



DYNEGY

NEWS RELEASE

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FOR IMMEDIATE RELEASE

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**DYNEGY REMAINS COMMITTED TO DECOMMISSIONING AND DEMOLITION OF
SOUTH BAY PLANT**

Water discharge permit necessary to support short-term operations

CHULA VISTA, CALIFORNIA – July 20, 2010 – Dynergy remains committed to the responsible decommissioning and demolition of the South Bay power plant following the expiration of the plant’s reliability-must-run status with the California Independent System Operator (ISO). Until that time, the facility will continue to operate in a safe, reliable manner, while being in compliance with environmental regulations.

The plant recently applied for a new water discharge permit from the San Diego Regional Water Quality Control Board. A new permit would take effect upon expiration of the existing permit which extends through the end of 2010. Dan Thompson, Vice President of Dynergy’s West Region Operations, said the new multi-year permit application is not indicative of plans to operate the South Bay facility indefinitely, but to support near-term operations as dictated by the needs of the ISO.

“A multi-year permit is standard for a water discharge permit, and Dynergy is preparing for another year of operations in 2011, if necessary, based on a determination to be made by the ISO later this year on whether the plant will be needed to support power grid reliability in the San Diego area,” Thompson said.

Thompson added that under the terms of its lease agreement with the San Diego Unified Port District, Dynergy is obligated to operate the South Bay facility as long as it is designated reliability-must-run by the ISO. The lease agreement also stipulates that Dynergy is responsible for the demolition of the plant when the ISO’s reliability-must-run designation is no longer in effect.

Dynergy filed an application in December 2009 with the Port to demolish and remediate the plant, and has initiated the related planning and permitting activities. Decommissioning and demolishing the plant is a labor and time-intensive process that will take several years and require the coordination with more than a dozen governmental agencies.

The South Bay facility includes two natural gas-fired peaking units with a combined generating capacity of 294 megawatts, as well as a small turbine peaking unit capable of generating 15 megawatts. In late 2009, two additional natural gas-fired peaking units were permanently retired after the ISO determined that they were not necessary for reliability purposes.

Through its subsidiaries, Dynegy Inc. produces and sells electric energy, capacity and ancillary services in key U.S. markets. The power generation portfolio consists of approximately 12,500 megawatts of baseload, intermediate and peaking power plants. In addition to South Bay, the company operates three other power generation facilities in California and provides jobs to more than 200 employees in the state. For more information on Dynegy, go to the company's web site at www.dynegy.com.

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