

REPORT OF COMMUNICATIONS WITH THE ILLINOIS POWER AGENCY

This form must be completed and submitted to the Illinois Procurement Policy Board within 30 days for each communication report required by 30 ILCS 500/50-39. Submit reports to:

PROCUREMENT POLICY BOARD
511 W. CAPITOL AVENUE, SUITE 102
SPRINGFIELD, IL 62704

Or you may send a signed, scanned copy via email with "IPA Communication Report" in the Subject line to: ppb@illinois.gov

Date of Communication: 7/17/2014 Time of Communication: 9:30-10:30

Type of Communication:

- Telephone
 In Person
 Electronic (Email, Fax, Etc.) – Attach A Complete Copy of the Entire Communication String
 Written – Attach Copy
 Other

Initiator:

Initiator of Communication: Jeff Ferry
Representing: Dynegy Inc
Location: Chicago
Email Address (if communication was via email)
Telephone Number (if telephonic):
Is this person a Lobbyist required to register under the Lobbyist Registration Act Yes No
Duration of Call or In-Person Communication: 1 hour

Recipient(s): *(If there are additional persons involved in the communication, attach an additional sheet that lists the other participants' names, job titles, which entity they represent, email address and/or telephone number, if applicable)*

Recipient One Name: Mr. Anthony Star
Recipient Title: Director
Representing: Illinois Power Agency
Location: 160 N. LaSalle, Suite C-504, Chicago, IL 60601
Email Address (if communication was via email)
Telephone Number (if telephonic):

Recipient Two Name: Mr. Brian Granahan
Recipient Title: Chief Legal Counsel
Representing: Illinois Power Agency
Location: 160 N. LaSalle, Suite C-504, Chicago, IL 60601
Email Address (if communication was via email)
Telephone Number (if telephonic):

Recipient Three Name: Jeff Ferry
Recipient Title: Sr. Director State Government Affairs
Representing: Dynegy Inc
Location: 133 S. 4th Springfield IL 62701
Email Address (if communication was via email)
Telephone Number (if telephonic):



If any of these additional participants are lobbyists required to register under the Lobbyist Registration Act, they must submit a written report to be submitted with this communications report to the Procurement Policy Board that memorializes the communication that includes, but is not limited to (i) the date and time of each communication; (ii) the identity of each person from whom the written or oral communication was received, the individual or entity represented by that person, and any action the person requested or recommended; (iii) the identity and job title of the person to whom each communication was made; (iv) if a response is made, the identity and job title of the person making each response; (v) a detailed summary of the points made by each person involved in the communication; (vi) the duration of the communication; (vii) the location or locations of all persons involved in the communication and, if the communication occurred by telephone, the telephone numbers for the callers and recipients of the communication; and (viii) any other pertinent information.

Communication Details:

Provide a detailed summary of the points made by each person involved in the communication:
This communication was a briefing by Dynegy as to wholesale market issues within MISO and PJM including capacity market design, resource adequacy issues, capacity prices, potential for state action to address wholesale market, resource adequacy, and other energy policy issues. Dynegy also provided a briefing as to USEPA's 111(d) draft rule and potential impacts.

IPA COMM FORM V1 120216

Was a response made? If so, complete the following for each person making the response (attach an additional sheet that lists the other respondents' names, job titles, which entity they represent, email address and/or telephone number, if applicable):

Respondent Name: Anthony Starr and Brian Granahan
Respondent Title: Director and Chief Legal Counsel
Location: IPA, Chicago Office
Telephone Number (if telephonic):

Provide a detailed summary of the response:
Mr. Starr and Mr. Granahan provided their thoughts regarding MISO and PJM capacity market structure and impacts and the potential for state action to address such issues. Mr. Starr and Mr. Granahan also asked questions regarding the potential impact of 111 (d).

Other pertinent information:
See attached sheet on 111(d) that was discussed during the meeting but submitted to parties on 7/23/14 by e-mail. Attached additional meeting participants also provided below:

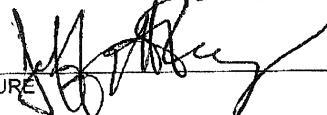
Hank Jones
EVP & Chief Commercial Officer
Dynegy

Dean Ellis
Managing Director Regulatory Affairs
Dynegy

John Gomoll
Director Regulatory Affairs
Dynegy

Ted Brunsvold
Illinois Governmental Consulting Group

SIGNATURE



DATE

8/12/2014

WRITTEN REPORT PURSUANT TO 30 ILCS 500/50-39 (C)

TO: Mr. Anthony Star, Director
Illinois Power Agency
160 North LaSalle, Suite C-504, Chicago, IL 60601

Mr. Brian Granahan, Chief Legal Counsel
Illinois Power Agency
160 North LaSalle, Suite C-504, Chicago, IL 60601

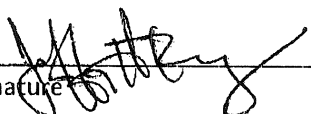
FROM: Mr. Jeff Ferry, Senior Director, State Government Affairs
Dynergy, Inc.
133 S. 4th Springfield IL 62701

Mr. John Gomoll, Director, Regulatory and Legislative Affairs
Dynergy, Inc.
P.O. Box 211, Saint Charles, IL 60174

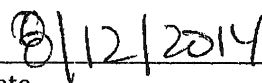
Mr. Ted Brunsvold
Illinois Governmental Consulting Group on behalf of Dynergy, Inc.
500 N. Dearborn Street, Suite 500, Chicago, IL 60654

Pursuant to 30 ILCS 500/50-39 (C) ". . . when an oral communication made by a person required to register under the Lobbyist Registration Act is received by a State employee that is covered under this Section, all individuals who initiate or participate in the oral communication shall submit a written report to that State employee that memorializes the communication and includes, but is not limited to, the items listed in subsection (b)."


