



DYNEGY

Illinois Commerce Commission (ICC) Electricity Policy Committee Meeting

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Energizing you, powering our communities.

Dynegy Overview

Dynegy's diverse asset portfolio (1)



Gas Fleet

- ✓ 6,771 MW of generation with ~4,400 MW combined cycle capacity
- ✓ Fleet located across six states and five power markets
- ✓ Dispatch increases as natural gas prices decrease

Coal Fleet

- ✓ 2,980 MW baseload dispatch portfolio
- ✓ In all material respects, environmentally compliant with current EPA regulations
- ✓ All units burn ultra-low sulfur Powder River Basin coal
- ✓ Low cost structure as a result of favorable long-term rail agreements

Ameren Assets (Pending)

- ✓ ~4,100 MW baseload dispatch portfolio
- ✓ In all material respects, environmentally compliant with current EPA regulations
- ✓ All units burn ultra-low sulfur Powder River Basin coal
- ✓ Favorable basis to Indy Hub compared to Dynegy's coal fleet
- ✓ Established retail business

2 Note: Net capacity shown based on winter capacity; (1) Pending completion of acquisition of Ameren Energy Resources (2) Dynegy owns 50% interest in Black Mountain (3) Net MW reflecting 80% interest in EEI, which owns Joppa Steam and MEPI Joppa 6B

Fundamental Resource Adequacy Tenets

- **Markets...**
 - Lead to efficient outcomes
 - Reduce costs to consumers
 - Shift investment risk from captive ratepayers to private investors
- **It's all about adequate cost recovery**
 - Markets will provide adequate revenue if properly designed
 - › Investments are being made in those regions where markets are providing the proper signals
 - › Older, inefficient and non-environmentally compliant resources are retiring
 - Poorly designed markets are not providing adequate signals
 - › Nuclear plants that were originally conceived as “too cheap to meter” are now “too expensive to operate”

*Properly-designed markets have proven to be successful
State-sponsored or subsidized supply not needed*

Fundamental Resource Adequacy Tenets (cont.)

- **Environmental Considerations**

- Significant, multi-billion dollar investments have been made in resources to meet CSAPR, MATS and the IL MPS/CPS
 - › These resources should not be penalized for investments
 - › MISO market rule currently under revision to give non-compliant MATS generators one-year pass in capacity market
- Direct subsidies to renewables, such as the federal wind production tax credit (PTC), are distorting market outcomes, harming both renewables and conventional resources

