## Docket Optical System - Fwd: MMC Peaker Plant review

**From:** Elena Miller
**To:** Docket Optical System
**Date:** 4/17/2009 11:59 AM
**Subject:** Fwd: MMC Peaker Plant review
**CC:** Laura Murphy
**Attachments:** MMC Energy 10K.pdf; MMCE_News_2009_3_5_General_Releases.pdf

Please docket this email with attachments in 07-AFC-04.

DOCKET
07-AFC-4
DATE APR 17 2009
RECD. APR 17 2009

*Elena M. Miller*
Public Adviser
California Energy Commission
(916) 654-4489
publicadviser@energy.state.ca.us

>>> Mark Yepis <mayepis@yahoo.com> 4/15/2009 4:02 PM >>>
Ms. Miller

Thank you for your email. As I stated I wanted to bring a few facts to the discussion on Monday, but forgot my notes. Please forward to the commissioner. Thank you.

Dear Commissioner Boyd

I forgot to mention that I am a resident that is directly impacted by this. I live less than four hundred feet from the plant.

I would like to tell you about my little section of Chula Vista. To this date, only one house has gone into foreclosure. I believe that would be a 2.5% rate, much lower than the national, state and city rates. What does that say about us - That these houses have been held by long term residents. And those that just bought, did so within their means. The recession has reduced our equity by 50%. Building a monolithic dragon, would send this community into perpetual recession. It would take years to recover the equity that these hard working home owners have built. And while I totally understand that the new plant would be a clean source, let's face it, perception and location are everything in the California real estate market. Yet the communities that this power plant would serve are cluttered with foreclosures.

I just don't have a good feeling about this location or MMC, especially MMC.   I have attached MMC's 10-K. From the sounds of it, MMC is not as stable as it portrays to be. Stable companies all of a sudden do not start selling assets or try to sell itself (please see quotes from the 10K with my comments after).

Thank you for your time on Monday and for reading my letter.

--   Due to the recent stresses in the financial markets, coupled with depressed electricity prices, it has become increasingly difficult for us to continue to execute our acquisition growth strategy.

--   If we are not successful in selling our remaining assets and/orthe company in its entirety, we intend to reduce general and administrative expenses as much as possible to minimize the extent of further cash utilized for operations. we began this effort, including reducing our headcount by 43% effective March 31, 2009, and we expect general administrative costs to continue to trend downward during 2009, excluding related severance costs.

-- As of December 31, 2008, the Company has capitalized approximately $240,000 of interest costs with respect to the purchase of two GE LM-6000 PC Sprint(R) turbines with respect to the Chula Vista Upgrade project and the related GE Loan Facility agreement. (They ordered and purchased turbines for the project without having a decision. That is not a prudent move. And now they're stuck with it and trying to sell it all, see below)

-- The Company is seeking to sell its interest in MMC Chula Vista II, LLC ("Chula Vista II"). Chula Vista II's only asset is the contract to purchase two GE LM-6000 PC Sprint(R) turbines from GE Packaged Power, Inc ("GE Power") which, including project deposits and capitalized interest cost is carried at approximately $24.8 million. The Company also has as held for sale an additional $2.2 million of assets consisting primarily of its transformers to be purchased under contract from Fortune Electric Co. LTD ("Fortune") and miscellaneous smaller assets.

# 10-K: MMC ENERGY, INC.

Last update: 4:48 p.m. EDT March 31, 2009

(EDGAR Online via COMTEX) -- ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and notes thereto appearing in this Annual Report and in our other public filings.. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. See "Forward Looking Statements" on page 3 of this Annual Report.

