, 2013

Thomas Howard  
Executive Director  
State Water Resources Control Board  
1001 I Street  
Sacramento, CA 95814



**Re: Response to SWRCB Information Request Regarding OTC  
Implementation Plan for the Moss Landing Power Plant**

Dear Mr. Howard:

Dynergy Moss Landing, LLC submits this response to the State Water Resources Control Board's ("SWRCB") November 6, 2013 letter requesting additional information on the once-through cooling Implementation Plan ("Implementation Plan") previously submitted for the Moss Landing Power Plant ("Moss Landing") in accordance with the Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling ("OTC Policy").

The SWRCB's November 6, 2013 letter requires Dynergy Moss Landing, LLC, pursuant to the OTC Policy and California Water Code section 13383, to provide the most current information for Moss Landing with respect to the previously-submitted Implementation Plan if the content, as stated in the November 6, 2013 letter, in response to four questions is not up-to-date or is inaccurate. The four questions set forth in the SWRCB's letter are restated below and followed by updated information as applicable.

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

For Units 1 and 2, Dynergy Moss Landing, LLC intends to rely, in part, on OTC Policy section 2.A(2)(d) to comply with Track 2. Dynergy Moss Landing, LLC will evaluate various impingement and entrainment control measures (i.e., screen technologies, operational measures, and combinations thereof) to determine which measures will enable Units 1 and 2 to achieve compliance with Track 2 requirements in conjunction with OTC Policy section 2.A(2)(d).

For Moss Landing Units 6 and 7, Dynergy Moss Landing, LLC intends to evaluate commercially viable 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 Moss Landing, LLC determines that any such commercially viable control measures exist (including securing a suitable long-term power sales/power purchase agreement(s) or other sources of capital), Dynegy Moss Landing, LLC anticipates implementing the selected control measures by no later than December 31, 2017, the currently applicable final compliance deadline. Unless the final compliance deadline is suspended or extended, if Dynegy Moss Landing, LLC determines in its sole discretion 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 Moss Landing, LLC 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.

For both Units 1 and 2 and Units 6 and 7, the results of required baseline impingement and entrainment studies will provide information, such as speciation, density profiles, etc., that will guide the selection of technology control measures, as needed.

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

Dynegy Moss Landing, LLC has been engaged in confidential settlement negotiations with the SWRCB.

Dynegy Moss Landing, LLC continues to participate in Request for Offers to market resource adequacy, to market all of its units for tolling agreements, and to explore strategies to secure future energy related contracts up to, through and beyond the respective compliance deadline for all of its units.

Dynegy Moss Landing, LLC has performed operational testing on Moss Landing Units 1 and 2 to determine the least amount of cooling water flow necessary to maintain plant efficiencies while remaining in compliance with applicable thermal discharge limitations. Dynegy Moss Landing, LLC also has participated in funding source water sampling in Monterey Bay that has been performed by Tenera Environmental over the last 18 months. The results are expected to serve as part of the plant's baseline studies and provide information that could be used in evaluating alternative intake locations. Preliminary testing also has been conducted on the levels of biofouling and corrosion associated with different materials used for the construction of screening systems being considered for further evaluation.

Dynegy Moss Landing, LLC continues to explore potential opportunities to repower or replace Units 6 and/or 7. As indicated in the Implementation Plan, any decision to repower or replace Units 6 and/or 7 would be contingent on certain key factors and currently unknown future variables, including energy market conditions, permitting, and securing a suitable long-term power sales/power purchase agreement(s) for the output of the repowered unit(s) or other sources of capital.

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

Dynegy Moss Landing, LLC does not currently have plans to repower or replace Moss Landing Units 1 and 2. At this time, Dynegy Moss Landing, LLC does not anticipate that any retrofit of the Unit 1 and 2 cooling water intake structure needed to achieve compliance will materially affect the capacity of Units 1 and 2.

Dynegy Moss Landing, LLC currently does not have any definitive plans to repower or replace Moss Landing Units 6 and 7, but continues to explore opportunities involving potential repowering or replacement of those units. As indicated in the Implementation Plan, any decision to repower or replace Units 6 and/or 7 would be contingent on certain key factors and currently unknown future variables, including determination of permitted technologies, energy market conditions, permitting, and other issues affecting commercial viability, such as securing a suitable long-term power sales/power purchase agreement(s) for the output of the repowered unit(s) or other sources of capital. At this time, the capacity of any such potential repowering or replacement project is unknown. As indicated in the Implementation Plan, if repowering of Units 6 and 7 is pursued using a fossil fuel technology, based on a preliminary analysis, the approximate size of the repowered unit (a natural gas fired simple-cycle turbine) would be in the 100 to 180 MW range, with availability of emission reduction credits as a key factor limiting the size of the potential repowering project.

If the cooling water intake structure for Units 6 and 7 is retrofitted to achieve Track 2 compliance, the capacity of Units 6 and 7 may be impacted by the selected retrofit technology, which at this time is unknown.

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

At this time, none of the Moss Landing units are subject to a California Public Utilities Commission-authorized procurement contract that would cover retirement on or after December 31, 2017.

\* \* \* \* \*

If you have any questions regarding the information provided above, please contact Barb

Mr. Thomas Howard  
November 25, 2013  
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Irwin, Director Environmental, Dynegey Operating Company, at 217-519-4035 or  
barb.irwin@dynegey.com.

Sincerely,



Martin W. Daley  
Vice President and General Manager  
Dynegey Moss Landing, LLC

cc: Jonathan Bishop, SWRCB  
Dr. Maria de la Paz Carpio-Obeso, SWRCB  
Barb Irwin, Dynegey  
Pete Ziegler, Dynegey