



DYNEGY MOSS LANDING, LLC
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January 5, 2017

Thomas Howard
Executive Director
State Water Resources Control Board
1001 I Street
Sacramento, CA 95812-0100

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DIVISION OF WATER QUALITY

Re: Response to SWRCB November 7, 2016 Letter regarding "Information Requirements for Moss Landing Generating Station" concerning the Once-Through Cooling Policy

Dear Director Howard:

Dynegy Moss Landing, LLC (DML) submits this response to the information requested by the State Water Resources Control Board (SWRCB) November 7, 2016 letter regarding "Information Requirements for Moss Landing Generating Station", as pertaining to the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (OTC Policy).

The seven questions and requests for information set forth in the SWRCB's letter are restated below and followed by DML's responses.

- 1. Does Dynegy still intend to achieve compliance for Moss Landing Units 1, 2, 6 and 7 through Track 2? If not, please provide an updated implementation plan.***

DML still intends to achieve compliance for Moss Landing Units 1 and 2 through Track 2.

For Moss Landing Units 6 and 7, DML no longer intends to achieve compliance through Track 2. On October 31, 2016, DML notified the California Independent System Operator Corporation (CAISO) (and the California Public Utilities Commission (CPUC)) of its plans to retire Moss Landing Units 6 and 7 by no later than January 30, 2017. On November 29, 2016, the CAISO confirmed that Moss Landing Units 6 and 7 could be removed from service. DML shut down Moss Landing Units 6 and 7 effective January 1, 2017.

DML will submit an updated implementation plan by March 1, 2017, with our annual update report required under Settlement Agreement paragraph 2.1.7, reflecting the status of Moss Landing Units 6 and 7.

- 2. *Dynegy's updated implementation plan provided a compliance schedule for Moss Landing Units 1, 2, 6 and 7 to meet the final compliance deadline of December 31, 2020. Are there any expected changes to this schedule? If so, please provide details.***

There are no changes to the compliance schedule with respect to Moss Landing Units 1 and 2.

As identified in the response to #1 above, DML shut down Moss Landing Units 6 and 7 effective January 1, 2017.

- 3. *Is Dynegy on track to achieve Track 2 compliance by completing the impingement and entrainment studies detailed in paragraph 2.1.6(c) of the Settlement Agreement? Please provide details on the status of measures to reduce impingement and entrainment, include any studies undertaken in the previous calendar year.***

DML is on track to achieve Track 2 compliance for Moss Landing Units 1 and 2 by completing the impingement and entrainment baseline field studies addressed in paragraph 2.1.6.c of the Settlement Agreement by April 2017. In accordance with the Settlement Agreement, DML will complete and submit the impingement and entrainment Baseline Study Report to the SWRCB not later than six months after completion of the studies (e.g., October 2017).

In accordance with Settlement Agreement paragraph 2.1.6.b, in 2016 DML continued to implement operational control measures at the Moss Landing Power Plant (MLPP) to reduce flow. These measures involve MLPP written operating procedures limiting the duration of circulating water pump operation during unit startup and shutdown and limiting the number of circulating water pumps in operation during various unit operating configurations at less than full utilization. DML also reduced flow during the 2016 spring and fall entrainment and impingement seasons by taking a total of 69 days of planned maintenance outages in February, March, October and November 2016. We also note that, due to limited demand in the relevant electricity market in 2016, Moss Landing Units 6 and 7 had a combined net capacity factor in 2016 of 1.5 percent, which resulted in limited actual cooling water intake flows for these units.

As identified in the response to #1 above, DML shut down Moss Landing Units 6 and 7 effective January 1, 2017.

- 4. *What actions have been taken to obtain permits, obtain contracts or meet other regulatory obligations to implement Track 2 compliance with the OTC Policy?***

In accordance with Settlement Agreement paragraph 2.1.6.d, on December 16, 2016, DML completed the installation of variable speed drive (VSD) controls on four circulating water pumps for Units 1 and 2. DML filed a permit application with the Monterey County Planning Department and received a Coastal Administration Permit to install the VSDs. DML also submitted to the California Energy Commission (CEC) a Petition to Amend the

Moss Landing Power Plant Project, Docket No. 99-AFC-4C, and the CEC approved the installation of the VSD controls on four circulating water pumps for Units 1 and 2.

As identified in the response to #1 above, DML shut down Moss Landing Units 6 and 7 effective January 1, 2017.

5. ***If Dynegy is successful in achieving compliance using Track 2 for Moss Landing units, what will the impact of each unit be on capacity? Please provide your response in the form of a before- and after-compliance table.***

As identified in the response to #1 above, DML shut down Moss Landing Units 6 and 7 effective January 1, 2017.

At this time, it is anticipated that successful implementation of Track 2 for Moss Landing Units 1 and 2 would result in sufficient cooling water to operate at each of the Units at an annual capacity factor of approximately 78 percent. For context, the annual average capacity factor of Units 1 and 2 over the past five years is approximately 43.5 percent.

Presented in the form of a before- and after-compliance table:

Moss Landing	Allowable Capacity Factor Before Track 2 Compliance	Projected Maximum Capacity Factor (approximate) After Track 2 Compliance
Unit 1	100%	78%
Unit 2	100%	78%

6. ***The April 29, 2016, 2017 CAISO Local Capacity Technical Analysis report now considers Moss Landing units as local capacity units in a South Bay-Moss Landing subarea of the Greater Bay Area. Local capacity area requirements are projected to be over 2,000 megawatts. Satisfying local capacity requirements without Moss Landing capacity will present challenges for load serving entities. Please provide a construction schedule for implementation of measures to achieve Track 2 compliance, identifying downtime for each Moss Landing unit. Please identify interactions among Moss Landing Units 1, 2, 6 and 7, that require two or more units to be concurrently out of service.***

All construction for implementation of measures to achieve Track 2 compliance is expected to be performed during normally scheduled maintenance outages for Units 1 and 2. No dual unit outages are expected to be necessary for implementation of the measures to achieve Track 2 compliance.

As identified in the response to #1 above, DML shut down Moss Landing Units 6 and 7 effective January 1, 2017.

7. Is there any other information that the State Water Board should be made aware?

No.

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If you have questions regarding the above information, please contact Lee Genz, Sr. Environmental Professional, at 831-633-6785 or Lee.Genz@dynegy.com.

Sincerely,



REX A. LEWIS
Managing Director
Moss Landing Power Plant

Lee Genz, DML

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