

Dynegy Midwest Generation, LLC
604 Pierce Boulevard
O'Fallon, Illinois 62269

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JUN 25 2012
STATE OF ILLINOIS
Pollution Control Board



June 21, 2012

VIA U.S. Mail

Illinois Pollution Control Board
c/o John Therriault, Assistant Clerk of the Board
James R. Thompson Center
100 West Randolph Street
Suite 11-500
Chicago, Illinois 60601

PCT#10

**RE: Public Comment; Ameren Energy Resources, Petitioner, v. Illinois
Environmental Protection Agency, Respondent, PCB 12-126
(Variance - Air)**

Dear Board Members:

Dynegy Midwest Generation, LLC (DMG) submits this comment on the above-referenced petition for variance to clarify a statement therein that mischaracterizes the goal of DMG's recent legislative efforts regarding and, by implication, DMG's compliance with the Illinois Multi-Pollutant Standards (MPS) rule. Specifically, footnote 2 of the petition states, in relevant part, that, "AER [Ameren Energy Resources] is not the only coal-fired generation company ... seeking relief from Illinois emission reduction requirements in recent months. ... Dynegy has legislation pending in the Illinois General Assembly that would suspend portions of the MPS (HB 5168, SB 3283)."

DMG has, indeed, pursued legislation to suspend portions of the MPS that limit the sale and require the surrender of federal sulfur dioxide (SO₂) emission allowances. On June 8, 2012, DMG also filed a petition for variance with the Board (PCB 2012-135) seeking more narrowly tailored relief from the MPS' restrictions on SO₂ allowances that cause DMG arbitrary or unreasonable hardship. Approval of DMG's variance petition would eliminate the need for legislative relief.

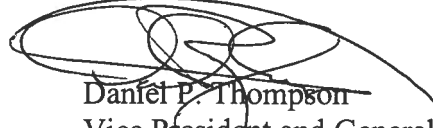
DMG does not, however, whether through the pending legislation or its variance petition, seek to delay or decrease any of DMG's SO₂, NO_x or mercury emission reduction requirements in the Illinois MPS. Rather, as explained in its variance petition, the relief DMG seeks is limited to retaining and allowing the sale of surplus Cross-State Air Pollution Rule (CSAPR) SO₂ allowances that result from DMG over complying with the CSAPR in the first two-year phase of that federal program. DMG has invested significant capital to install state-of-the-art SO₂

emissions control equipment on its largest generating units (*i.e.*, Baldwin Units 1, 2 and 3, and Havana Unit 6), controls that will be operational prior to the January 1, 2013 start date of the MPS SO₂ limit. DMG's expenditures on SO₂ emission controls were preceded by its investments in NO_x emission controls that successfully lowered DMG's system-wide NO_x emission level below the MPS NO_x emission limits several years before the January 1, 2012 start date of the MPS NO_x limits. DMG has also successfully installed and implemented mercury control technologies across its Illinois fleet of MPS-affected units such that DMG is currently meeting the MPS mercury emission limits almost three years in advance of the start date of the January 1, 2015 MPS mercury emission limits.

In short, DMG's petition for variance would allow DMG, an independent merchant generator that is not able to recover its investment costs through a rate base, to recover a portion of its nearly \$1 billion investment in air pollution controls by not requiring, for up to a limited two-year period, the surrender of surplus CSAPR SO₂ allowances generated by DMG's over-compliance with the CSAPR. As explained in DMG's variance petition, the ability to retain or sell those surplus SO₂ allowances is consistent with the CSAPR's air quality goals for Illinois, as well as its free-market objectives, and would not result in any increase in DMG's SO₂ or other emissions.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel P. Thompson", is written over a circular stamp or seal.

Daniel P. Thompson
Vice President and General Manager
Dynegy Midwest Generation, LLC

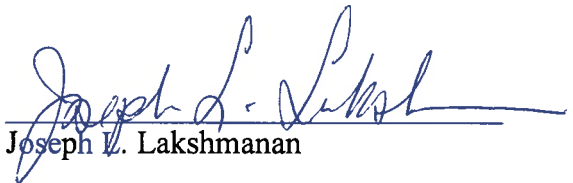
BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

AMEREN ENERGY RESOURCES,)
)
 Petitioner,)
)
 v.) PCB 12-126
) (Variance-Air)
)
 ILLINOIS ENVIRONMENTAL)
 PROTECTION AGENCY,)
)
 Respondent.)

NOTICE OF FILING

To: John Therriault, Assistant Clerk of the Board All Parties on the attached service list
James R. Thompson Center
Illinois Pollution Control Board
100 West Randolph Street, Suite 11-500
Chicago, Illinois 60601

PLEASE TAKE NOTICE that I have today filed, by depositing in the U.S. Mail, with the Office of the Clerk of the Illinois Pollution Control Board a PUBLIC COMMENT of Dynegy Midwest Generation, LLC, a copy of which is herewith served upon you.

By: 
Joseph L. Lakshmanan

Dated: June 22, 2012

Joseph L. Lakshmanan
Managing Director—CoalCo
Dynegy Operating Company
133 South 4th Street, Suite 306
Springfield, IL 62701-1232
217-492-6601

CERTIFICATE OF SERVICE

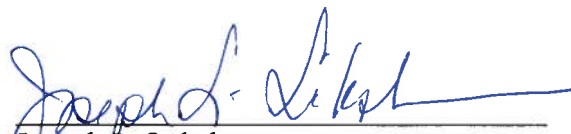
I, the undersigned, certify that on this 22nd day of June 2012, I have served the attached PUBLIC COMMENT, by depositing said document in the U.S. Mail, postage prepaid, first class, in Springfield, Illinois, upon the following persons:

John Therriault, Assistant Clerk of the Board
James R. Thompson Center
Illinois Pollution Control Board
100 West Randolph Street, Suite 11-500
Chicago, Illinois 60601

Service List PCB 2012-126

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