



California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

News Release

FOR IMMEDIATE RELEASE

Docket #: A.06-04-012

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PUC APPROVES NEW LONG-TERM ENERGY AGREEMENTS FOR PG&E TO ENSURE RESOURCES NEEDED TO MEET DEMAND

SAN FRANCISCO, November 30, 2006 - The California Public Utilities Commission (PUC) today approved seven long-term agreements for Pacific Gas and Electric Company (PG&E) to obtain 2,250 megawatts (MW) of new generation resources in order to meet demand.

“This decision represents another step forward in our efforts ensure that California’s investor owned utilities will be able to provide reliable electric service at reasonable costs,” said PUC President Michael R. Peevey. “These contracts resulted from PG&E’s 2004 Long-Term Request for Offers and take into account expected load growth, the amount of savings available through energy efficiency, and anticipated renewable energy deliveries under the Renewables Portfolio Standard.”

To ensure the state has adequate energy resources, the Commission requires utilities to prepare long-term plans for procuring energy to meet demand over a 10-year horizon through 2014. Taking into account the expected load growth and retirements of aging power plants through the turn of the decade, energy efficiency and demand response programs, solar and other renewable development and combined heat and power on-site generation incentives, the long-term procurement plan adopted for PG&E established that there is a need for 2,200 megawatts (MW) of new generation in northern California by 2010. Accordingly, PG&E was directed to initiate an all-source solicitation to secure these resources.

The agreements approved today include five power purchase agreements (PPAs) with terms from 10 to 20 years, a Purchase and Sale Agreement (PSA) for the Colusa project that will be developed by a power plant developer and purchased and operated by PG&E after the plant is operable and has passed performance tests, and an Engineering, Procurement and Construction (EPC) contract for new generation at PG&E's Humboldt Power Plant, which, together, will result in the construction of 2,250 MW of new generation facilities in northern California.

The Commission determined that the seven contracts resulted from a fair, open and competitive bidding process; comport with PG&E's procurement authority; and are cost-effective and reasonable. The contracts are summarized in the following table:

FACILITY	SIZE (MW)	CONTRACT TYPE	PLANNED OPERATIONAL DATE	TERM (YEARS)
Calpine Hayward	601	PPA	June 2010	10
EIF Firebaugh	399	PPA	Aug 2009	20
EIF Fresno	196	PPA	Sept 2009	20
Starwood Firebaugh	118	PPA	May 2009	15
Black Hills	116	PPA	May 2009	20
E&L Westcoast Colusa	657	PSA	May 2010	life
Wartsila Humboldt	163	EPC	May 2009	life
TOTAL	2,250			

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