In compliance with 30 ILCS 500/50-39(C), Mr. Ferry, Mr. Gomoll and Mr. Brunsvold hereby submit the written "Report of Communications with the Illinois Power Agency" and related attachments submitted to the Illinois Procurement Policy Board dated August 12, 2014 regarding communications between Dynergy representatives and the IPA on July 17, 2014.



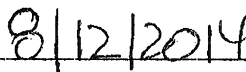
Signature




Date



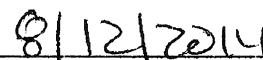
Signature



Date



Signature



Date

What we know about the new CO2 rules

On June 2, 2014, the EPA unveiled the Clean Power Plan, which sets CO2 emissions goals for existing power plants on a state by state basis. Goal sets an emission rate (lbs CO2/MWh); however, states can elect to convert to a mass base goal.

We show the proposed timetable below. We expect delays in the final rule issuance due to extensive comments, along with a push back in the implementation timeline due to litigation.

| Date | Milestone |
|---------------|---------------------------------------------------------------------------------------------------------------------|
| June 18, 2014 | Draft rule published in <i>Federal Register</i> |
| July 2014 | Regional hearings week of July 29 |
| October 2014 | Comments due 120 days after publication in the <i>Federal Register</i> |
| June 1, 2015 | Final rule issued |
| June 30, 2016 | State implementation plans due (potential extensions of 1 year for single state plan; 2 years for multi-state plan) |
| 2020 | Interim compliance required |
| 2030 | Final compliance required |

Source: EPA

Understanding the goals and emission rates

The rule set a modified fossil emission rate formula as follows:

$$\text{Emission rate} = \frac{\text{CoalE} + \text{OGE} + \text{NGCCE} + \text{OtherE}}{\text{CoalG} + \text{OGG} + \text{NGCCG} + \text{OtherG} + \text{NucG} + \text{EEG}}$$

Where:

CoalE – Coal emissions
OGE – Oil/gas steam emissions
NGCCE – Combined cycle gas emissions (existing units)
OtherE – Other emissions (gas peakers, renewables)
CoalG – Coal generation
OGG – Oil/gas steam generation
OtherG – Other generation (gas peakers, renewables)
NucG – Generation from nuclear uprates and “at risk” generation
EEG – Savings from energy efficiency

Source: EPA

State goals were set using four building blocks:

- Heat rate improvement (EPA sets 6% improvement for coal fired generators).
- Switch to gas fired CCGT (EPA targets assume existing CCGTs a 70% capacity factor)
- Low carbon generation such as nuclear, renewables (EPA target included new and “at risk” nuclear capacity - assumed to be 5.8% of existing capacity).
- Demand side efficiency 1.5% annual increase

Actual emission rate may differ from assumptions used to set state goals

- Heat rate improvement target may be difficult to achieve on a individual plant basis
- Additions of new gas fired CCGT covered by CO2 rules for new plants would not impact emissions rate
- Low carbon generation such as nuclear, renewables could differ from assumptions. EPA will include 5.8% of state’s existing nuclear generation plus uprates and new build nuclear.
- Demand side efficiency will likely differ

In base nuclear case, 5.2 GW of wind would be needed to offset 8.8 GW of Illinois coal retirements***

Proposed Goal

| lb/MWh | IL |
|-------------------|-------|
| 2012 Emissions | 1,895 |
| 2020 Interim Goal | 1,366 |
| 2030 Goal | 1,271 |

Source: EPA

| Scenario | lbs./MWhr |
|--------------------------------------------------------------------------|-----------|
| 2012 Emissions Rate | 1,895 |
| Previously Announced Coal Plant Retirements | 1,881 |
| Increase existing Nat. Gas CCGT Capacity Factor | 1,798 |
| Retire 8,800 MW of Coal Plants (More than half the plants/units in IL)** | 1,522 |
| Add 3,000 MW of Wind (at 33% capacity factor) | 1,365 |
| Add 2,200 MW of Wind (at 33% capacity factor) | 1,269 |

Interim goal compliance

Final goal compliance

Source: Ventyx, Dynegy Fundamentals

Using available emissions and generation data, we recreated a 2012 baseline for Illinois; We then applied the impact of the scenario: For coal retirements, 2012 emissions and generation was removed. For increased NG CCGT capacity factor, we assumed current nameplate capacity

***This scenario is not indicative of any announced company plans for retirement by Dynegy or any other entities. Any one of the 17 affected coal-fired plants owned by various entities could be retired. It is possible that even more plants and/or units would be retired if smaller units were chosen instead of larger units.