Overview and Management's Plan of Operation

We are an energy management company that actively manages electricity generating and energy infrastructure related assets in the United States. Our historical mission was to acquire, directly or through joint ventures, a portfolio of small to mid size electricity generating assets, generally below 100 megawatts, or "MW." To date, we have acquired three electricity generating assets in California, totaling 110 MW of capacity. We are in the process of reviewing our strategic alternatives in an effort to maximize shareholder value, which may include liquidating our assets in lieu of continuing to seek additional acquisitions of small to medium-sized power generating facilities. Our natural gas fueled electricity generating facilities are commonly referred to as "peaker" plants. Our plants are used to balance unexpected short term surges in demand, making them critical to the reliability, or "insurance," of the power grids they serve. Our assets generate revenue from providing capacity and ancillary reliability services to transmission grid that distributes electricity to industrial and retail electricity providers. During peak electricity usage times, such as the summer, we also sell our electricity in the daily merchant market.

We are managed by a team of professionals with significant energy sector experience and knowledge. Our executive officers and Board of Directors have extensive experience with industry leaders in the energy and finance sectors, especially asset management, commodity pricing and risk management as well as private equity, structured finance and project finance transaction experience.

We launched our acquisition strategy in January 2006 with the acquisition of two 44 MW natural gas fired electricity generating facilities in San Diego county, one in Chula Vista and the other in Escondido, California. This acquisition provided us entry to the California wholesale electricity market. We fully re-commissioned the facilities and began earning revenues in June 2006. We acquired the formerly idle facilities for what we believe to be a discounted value to market. In November 2006, we acquired MMC Mid Sun, a 22 MW facility near Bakersfield, California, which we also successfully re-commissioned and began operating in January 2007.

Due to the recent stresses in the financial markets, coupled with depressed electricity prices, it has become increasingly difficult for us to continue to execute our acquisition growth strategy. Furthermore, the California Energy Commission, or the CEC, issued its Preliminary Decision in January 2009 denying our Chula Vista Energy Upgrade Project the required permit to proceed, in what we believe to be an unprecedented reversal of the CEC staff's Final Staff Assessment in full support of our application. While we continue to evaluate our options to contest the CEC's Preliminary Decision, this unexpected development substantially jeopardized the Chula Vista Energy Upgrade Project. While we have successfully permitted our Escondido Energy Upgrade Project, we have yet to obtain a satisfactory long term revenue contract to finance the Escondido Energy

Upgrade Project's completion.

- 12 -

These and other events have led us to more aggressively evaluate our strategic alternatives, including pursuing the sale of our assets, as noted above. Our asset sales to date include the sale of: (1) our subsidiary MMC Escondido II, LLC, whose only asset was one of three GE LM-6000 PC Sprint(R) turbines we had on order, (2) the GE LM-2500 turbine and related equipment powering our MMC Mid-Sun facility, which transaction is subject to closing targeted for April 1, 2009, and (3) our two natural gas compressors on order. Upon closing the Mid-Sun sale, the previously three mentioned asset sales will have resulted in approximately $9.7 million of cash to us after repayment of debt of $8.6 million and relieved us of the obligation to pay an additional $2.1 million under relevant purchase agreements. Of the $9.7 million, $4.7 million was received as of the balance sheet date; the remaining funds were and are expected to be received in 2009.

If we are not successful in selling our remaining assets and/or the company in its entirety, we intend to reduce general and administrative expenses as much as possible to minimize the extent of further cash utilized for operations. we began this effort, including reducing our headcount by 43% effective March 31, 2009, and we expect general administrative costs to continue to trend downward during 2009, excluding related severance costs.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with accounting principals generally accepted in the United States. The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosure. We base our estimates and assumptions on historical experience and on various other assumptions that we believe to be reasonable under the circumstances; however, our operating experience is limited. Future events may differ markedly from our current expectations and assumptions. While there are a number of significant accounting policies affecting our consolidated financial statements, we believe the following critical accounting policies involve the most complex, difficult and subjective estimates and judgments:

Revenue Recognition

We recognize revenue when all of the following circumstances are satisfied: (1) persuasive evidence of an arrangement exists, (2) price is fixed or determinable, (3) collectibility is reasonably assured, and (4) delivery has occurred. Revenues are recognized upon delivery of energy or services. The revenues we collect for ancillary services and energy delivery fluctuate based on market prices established by CAISO on a daily, hourly and real-time basis.

