

Dynergy Morro Bay, LLC
601 Travis Street, Suite 1400
Houston, Texas 77002
Phone 713.507.6400 601 Travis Street, Suite 1400

May 22, 2012



Christopher J. Marxen, Manager
Compliance Office
Siting, Transmission & Environmental
Protection Division
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

California Energy Commission
Accounting Office
1516 Ninth Street
Sacramento, CA 95814

DOCKET	
00-AFC-12C	
DATE	<u>MAY 22 2012</u>
RECD.	<u>MAY 25 2012</u>

Re: Morro Bay Modernization & Replacement Power Plant Project (00-AFC-12C)
Fiscal Year 2012/2013 Energy Facility Compliance Fee- Invoice No. 2112

Dear Mr. Marxen:

On October 12, 2011, Dynergy Inc. ("Applicant" or "Dynergy") completed the demolition of the Morro Bay Tank Farm. As you know, the Morro Bay Tank Farm demolition, which constituted Phase 1 of the Morro Bay Modernization and Replacement Power Plant Project ("Morro Bay Project"), was specifically and expressly authorized as a separate phase by California Energy Commission ("Commission") Order No. 05-0622-01. After completion of the demolition, Dynergy submitted its final Compliance Completion Report (dated November 3, 2011) and final Cultural Resources Report (dated February 7, 2012) pursuant to Conditions of Certification relating to Phase 1. On May 10, 2012, Dynergy received notice that Commission Staff had completed its review of, and approved, the aforementioned reports, and that these reports completed the submittal requirements for conditions of certification for Phase 1.

After careful consideration, Dynergy has decided not to move forward with the remaining two phases of the Morro Bay Project, or file a petition to modify the project. Dynergy hereby provides notice to the Commission that it wishes to terminate the certification of these remaining phases of the Morro Bay Project, and that it will no longer remit payment for the compliance fees for this facility, beginning in Fiscal Year 2012/2013.

If you have any questions, please do not hesitate to contact me at (713) 767-0480.

Sincerely,

R. Alan Padgett
VP GasCo Asset Management

cc:

Marty Daley
Steve Goschke
Barbara Irwin
Josh Farkas