



California Public Utilities Commission

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News Release

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PUC TAKES ANOTHER STEP TOWARD STATE'S RENEWABLE ENERGY AND RESOURCE ADEQUACY GOALS WITH APPROVAL OF EDISON/CALPINE SETTLEMENT

SAN FRANCISCO, November 16, 2007 - The California Public Utilities Commission (PUC) today approved a settlement agreement between Southern California Edison, Calpine Energy Services, and Geysers Power Company that, among other things, approves a Power Purchase and Sale Agreement for 225 megawatts (MW) of geothermal power and 714 MW of Local Resource Adequacy (Local RA) capacity. The new agreements replace the last year of an existing power purchase agreement for renewable power and Local RA capacity between the parties. In addition, the new agreements add an incremental 25 megawatts of renewable capacity and 514 MW of Local RA capacity and extend the two agreements another 3-10 years. The renewable power agreement is equivalent to about 2.35 percent of Edison's forecasted 2010 retail sales and will contribute to the statewide target of 20 percent renewables by 2010. In addition, the Local RA capacity agreement will contribute to Edison's System and Local RA obligations. The table below provides a brief explanation of the Geysers and Pastoria projects:

Generating facility	Type	Term Years	MW Capacity	GWh Energy	Start of Delivery	Location
Geysers	Geothermal	10	225 MW	1,971 GWh	June 1, 2007	Middletown, CA
Pastoria	CCGT	3	714 MW	N/A	January 1, 2009	Tejon Ranch, CA

The new power purchase agreements were negotiated in part from Edison's 2005 renewable energy solicitation and in part as a result of Calpine's attempted rejection of the existing Power

Purchase Agreement in its bankruptcy proceeding. The approval of the entire settlement will resolve a motion filed by Calpine in Bankruptcy Court to reject the existing power purchase agreement. In addition, the PUC's approval of the settlement and underlying Renewables Portfolio Standard and Resource Adequacy agreements represent an important step towards Calpine's emergence from bankruptcy, expected either by the end of 2007 or in the first quarter of 2008.

The PUC's Renewables Portfolio Standard Program requires investor-owned utilities, Energy Service Providers, and Community Choice Aggregators operating in California to obtain 20 percent of their retail sales from renewable energy sources by 2010; the PUC's Resource Adequacy program requires the same companies to purchase sufficient generation capacity to meet their forecasted peak load with planning reserves including requirements to purchase capacity within transmission constrained Local Areas.

The proposal is available at

http://docs.cpuc.ca.gov/PUBLISHED/COMMENT_RESOLUTION/74250.htm.

For more information on the PUC, please visit www.cpuc.ca.gov.

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