

# Goldman Sachs Commodities Risk Management

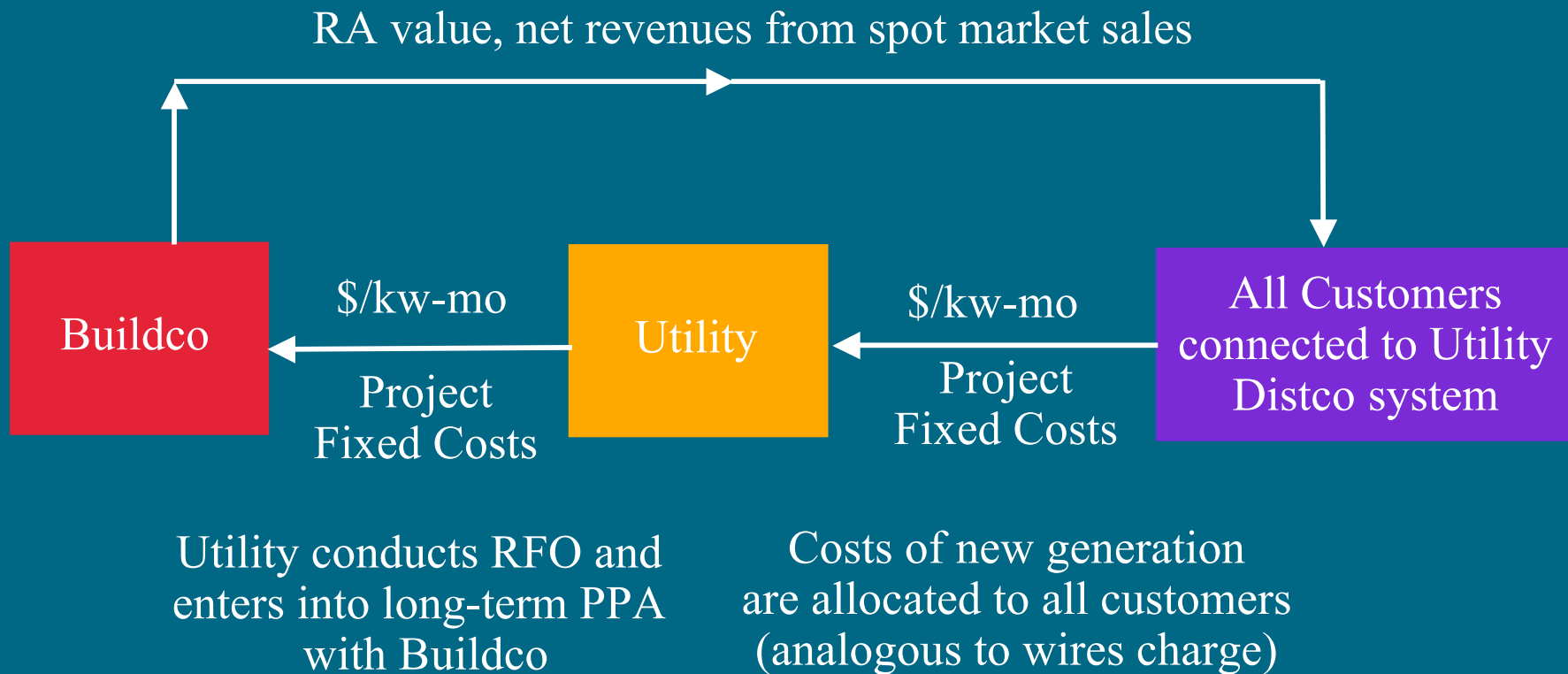
## California Energy Commission Workshop Presentation

