

APPENDIX C
STAFF REPORT: INITIAL STATEMENT OF REASONS

**Proposed Amendments to the California Cap on Greenhouse Gas Emissions and
Market-Based Compliance Mechanisms Regulation**

*In re: La Paloma Generating Company, LLC, Case No. 16-12700, Order, Docket
No. 882*

State of California
AIR RESOURCES BOARD

Release Date: January 30, 2018

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re	:	Chapter 11
	:	
LA PALOMA GENERATING, COMPANY, et al.,	:	Case No.: 16-12700 (CSS) (Jointly Administered)
	:	
Debtors.	:	
	:	D.I. 869

ORDER IN FURTHERANCE OF CONFIRMATION

On October 30, 2017 (the “Confirmation Hearing”), the Court confirmed the Debtors’ plan¹ and took the issue under the CARB Dispute Stipulation, as defined in the Confirmation Order, under advisement.² Thereafter, the Court entered the Findings of Fact, Conclusions of Law and Order Under Section 1129 of the Bankruptcy Code and Bankruptcy Rule 3020 Confirming *Joint Chapter 11 Plan or La Paloma Generating Company, LLC, et al.*, and Approving the Sale of Assets Thereunder [D.I. 869] expressly reserving decision on the issue under the CARB Dispute Stipulation. For the reasons set forth in the Court’s Opinion, dated November 9, 2017, the Debtors can transfer (under section 363(f)(1) and California law) substantially all of their assets, including their electricity generation facility, to a purchaser free and clear of, and without the purchaser assuming,

¹ See. D.I. 869 (the “Confirmation Order”).

² The Confirmation Order states:

The Bankruptcy Court will issue a separate ruling and order with respect to the issue that has been submitted to the Court for determination by the Debtors, CARB and LNV as set forth in the Order Approving Stipulation Among La Paloma Generating Company, LLC and its Affiliated Debtors and Debtors in Possession, LNV Corporation; and California Air Resources Board. [D.I. 715] (the “CARB Dispute Stipulation”).

Confirmation Order, at ¶ 61.

any obligation to surrender compliance instruments under the California cap and trade program for emissions generated by the Debtors and/or their facility during the period before the transfer of the assets.

A handwritten signature in black ink, appearing to read 'CS Sontchi', written over a horizontal line.

Christopher S. Sontchi
United States Bankruptcy Judge

Date: November 9, 2017