We recognize energy production revenue when energy has been substantially transmitted to the customer. We recognize revenue when electricity is delivered to a customer pursuant to contractual commitments that specify volume, price and delivery requirements. Some sales of energy are based on economic dispatch, or "as-ordered," by the CAISO, based on member participation agreements, but without an underlying contractual commitment. Revenues for sales of energy based on ISO dispatches are recorded on the basis of MW-hours delivered, at the applicable wholesale market prices. In addition to bilateral contracts that we may enter into from time to time, we generally offer our energy to the CAISO daily at its variable cost to produce plus a desired minimum profit margin. Our facilities can be dispatched only if the market clearing price exceeds our bid price. We may also receive "out of merit" dispatches in times when the market price is less than our bid price, but our electricity is needed locally due to local transmission constraints, in which case we will be paid our bid price for energy provided.

We recognize these revenues at the time of dispatch by the ISO. Capacity (resource adequacy) contract revenues are recognized based on the facility's capacity as certified by the California Public Utility Commission, or CPUC, and by CAISO. As described under "Results of Operations" below, we also recognize revenues from the provision of ancillary services and under capacity contracts. Although there are several types of ancillary services, to date we primarily provide "spin" and "non spin" services, which call for the facilities to be delivering the awarded capacity within 10 minutes of dispatch whether already connected to the grid (spin) or not (non-spin). As noted elsewhere in this annual report, we no longer provide spinning reserve revenues and do not expect to generate such spin revenues going forward with our existing facilities.

Our electricity generating facilities are generally referred to as "peaker" plants. Peaker plants are used to balance unexpected short term surges in electricity demand, making them critical to the reliability, or "insurance," of the transmission grids they serve. Our revenues to date have been earned by providing resource adequacy capacity, ancillary services and energy production, as described more fully below under "Results of Operations."

- 13 -

Interest Cost Capitalization

In accordance with Statement of Financial Accounting Standards No. 34 "Capitalization of Interest Cost" ("SFAS No. 34") the company capitalizes the cost of interest incurred for assets that are constructed or otherwise produced for our entity's own use (including assets constructed or produced for us by others for which deposits or progress payments have been made) and assets intended for sale or lease that are constructed or otherwise produced as discrete projects. The Company does not capitalize interest for assets that are in use or ready for their intended use in the Company's operations.

As of December 31, 2008, the Company has capitalized approximately $240,000 of interest costs with respect to the purchase of two GE LM-6000 PC Sprint(R) turbines with respect to the Chula Vista Upgrade project and the related GE Loan Facility agreement.

Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets,'' long-lived assets are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an indicator of impairment exists for any grouping of assets, an estimate of undiscounted future cash flows is produced and compared to its carrying value. If an asset or grouping of assets is determined to be impaired, the loss is measured by the excess of the carrying amount of the asset over its fair value as determined by an estimate of discounted future cash flows.

The Company also evaluates its long-lived assets for impairment per SFAS No. 157 "Fair Value Measurement." Impairment charges for certain assets held for sale were derived using Level 2 inputs.

During the years ended December 31, 2008 and 2007 the company recorded impairment charges of $6,610,329 and $0, respectively.

Assets Held For Sale

As of the report date the Company had sold its interest in two natural gas compressors (see Subsequent Events) that it was contracted to purchase from KobelCo EDTI Compressors, Inc ("KobelCo (see "Subsequent Events"). In addition the Company had also reached an agreement to sell its GE LM-2500 turbine that was in operation at its Mid-Sun facility to Pro Energy Services, Inc. ("Pro Energy") (See Subsequent Events). The carrying amount of the compressors was approximately $1.9 million at the balance sheet date. Mid-Sun and its facilities were held at their net realizable value of approximately $3.1 million.