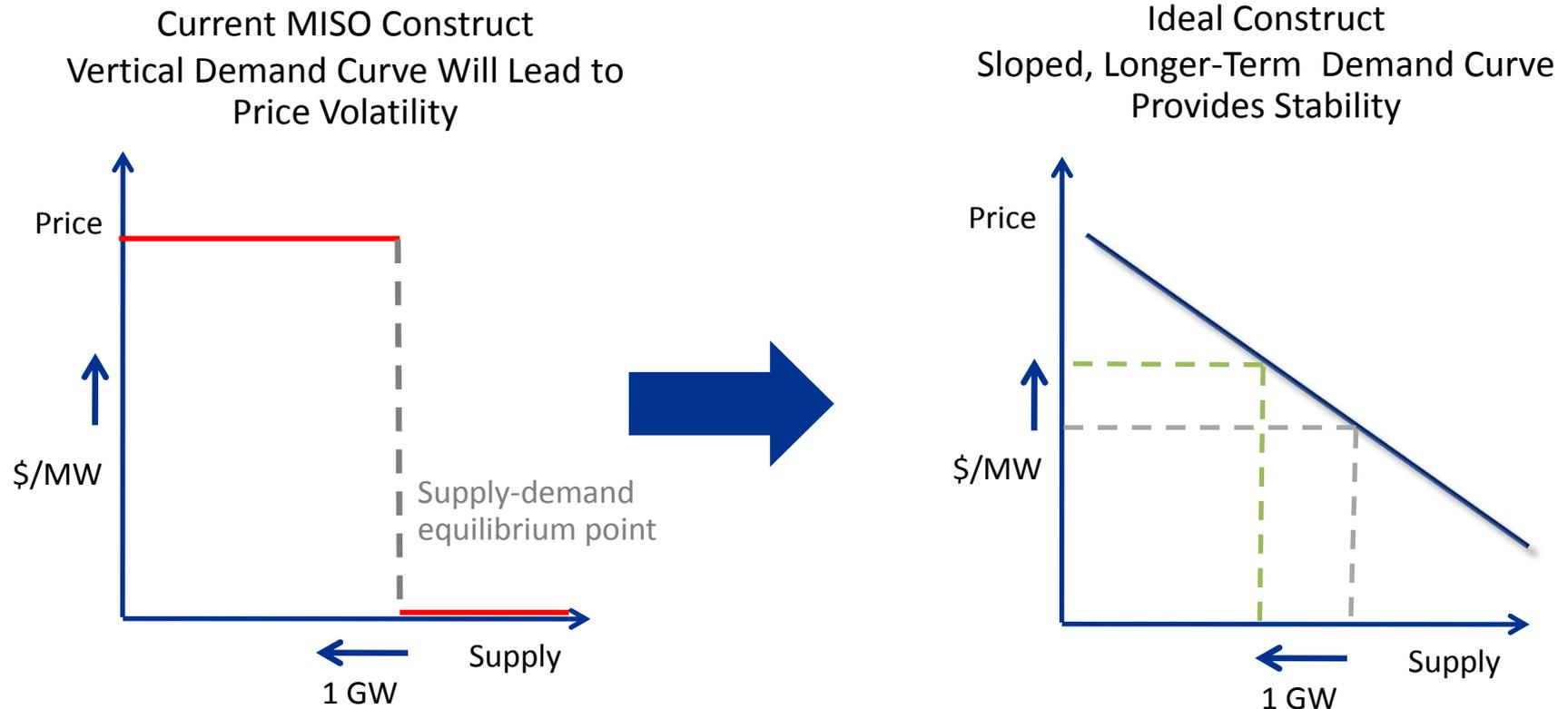
- **Procurement timeline should align with ISO/RTO planning horizons**

- ISOs typically plan 5 years in advance, yet currently the MISO construct is for a one year-ahead product procured only two months in advance
- If resource adequacy is a reliability product, then the product obligation should align with the reliability studies
 - › It makes no sense to study the reliability of a system 5 years from now, yet procure that reliability for only 1 year at a time, and only 2 months in advance
 - › Forward procurement will also provide stable price signals and prevent rate shock to consumers

Markets and environmental regulations can co-exist

Fundamental Resource Adequacy Tenets (cont.)

- Resource Adequacy Market Auction Format



MISO capacity construct sends faulty price signals due to vertical demand curve and insufficient forward time period – encouraging exports when reserve margins are projected to be below target

Vertical demand curve tends to cause binary auction clearing price outcomes – sending price signals for new entrants only when supply is inadequate and valuing excess at \$0

Fundamental Resource Adequacy Tenets (cont.)

- **Other Considerations...**

- **Transparency**

- › Decisions around any resources that may require a reliability contract should be open and transparent

- **Portability** (Capacity imports/exports)

- › Resource portability into/out of/through markets adds liquidity and flexibility to each market...
 - › ...but market rules across regions need to be aligned