June 27, 2006

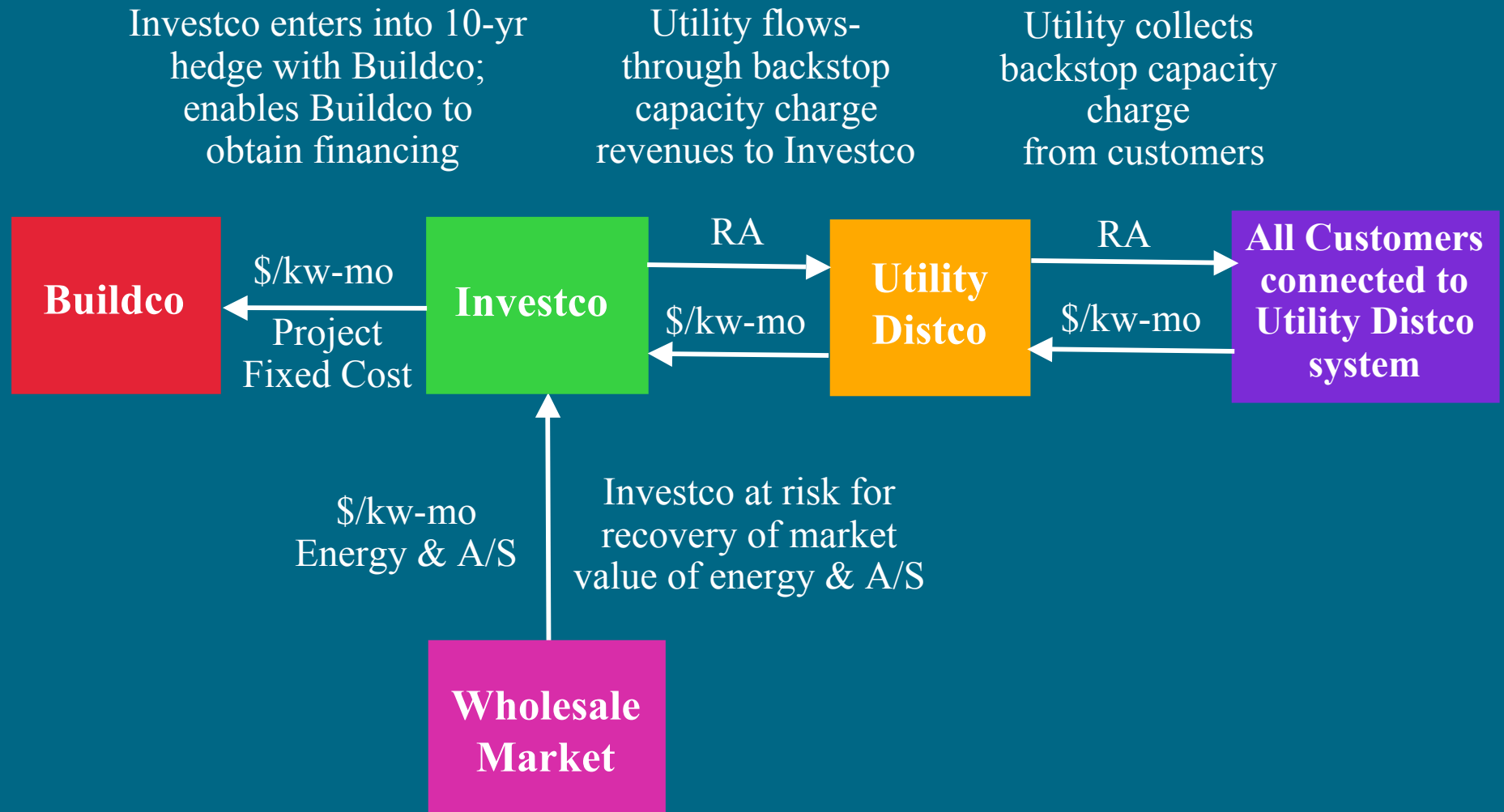
# Overview

- The CPUC is considering adoption of transitional procurement mechanisms to ensure generation resource adequacy.
- Several alternative procurement mechanisms have been considered through a CPUC-sponsored workshop and comment process.
- The purpose of this presentation is to provide an overview of these alternative procurement mechanisms and to consider whether they may have application to renewables projects.