The Company is seeking to sell its interest in MMC Chula Vista II, LLC ("Chula Vista II"). Chula Vista II's only asset is the contract to purchase two GE LM-6000 PC Sprint(R) turbines from GE Packaged Power, Inc ("GE Power") which, including project deposits and capitalized interest cost is carried at approximately $24.8 million. The Company also has as held for sale an additional $2.2 million of assets consisting primarily of its transformers to be purchased under contract from Fortune Electric Co. LTD ("Fortune") and miscellaneous smaller assets.

Results of Operations

Revenues

Our revenues consist of energy production, ancillary services, and resource adequacy capacity revenues.

· Resource Adequacy Capacity - Regulatory capacity payments for generators of any type are based strictly on total installed capacity measured in MW. In the California market where we currently operate exclusively, market-based capacity revenues are earned through resource adequacy contracts, whereby the counterparty can point to the our facilities' installed capacity as a source to supply its peak demand plus a mandatory safety margin as dictated by the CPUC. The contract does not create an obligation to supply electricity to the counterparty, but does obligate us to bid its energy into the CAISO markets on a daily basis such that our capacity is available to the CAISO, if needed, at our price. The resource adequacy capacity amount cannot exceed the qualified capacity amount for the resource. Qualified capacity is certified by CAISO. For 2007, the MMC Escondido and MMC Chula Vista facilities were certified by CAISO and the CPUC for 35.5 MW each and MMC Mid-Sun for 22 MW, and for 2008, 35.5 MW each respectively and MMC Mid-Sun for 21.8 MW.

- 14 -

· Ancillary Services - Although there are several types of ancillary services, we primarily provide "non-spin" services which call for the facilities to deliver the awarded capacity within 10 minutes of dispatch regardless of whether already synchronized to the grid. As described in greater detail above, as of September 26, 2008 the CAISO has withdrawn our certification to provide spinning reserve services which was our primary ancillary service revenue generator through 2007. See Part 1, Item 3 - "Legal Proceedings."

· Energy Production - We provide electricity to a local power grid through day ahead and real time auctions managed by the CAISO, the "merchant market" or through financially settled bilateral agreements with a utility or other direct counterparty. As we have no outstanding electricity purchase agreements or other contracted energy production, all of our energy production revenues are earned in the daily merchant market.

Revenues for the year ended December 31, 2008 and 2007 were $4,055,115 and $6,729,514, respectively, and were distributed as follows:

| | Year Ended December 31, 2008 | Year Ended December 31, 2007 |
|---|---|---|
| Operating revenues: | | |
| Resource adequacy capacity | $ 3,671,972 | $ 3,066,000 |
| Ancillary services | (474,659 ) | 2,179,627 |
| Energy production | 857,802 | 1,483,887 |
| Total operating revenues | $ 4,055,115 | $ 6,729,514 |

The decrease in revenue was driven primarily by the settlement we reached with CAISO for $1 million charged against ancillary services (see Part 1, Item 3 - "Legal Proceedings"). The settlement is classified as a reduction of revenue which is consistent with the treatment described in Emerging Issues Task Force ("EITF") No. 01-9 "Payments From a Vendor to a Customer." The decrease was also driven by a drop in ancillary services revenues due to the suspension of our spinning reserve services qualification by the CAISO. The impact of these negative comparisons were offset in part by higher capacity revenues that were a result of our reporting a full twelve months of capacity revenue for MMC Mid-Sun at a higher price. Energy production revenues were driven lower by fewer dispatches in 2008 as well as lower overall market pricing.

Cost of Sales

Costs of sales for the years ended December 31, 2008 and 2007 were $874,360 and $1,433,429 yielding gross profits of $3,180,755 and $5,296,085 and gross margins of 78% and 79%, respectively.

