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## Dynegy focused on Clean Power Plan compliance strategy for Ohio, Illinois

By Amy Poszywak

Offering up a high-level view on [Clean Power Plan](#)-related compliance, [Dynegy Inc.](#) executives said Aug. 7 the company is focused on implementation planning for emissions reductions at its coal generation assets in Ohio and Illinois.

The company's fleet outside Ohio and Illinois, President and CEO Bob Flexon said on the company's second-quarter [earnings](#) call, have emissions rates that are already below the Clean Power Plan's targets. In those two states, however, Dynegy's plants come in above the targeted rates.

"So for [Ohio and Illinois], it's going to be working with state agencies, state implementation plans, on kind of the 'all of the above,' to get the blended rate to that level," the CEO said, referring to the option states have to comply with a rate-based coal measured in pounds of CO2 emitted/MWh. Alternatively, the states could choose to use emissions credits to meet the mass targets, Flexon said, which would likely create a pass-through situation for the associated costs.

"Our efforts need to be around Ohio and Illinois to make sure that the state implementation plan is a rational one that gets it to the point where the economics are right," Flexon said. "So working through programs like this, controlling on the mass level, our plants are positioned to be fine through that."

Speaking to the upcoming [PJM Interconnection LLC](#) capacity auctions, Flexon said Dynegy is "differentially positioned" to benefit given the size, location and diversification of its generation fleet in the market. The 2016-2017 transitional auction provides a particularly unique opportunity, the CEO said, as approximately 9,000 MW of Dynegy's fleet is in PJM West, with a prior capacity price cleared at \$59/MW-day. Dynegy has about 1,400 MW in PJM East, with a prior capacity price cleared at prices of up to \$119/MW-day.

"In order for PJM to reach their 60% target of transitioning capacity to its capacity performance product, the clearing price will likely be set in the East above the previously cleared \$120/MW-day," Flexon said. "This would result in a substantial uplift to the company's capacity revenues."

Flexon also addressed the broad sell-off in the independent power producer space, and said the impact to Dynegy's share price presented "a compelling investment opportunity" in the company's own equity, given its investment thesis and possible uplift from the capacity auctions. Flexon said Dynegy decided to accelerate previous plans to announce its capital allocation strategy in November, and instead announced Aug. 7 the launch of a \$250 million share repurchase program. The plan brings to total capital allocated to share repurchases for 2015 to \$350 million, Flexon said.