# Joint Parties Transitional Procurement Proposal

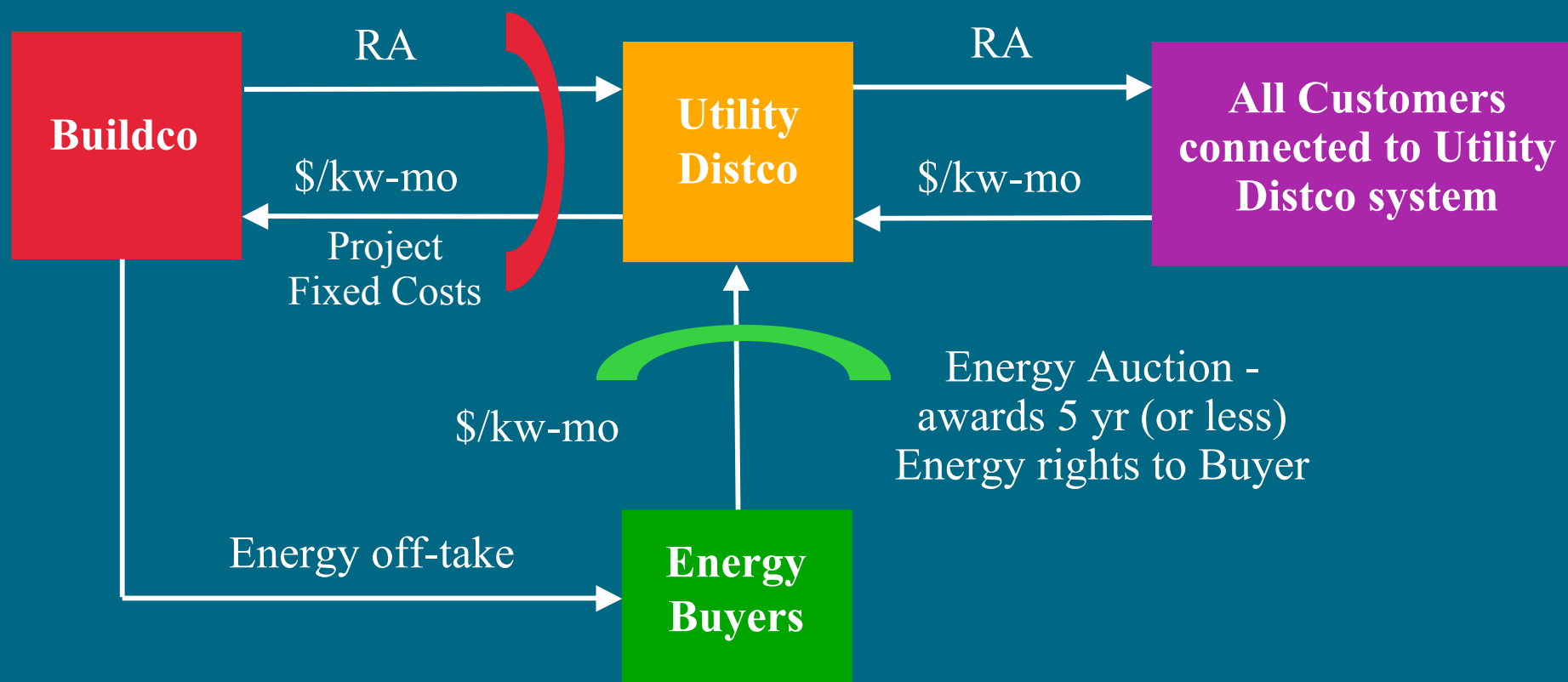


# Investco Procurement Structure



# Distco Procurement Structure

Utility RFO Awards 10 yr  
Energy Conversion Agreement  
to Buildco



# Conclusions

- Credit quality is key to lower cost of capital
- Conventional utility procurement structures can limit approaches to meeting credit requirements
- Intermediary structures may allow more flexible credit arrangements

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