

## **Luminant to Close Two Texas Power Plants**

### *Decision a Result of Challenging Plant and Market Economics*

IRVING, Texas, Oct. 13, 2017 /[PRNewswire](#)/ -- Luminant, a subsidiary of Vistra Energy (NYSE: VST), today announced that it will close two coal-fueled power plants in Central Texas: its two-unit Sandow Power Plant in Milam County and its two-unit Big Brown Power Plant in Freestone County. In total, approximately 2,300 MW of nameplate power will be taken offline in early 2018.

These two plants are economically challenged in the competitive ERCOT market. Sustained low wholesale power prices, an oversupplied renewable generation market, and low natural gas prices, along with other factors, have contributed to this decision.

Curt Morgan, Vistra Energy's president and chief executive officer, said, "This announcement is a difficult one to make. It is never easy to announce an action that has a significant impact on our people. Though the long-term economic viability of these plants has been in question for some time, our year-long analysis indicates this announcement is now necessary. These employees have kept both plants reliably powering Texas for decades, and we greatly appreciate their service."

#### **Sandow Site**

Earlier this week, the company and Alcoa entered into a contract termination agreement pursuant to which the parties agreed to an early settlement of a long-standing power and mining agreement. In consideration for the early termination, Alcoa made a one-time payment to Luminant. The settlement follows a decrease in wholesale power prices in ERCOT and the prior curtailment of Alcoa's smelter operation next to Sandow. The contract has helped shield Sandow from significant exposure to the downturn in the wholesale power market; however, the standalone economics of the Sandow complex no longer support continued investment in the site in this low wholesale power price environment.

Also closing will be Three Oaks Mine, located primarily in Bastrop County, which supports this plant.

Luminant estimates that approximately 450 employees will be impacted by the Sandow plant and Three Oaks mine closure. Eligible and affected employees will be offered severance benefits and outplacement assistance.

As part of the closure process, today Luminant filed a 90-day notice of suspension of operations with ERCOT, which will trigger a 60-day reliability review. If ERCOT determines the Sandow units are not needed for reliability following this 60-day review, Luminant expects to cease plant operations on Jan. 11, 2018.

Luminant will take the necessary steps to responsibly decommission the facility in accordance with all federal and state regulations. In addition, ongoing reclamation work will continue at Three Oaks Mine.

#### **Big Brown Site**

Over the last few years, the Big Brown team has made tremendous operational adjustments to remain viable given the challenging market conditions. However, despite these best efforts, the economics of operating Big Brown do not make it a sustainable option for our fleet. The company will explore a sales process for the site during the ERCOT notification period.

Turlington Mine, which supplies Big Brown, was already scheduled to wind down operations by the end of 2017.

Reclamation work will continue there.

Luminant estimates that about 200 employees will be impacted by the Big Brown closure. Eligible and affected employees will be offered severance benefits and outplacement assistance.

As part of the closure process, today Luminant filed a 120-day notice of suspension of operations with ERCOT, which will trigger a 60-day reliability review. Luminant is extending the 90-day notice to 120 days to permit a more complete sales process and give ERCOT additional time to conduct their reliability analysis. If ERCOT determines the Big Brown units are not needed for reliability following the 60-day review, and if the site has not been sold, Luminant expects to cease operations on Feb. 12, 2018.

#### Financial Impact

Vistra expects to record one-time charges of approximately \$70 to 90 million in the fourth quarter of 2017 related to the expected retirements, including employee-related severance costs and non-cash charges for writing off materials inventory and a contract intangible asset associated with Big Brown. We expect to record additional one-time charges in the fourth quarter of 2017 related to changes in the timing and amounts of asset retirement obligations for mining and plant-related reclamation obligations at these facilities.

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#### About Vistra Energy

Vistra Energy is a premier Texas-based energy company focused on the competitive energy and power generation markets through operation as the largest retailer and generator of electricity in the growing Texas market. Our integrated portfolio of competitive businesses consists primarily of TXU Energy and Luminant. TXU Energy sells retail electricity and value-added services (primarily through our market-leading TXU Energy™ brand) to approximately 1.7 million residential and business customers in Texas. Luminant generates and sells electricity and related products from our diverse fleet of generation facilities totaling approximately 18,000 MW of generation in Texas, including 2,300 MW fueled by nuclear power, 8,000 MW fueled by coal, and 7,500 MW fueled by natural gas, and is a large purchaser of renewable power including wind and solar-generated electricity. The company is currently developing one of the largest solar facilities in Texas by capacity.

#### Cautionary Note Regarding Forward-Looking Statements

This press release includes forward-looking statements, which are subject to risks and uncertainties. All statements, other than statements of historical facts, are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "project," "forecast," "goal," "target," "would" and "outlook," or the negative variations of those words or other comparable words of a future or forward-looking nature. Readers are cautioned not to place undue reliance on forward-looking statements. Any such forward-looking statement involves uncertainties and is qualified in its entirety by reference to the discussion of risk

factors under "Risk Factors" and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-Ks and Form 10-Qs filed by Vistra Energy Corp. and other important factors that could cause actual results to differ materially from those implied by such forward-looking statements.

Any forward-looking statement speaks only at the date on which it is made, and except as may be required by law, Vistra Energy undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible to predict all of them; nor can Vistra Energy assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

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