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California Energy Commission

Lowering the Effective Cost of Capital for Generation Projects

Q&A

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Starwood Energy Group

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Other Considerations / Future Topics

- ◆ Scarcity / Cost of new capital for California?
 - ◆ Addressing special interest demands in the permitting process
 - ◆ Asymmetrical risks for developers?
 - RFOs only “new metal”
 - Confidential resource planning data
 - Need long term contracts
 - Build transmission for renewables
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Why It Matters

- ◆ California ratepayers pay \$2 billion⁽¹⁾ more annually for power
- ◆ California ratepayers pay more for new power plants
 - e.g., 100%+ premium for California peaker⁽²⁾
- ◆ California needs new power plants

(1) Source: EIA electricity price difference between California and the rest of the US, multiplied by EIA 2005 California retail load (61.0 billion kWh)

(2) Source: Starwood Energy Group estimates, Global Energy Decisions "Power Generation Bluebook" 2005 report estimates.
