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DATE May 31 2006

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May 31, 2006

The Honorable John L. Geesman
California Energy Commission
1516 Ninth Street, MS-31
Sacramento, CA 95814-5512

Dear Commissioner Geesman:

At the last Energy Action Plan meeting, you expressed considerable concern that California was not seeing growth in renewables and that the level of renewables may have actually decreased since 2002. With respect to San Diego Gas & Electric Company, it is not true: SDG&E has been steadily increasing the energy it receives from renewable sources since returning to our role of managing our customers' needs in 2003 pursuant to AB57.

For 2006, SDG&E expects to obtain seven times the renewable energy we purchased in 2002, and about 20% more renewable energy than in 2005. We anticipate that this trend will continue because –

- (1) SDG&E already has signed contracts for additional renewables that will significantly increase our share of renewables, so long as the State ensures that we have adequate infrastructure to take advantage of these renewables,
- (2) SDG&E is currently processing our Request for Offers (RFO) from renewables that we issued last year, and we expect it will result in additional contracts, and
- (3) The Company intends to issue additional RFOs in order to continue our purchasing strategy under which we intend to bring the portion of our energy that comes from renewables beyond 20% by 2010.

Below is a table that shows the progress we have made over the past several years.

San Diego Gas & Electric Renewables

Year	MW	MWH	Percent of Sales Delivered from Renewables	Percent of Energy Under Contract from Renewables for 2010
2001	25	145,760	0.97%	0.0%
2002	25	141,026	0.99%	0.0%
2003	116	549,967	3.67%	2.6%
2004	187	677,966	4.51%	3.6%
2005	237	830,476	5.25%	11.3%
2006 (projected year-end)	244	1,046,887	6.54%	13.2% + TBD

The Honorable John L. Geesman
May 31, 2006
Page 2

As you can see, we have been aggressive, and plan to continue to be. However, we can use help. We need to make sure that renewables projects that require Supplemental Energy Payments have their requests processed quickly and decisively. Slow or uncertain regulatory action is the *de facto* equivalent of killing a project, and the uncertainty that it adds to the industry increases overall costs, and decreases potential projects.

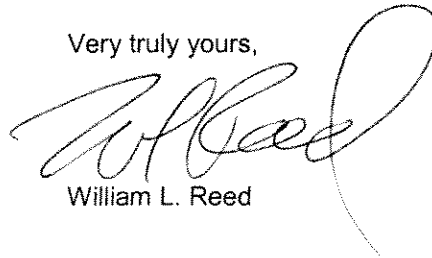
Additionally, transmission infrastructure to access and bring to load renewable energy is critical. SDG&E greatly appreciates your strong position in support of needed infrastructure. California needs to recognize that if the State fails to approve needed infrastructure, it will result in project delays or cancellation that will cause the very outcome you are most worried about – a stagnation in renewables development in the State.

The legislature is currently considering SB107 to accelerate the RPS target of 20% renewable energy to 2010. We support this proposal, but have advocated that it also recognize the importance of transmission in meeting, or failing to meet, that goal. Accordingly, we have offered amendments that would prevent regulators from punishing utilities if infrastructure needed to acquire renewables is not approved in a timely manner. We believe that this will emphasize the urgency to ensure that transmission that is needed is built. I would like to ask you to consider supporting our efforts in this respect.

SDG&E very much appreciates your concern about how well California is doing in meeting its renewable goals. We want to assure you that we take these goals very seriously, are pursuing them aggressively, and fully intend to meet and beat them.

If you have any questions or would like any further information about our renewables efforts, please do not hesitate to call me.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. L. Reed', with a large, looping flourish extending from the end of the signature.

William L. Reed

WLR:iaa



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SDG&E ADDS 20 MEGAWATTS OF RENEWABLE BIOMASS ENERGY

New Facility will use Recycled Green Waste to Generate Electricity for 13,000 Homes Beginning in 2008

SAN DIEGO, June 1, 2006 – San Diego Gas & Electric (SDG&E) today announced that it has contracted to purchase 20 megawatts (MW) of biomass electricity from Bull Moose Energy LLC (BME), beginning in 2008.

“This contract demonstrates SDG&E’s continuing drive to expand its portfolio of renewable resources such as wind, solar and biomass,” said Terry Farrelly, vice president of electric and gas procurement for SDG&E. “We have pledged to supply 20 percent of our customers’ energy needs from renewable resources by 2010.”

The Bull Moose Energy facility, expected to be located in the southern area of San Diego County, will gasify green waste, such as tree trimmings, to generate electricity. The facility is a clean burning system and is expected to divert several hundred tons of waste per day away from county landfills. This will be the first biomass facility announced in California since Gov. Arnold Schwarzenegger signed the recent executive order requiring that 20 percent of the renewable energy purchased by public utilities in California be generated by biomass.

“With the recent improvements in technology, biomass has become one of the cleanest, most low-impact ways to generate electricity,” said Amanda Martinez, Bull Moose Energy president. “The habit of using limited landfill space to discard still-useful byproducts of our everyday life must become a thing of the past. The contract between BME and SDG&E allows San Diego to become a part of the clean biomass energy movement.”

Bull Moose Energy, LLP, is a Woman Business Enterprise developing energy sources for the renewable energy marketplace. The company, based in San Diego, California, is currently developing projects throughout the country including the Southern San Diego Biomass Energy Facility. The environmentally friendly facility will use biomass waste products to produce electrical power, converting green waste into electricity while reducing greenhouse gas emissions and diverting waste from landfills.

San Diego Gas & Electric is a full-service energy utility that serves 3.4 million consumers through 1.3 million electric meters and more than 825,000 natural gas meters. The utility's service area spans 4,100 square miles and serves customers in more than 125 communities from southern Orange County to the Mexican border. SDG&E is a regulated subsidiary of Sempra Energy (NYSE:SRE). Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company. To learn more, go to www.sdge.com.

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