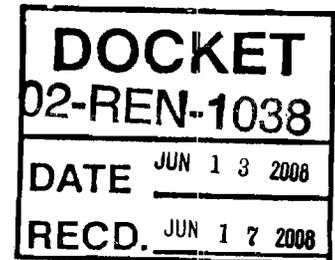


June 13, 2008

Mr. Jason J. Orta  
California Energy Commission  
Renewable Energy Program



Dear Jason,

I would like to follow up in writing regarding the statements I made yesterday at your workshop for the Proposed Guidebook Changes for the Existing Renewable Facilities Program. The dialogue that was presented yesterday was very good, both from the facilities within our industry and the questions that your staff asked.

As my testimony was brief yesterday, so will be my written text. I know that the staff is well aware of the problems that the "orphan plants" face, and again I want to thank the CEC and staff for assisting our plant over the past years. Without your assistance, we and the other orphans would not be operating. We are glad that after 2010, our contract will revert to SRAC and we will finally be on the same "playing field" as the rest of our industry.

Regarding the 4 Options that have been discussed, we could support either Option 1 or Option 2. Obviously, Option 1 would be our preference, but with the needs of some of the other Fixed Priced Facilities, we could live with the Modified Option 2, as Phil Reece described yesterday. I tried to make this next point very clear, if Option 2 is selected, through some means, the "orphaned plants" would need to continue to receive the full cap of 1.5 cents if the funds are oversubscribed in 2008 or 2009. We have to have full funding for all 12 months of the years.

One point that I didn't discuss yesterday has to do with our potential support of a Modified Option 2. I would hope that the staff would not give different types of support to two different orphaned plants. What I mean is that one orphaned plant would get a 1.5 cent cap, and another would get 2.0 cents. I think the 2.0 cents is justified for all "orphaned plants", but we are trying to keep all of the plants alive, including the Fixed Priced Contracts. If consideration is given to provide a 2.0 cent Cap for all "orphans", we definitely could use the funding to level the field.

Thanks again for a good workshop, and for your support in the past. If I can be of any help or answer questions, please call.

Thanks,

Kent Duysen  
Sierra Power Corporation