Appendix

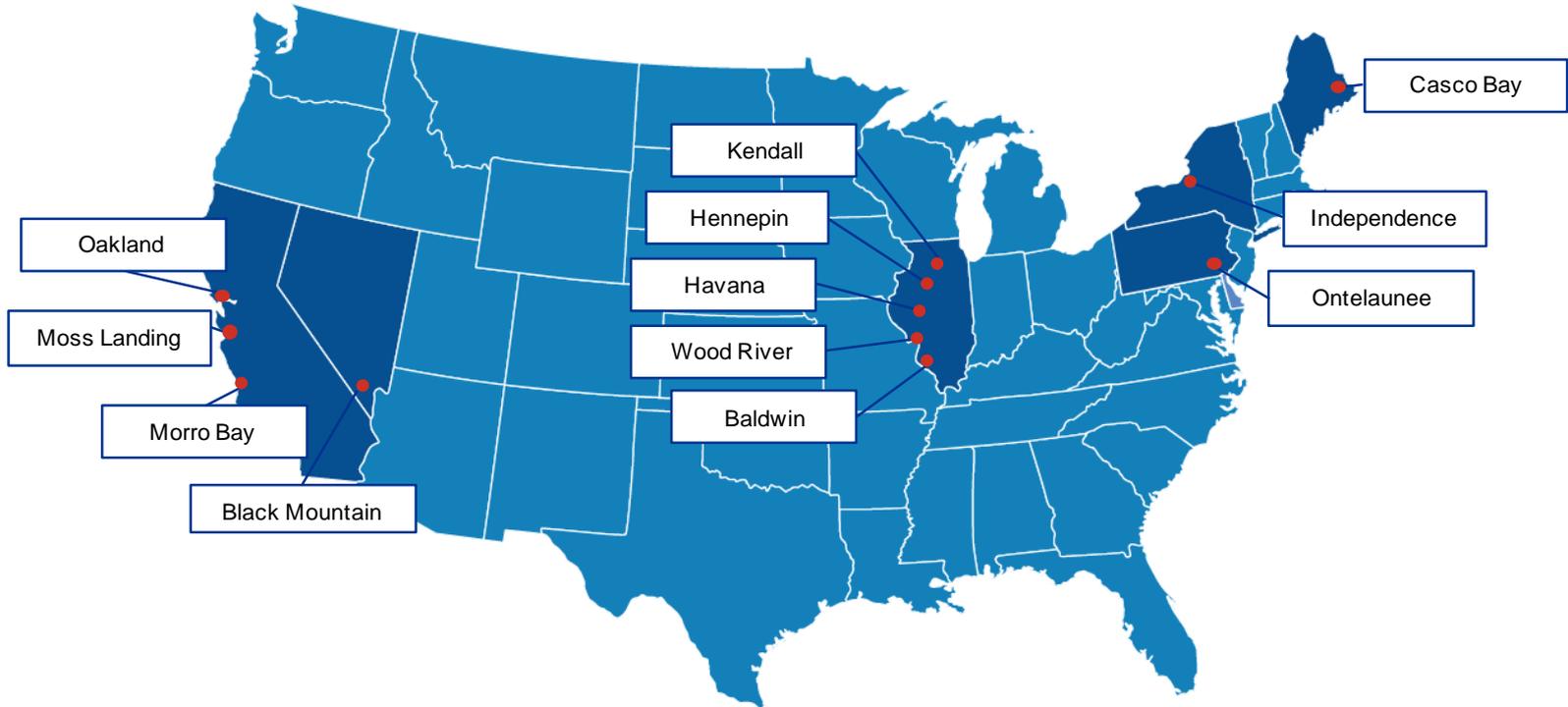
- **Dynegy Generation Facilities**
- **Dynegy Geographic Diversity**
- **Ameren Generation Facilities**
- **Dynegy + Ameren in Illinois**

Dynegy Generation Facilities

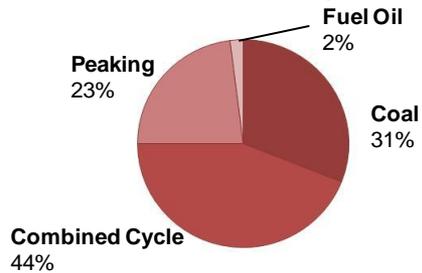
Dynegy Generation Facilities

<i>Portfolio/Facility⁽¹⁾</i>	<i>Location</i>	<i>Net Capacity⁽²⁾</i>	<i>Primary Fuel</i>	<i>Dispatch Type</i>	<i>Market Region</i>
Coal					
Baldwin	Baldwin, IL	1,800	Coal	Baseload	MISO
Havana⁽³⁾	Havana, IL	441	Coal	Baseload	MISO
Hennepin	Hennepin, IL	293	Coal	Baseload	MISO
Wood River Units 4-5	Alton, IL	446	Coal	Baseload	MISO
CoalCo TOTAL		2,980			
Gas					
Casco Bay	Veazie, ME	540	Gas - CCGT	Intermediate	ISO-NE
Independence	Scriba, NY	1,064	Gas - CCGT	Intermediate	NYISO
Kendall	Minooka, IL	1,200	Gas - CCGT	Intermediate	PJM
Ontelaunee	Ontelaunee Township, PA	580	Gas - CCGT	Intermediate	PJM
Moss Landing	Monterey County, CA				
Units 1-2		1,020	Gas - CCGT	Intermediate	CAISO
Units 6-7		1,509	Gas	Peaking	CAISO
Morro Bay⁽⁴⁾	Morro Bay, CA	650	Gas	Peaking	CAISO
Oakland	Oakland, CA	165	Oil	Peaking	CAISO
Black Mountain	Las Vegas, NV	43	Gas	Baseload	WECC
GasCo TOTAL		6,771			
TOTAL GENERATION		9,751			

