

Dynergy Morro Bay, LLC  
1290 Embarcadero  
Morro Bay, CA 93442

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DIVISION OF WATER QUALITY  
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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 Morro Bay Power Plant**

Dear Mr. Howard:

Dynergy Morro Bay, 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 Morro Bay Power Plant ("Morro Bay") 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 Morro Bay, LLC, pursuant to the OTC Policy and California Water Code section 13383, to provide the most current information for Morro Bay 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?***

By letters dated November 6, 2013, Dynergy Morro Bay, LLC notified the California Public Utilities Commission ("CPUC") and the California Independent System Operator Corporation of its plan to retire Morro Bay by no later than February 5, 2014.

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

See the responses to Question 1 above and Question 3 below. Dynergy Morro Bay, LLC also has been engaged in confidential settlement negotiations with the SWRCB.

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

Dynegy Morro Bay, LLC is considering its options for using the Morro Bay site after the existing plant is retired, including the possibility of developing a replacement generating facility on the site. At this time, the capacity of a potentially replacement facility is unknown. As discussed in Morro Bay's April 2011 Implementation Plan, based on preliminary analysis and contingent on numerous unknown variables, if repowered with a simple-cycle combustion turbine, the capacity of the repowered Morro Bay site would be expected to be limited to approximately 164 MW (nominal) by air permitting emission reduction credit requirements.

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

Morro Bay is not covered by a CPUC authorized procurement.

\* \* \* \* \*

If you have any questions regarding the information provided above, please contact Barb Irwin, Director Environmental, Dynegy Operating Company, at 217-519-4035 or [barb.irwin@dynegy.com](mailto:barb.irwin@dynegy.com).

Sincerely,



Martin W. Daley  
Vice President and General Manager  
Dynegy Morro Bay, LLC

cc: Jonathan Bishop, SWRCB  
Dr. Maria de la Paz Carpio-Obeso, SWRCB  
Barb Irwin, Dynegy  
Steve Goschke, Dynegy