July 31, 2019

California Air Resources Board
Attn: Shannon Hatcher
1001 I Street
Sacramento, California 95814

Dear Mr. Hatcher,

At our meeting on June 27th, CARB asked the Oakland A’s and Vistra Energy (“Vistra”) to provide additional information on the proposed conversion of the Oakland Power Plant (“OPP”).

The OPP has operated in its current form since the mid-1970’s. As discussed below, this plant and others like it serve the critical function of providing power to cities to cover peak energy demand periods. From the perspective of both long-term economic viability and demand, these plants can stay in service in their current form for many years without conversion to new and cleaner technologies. Although there have been aspirations over the years to convert the OPP to a different and cleaner technology, no plans were viable.

The proposed conversion of the OPP to a non-emitter is only made economically feasible by a transaction between the Oakland A’s and Vistra, and in particular by an increase in demand to serve the Oakland A’s development. Absent a transaction between the Oakland As and Vistra, the likelihood of the plant staying an air emissions emitter is likely. Despite new articles, Vistra has not considered the retirement of the Oakland facility even after the current RMR situation runs out in 2022.

**Background**

Oakland and the OPP situation is similar to the Gowanus barges in Brooklyn in New York City. New York, specifically Brooklyn has a need for local area generation, to assist in grid stability. It is that very need for grid stability that brings value and long term operational capabilities to our Oakland power plant.

In both instances, there is no need to remove these generating units which operate relatively infrequently but are required to ensure both cities have enough energy to sustain their thriving economies and the needs of their local citizens under various circumstances. Consequently, these facilities have a projected future lifespan of many years of additional service.

Even though there is no intent to remove the OPP’s reliable units, many owners of the OPP have investigated ideas for conversion of the site. However, until now, none of those ideas has come to fruition. Previous owners have struggled to replace the 165-MW plant with any alternative generation because of three factors:
1. The Reliability Must Run (RMR) status of the plant complicates any such plans for repowering or even removing the facility. RMR contracts are entered into as a way to ensure there is enough on-hand generation to satisfy local reliability needs, especially during heat waves.

2. The size of the required infrastructure for the Oakland area is only a portion of the full output of the plant. The required generation is relatively small for utility energy projects, and thus the cost of decommissioning a fully functional unit and replacing it with a new, potentially more expensive, technology does not make economic sense.

3. Viable technologies that fit within the existing facility and have been cost-prohibitive.

During Vistra’s merger with Dynegy in 2018, Pacific Gas and Electric Company (PG&E) and East Bay Community Energy (EBCE) announced the Oakland Clean Energy Initiative (OCEI), as a way to support and clean up the Oakland area. The Oakland Clean Energy Initiative targeted OPP as the key figure in this effort. Vistra was not part of the community developed plan and were never contacted to see what plans the company had in relation to future operations.

However, Vistra, being a good economic citizen, determined it would be willing to invest and create a new clean energy power plant supporting the local community, filling reliability issues and eliminate an air emitter should opportunities like the Oakland A’s stadium be contracted with and approved.

**The Proposed reuse of the OPP and increased power demand make the conversion viable**

The Oakland A’s have created a vision for a new kind of ballpark on the Oakland waterfront near Jack London Square. The A’s are not just going to build a state-of-the-art ballpark with a publicly accessible rooftop park encircling it, but also a new neighborhood for Oakland and the Bay Area with retail, office, housing, and public amenities on the beautiful Oakland Estuary.

A pillar of the A’s ballpark project is sustainability and environmental responsibility, with numerous environmental commitments made to the City of Oakland, the State of California, and the East Bay community. The A’s believe that a new, relocated, urban ballpark should fundamentally improve its surrounding community, not just through economic uplift and job creation, but through environmental improvements as well.

The A’s and Vistra, working together, have found a financially feasible way to accomplish their shared goal of leaving the West Oakland community more environmentally safe than before the two firms came to the neighborhood. The strategy relies on the significant synergies between the A’s new ballpark project and Vistra’s efforts to create an emissions free Oakland Power Plant:

**Real Estate Synergies**
The A’s new ballpark project is proposed to be directly adjacent to the Oakland Power Plant. The commitment of the A’s to design a world-class fan experience offering at the new A’s ballpark has led to extensive renovation and re-use proposals for the ancillary portions of the Oakland Power Plant:

- The landmark historical wing of the Oakland Power Plant on Martin Luther King Jr. Street
- The historical wing of the Oakland Power Plant on Jefferson Street
- The would-be extraneous jet fuel tank drum on Embarcadero Street (which would no longer be required post-conversion)

The desire and commitment of the A’s to assume financial responsibility for reusing and renovating the ancillary parts of the Oakland Power Plant has led Vistra to focus its modernization efforts on the Embarcadero wing of the building and to the realization that
multiple uses could flourish in harmony within the building. The land could transfer to the A’s, with portions leased back to Vistra, as part of this transaction.

**Power Offtake Synergies**

In the past it has been challenging for the owners of the Oakland Power Plant to conceive of a financially feasible way to modernize the plant, despite their (and the community’s) desire to do so. This has been due, primarily, to two reasons:

- The liability and costliness of doing extensive new construction in a dilapidated and deteriorating century-old historical building
- The lack of long-term power offtake commitments (outside the RMR contract) available to offset the capital cost of modernization

By using the clean energy from the batteries as a source of power, the Oakland A’s new ballpark project would potentially provide a new and extensive source of load for the Oakland Power Plant to support, should the A’s project come to fruition. In doing so, the current emissions from the power plant would be offset, and a new source of clean energy would be added for the larger ballpark project.

**Vistra has determined that the load demand of the A’s new ballpark would be sufficient to help justify the capital costs of the conversion of the Oakland Power Plant.**

The combination of Vistra’s acquisition of Dynegy (2018), Vistra’s sustainability leadership goals, the City of Oakland and the A’s vision for the Howard Terminal Stadium and the Oakland Clean Energy Initiative created enough momentum for Vistra to support a conversion of the Oakland Power Plant.

Vistra’s decision to convert the Oakland Power Plant to battery energy storage is consistent with its goals to facilitate partnerships that benefit the community, as well as our company. The Oakland A’s participation in the conversion of the Oakland Power Plant to a clean, battery-based power plant is an example of the team’s commitment to bettering its new community and home in West Oakland/Jack London Square.

We note that Vistra will not receive any RPS credits for this conversion, but the conversion will reduce GHG emissions that would have otherwise continued indefinitely absent the transaction between Vistra and the Oakland A’s. These credits will only be used by the A’s and their affiliates to satisfy their obligations under AB734. This is because the battery operation that supports meeting the A’s electric load will be sourced with non-GHG, renewable and green energy.

Vistra and the Oakland Athletics support the City of Oakland and the wider Bay Area in the pursuit of a clean, efficient, emissions free, sustainable future.

Sincerely,

**Eric Cherniss**

Eric Cherniss
Director, Corporate Development & Strategy

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