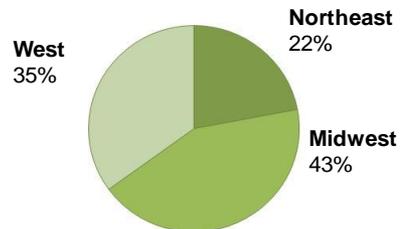
Geographic Diversity



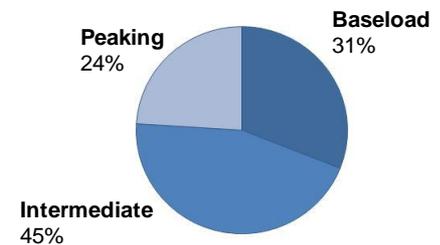
Fuel Diversity



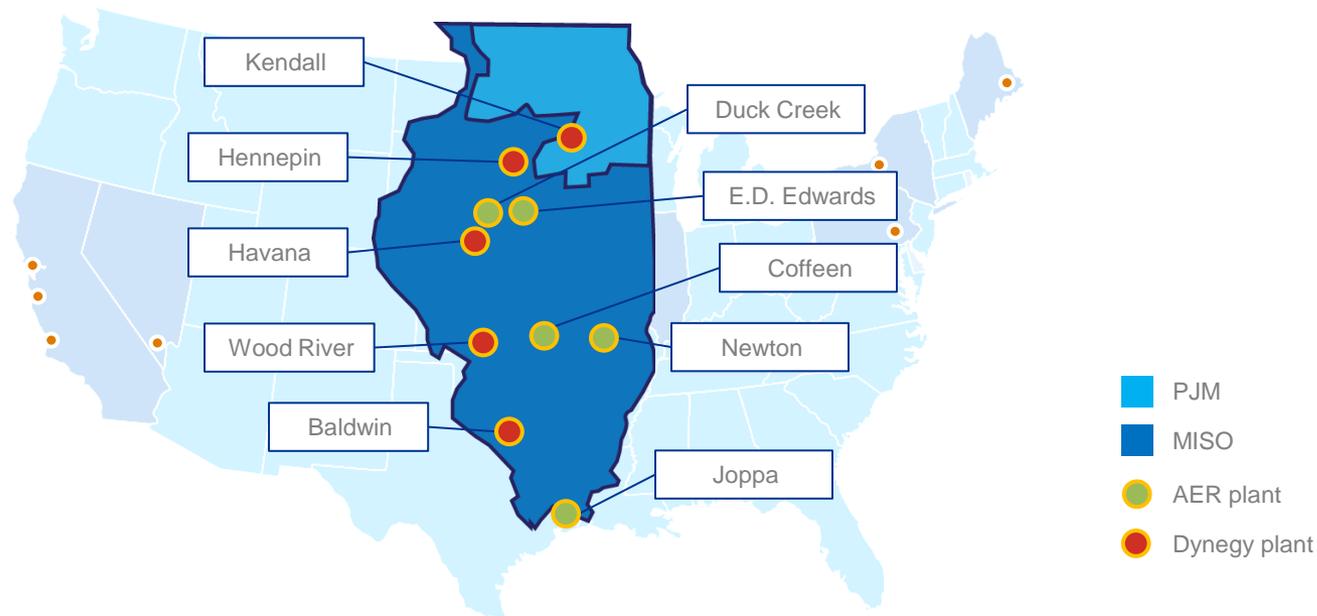
Geographic Diversity



Dispatch Diversity



Dynegy + Ameren Energy Resources

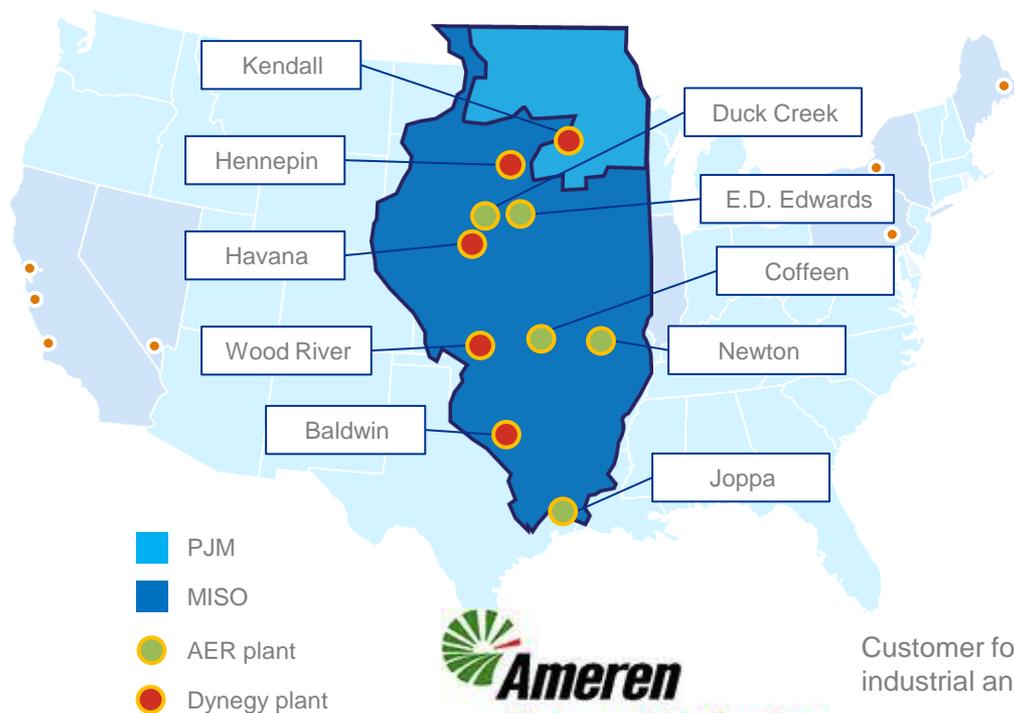


Ameren Energy Resources Generation Facilities

Facility	Location	Net Capacity	Primary Fuel	Dispatch Type	Market Region
Coffeen	Montgomery County, IL	895	Coal	Baseload	MISO
Joppa	Joppa, IL	949	Coal/Gas	Baseload/Peaking	MISO
Newton	Jasper County, IL	1,215	Coal	Baseload	MISO
Duck Creek	Canton, IL	410	Coal	Baseload	MISO
E.D. Edwards	Bartonville, IL	650	Coal	Baseload	MISO
Total		4,119			

Dynegy + Ameren Energy Resources

- Dynegy acquisition of Ameren Energy Resources (AER) expected to close 4th quarter 2013
- Transaction has received all regulatory approvals, except for variance request before the Illinois Pollution Control Board (IPCB decision expected later this month)



Illinois Key Facts and Figures ⁽¹⁾

	Dynegy	AER	Combined
Employees	600	700	1,300
Operating and maintenance expenses	\$176 MM	\$259 MM	\$435 MM
Capital expenses⁽²⁾	\$61 MM	\$178 MM	\$239 MM
Taxes paid (property, sales and use)	\$24 MM	\$26 MM	\$50 MM
Annual retail volume	n/a	15 MM MWh	15 MM MWh

⁽¹⁾ All dollar amounts are for 2012

⁽²⁾ Capital Expenses exclude environmental capital expenditures associated with Dynegy's Consent Decree investments

Customer focused business supplying munis, co-ops, commercial, industrial and small business customers in MISO and PJM

As Homefield Energy, serves 141 communities and supplies electricity to nearly 500,000 homes and small businesses