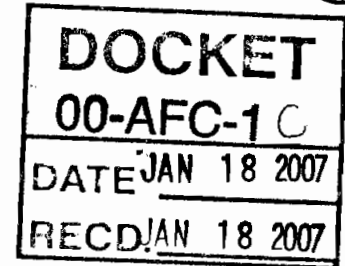


CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512

January 18, 2007

Tom Allen
PG&E Project Manager
P.O. Box 770000
San Francisco, CA 95814

**Subject: Gateway Generating Station Project (00-AFC-1C)
Approval to Restart Construction on Permitted Project**

Dear Mr. Allen:

The 530-megawatt project was originally certified by the Energy Commission on May 30, 2001 as the Contra Costa Unit 8 Power Project. Construction of the facility started late in 2001 and was suspended in February of 2002, with approximately 7 percent of construction completed. On July 19, 2006, the Energy Commission approved the Order for the addition of PG&E as a co-owner, the extension of the milestones, and four modifications to the facility. On January 3, 2007, the Energy Commission approved the Order to remove Mirant Delta, LLC from the license, clarifying Pacific Gas and Electric (PG&E) as the sole owner, and change the name of the project to the Gateway Generating Station.

The Energy Commission staff has reviewed the previous and current compliance submittals and has determined that the Gateway Generating Station Project is in compliance with all conditions of certification that are required to be satisfied prior to the restart of construction of the power plant and related facilities. PG&E is approved to resume construction on the Gateway Generating Station Project as modified by the July 19, 2006 Order. However, no ground disturbance or other construction related activities may occur on the modifications to the project currently being reviewed by the Energy Commission as part of the December 19, 2006 petition to change the cooling technology.

Per the milestone extensions approved in the July 19, 2006 Order and given the closing of the Asset Transfer Agreement (ATA) between Mirant Delta, LLC and PG&E on November 28, 2006, the start of construction shall occur by February 28, 2007 and the start of commercial operation shall occur by November 28, 2008.

Sincerely,

Christopher Meyer, Compliance Project Manager
Energy Facilities Siting Divisioncc: Andrea Grenier, PG&E
Carlos Baltodano, CBO