Our gross margin has been relatively high due to high margin resource adequacy capacity constituting the largest portion of our revenues. Gross margins in 2008 were negatively impacted by our settlement with CAISO. Excluding the net effect of the settlement which included a small recovery of incentive fees, gross margins were 84% for the year ended December 31, 2008 compared to gross margins of 79% for same period ended December 31, 2007.

| Years Ended December 31, | | | Gross Margin % | |
|---|---|---|---|---|
| Costs of sales: | 2008 | 2007 | 2008 | 2007 |
| Costs of resource adequacy capacity | $ 262,392 | $ 245,280 | 92.8 % | 92.0 % |
| Costs of ancillary services | 78,428 | 525,443 | n/a | 75.9 % |
| Costs of energy production | 533,540 | 662,706 | 37.8 % | 55.3 % |
| Total costs of sales | $ 874,360 | $ 1,433,429 | 78.2 % | 78.7 % |

Costs of sales include these major expenses:

· Resource Adequacy Capacity - Includes primarily commissions paid to electricity marketers. We expect this revenue stream to remain at a very high margin.

· Ancillary Services - Includes primarily grid management charges, or costs incurred by the ISO directly related to the installation and maintenance of the electrical power grid necessary to permit the provision of energy and ancillary services. These costs are passed through to generators as mandated by regulatory and governing bodies. Costs also include variable incentive fees paid to our energy manager for exceeding revenue targets. This is typically a high margin service, although margins have dropped materially during the off-peak periods for non-spin due to the significant drop in market prices noted above.



· Energy Production - Includes variable costs for fuel, primarily natural gas, used in the production of energy as well as pipeline fees for fuel transportation, grid management charges, variable incentive fees, and other direct charges associated with the provision of energy production.

Operations and Maintenance

Operations and maintenance expenses consist of the direct fixed expenses incurred to operate and maintain our three power generation facilities.

For the years ended December 31, 2008 and 2007 operations and maintenance expenses were $2,557,725 and $2,438,722 respectively, which consisted primarily of fixed charges such as contracted labor, interconnection costs and other period costs associated with MMC Chula Vista, MMC Escondido and MMC Mid-Sun. The higher operations and maintenance expenses in 2008 were due to a full year of expenses for Mid-Sun and higher property taxes, offset by improved labor costs overall.

Re-commissioning Expenses

Re-commissioning expenses consist of the non-recurring initial planned repairs and re-commissioning costs required to restore electricity generating facilities and all related equipment to operating condition, including fuel and other costs relating to initial test runs of the facilities. Such expenditures are expensed for financial accounting purposes as they represent basic repairs and maintenance and do not otherwise extend the life of the assets. However, as such expenses are non-recurring on an asset- by-asset basis and pre-funded with the acquisition of the asset, management considers them part of its investment cost for evaluating returns on individual assets. We have completed the re-commissioning for our current assets.

For the years ended December 31, 2008 and 2007, re-commissioning costs were $0 and $413,904, respectively. The 2007 re-commissioning costs related to completing the re-commissioning of MMC Mid-Sun.

General and Administrative Expenses

For the year ended December 31, 2008 and 2007, general and administrative expenses were approximately $6,064,714 and $6,271,247, respectively. The expense for 2008 was driven primarily by compensation and professional fees, and included greater than expected legal and professional fees as a result of a Proxy fight, and higher expenses associated with uncompleted acquisition deals. The expense for 2007 included non-recurring severance-related charges of approximately $1,860,000 in connection with the departure of two of our former officers, with the balance of general and administrative expenses for 2007 primarily attributable to compensation and professional fees.

We have made a concerted effort to reduce our general and administrative expenses. Expenses incurred during the fourth quarter were a more normalized $1.1 million compared to earlier quarters. We expect to further reduce general and administrative costs significantly in future periods, which may be offset by severance costs associated with a planned reduction in headcount.

Loss on disposal and Impairment charges

The loss on disposal of approximately $1.61 million was a loss on disposal of our membership interest in MMC Escondido II, LLC ("Escondido II"). Escondido II's primary asset was a contract to purchase an LM-6000 PC Sprint(R) GE turbine from GE Packaged Power, Inc. ("GE Energy"). The loss was primarily composed of an approximately $1 million fee paid to Merriman Curhan Ford ("MCF"), our former investment bankers, resulting from the Escondido II sale and the termination of our relationship with MCF, which included a release in our favor from any further claims and fees that MCF might otherwise have earned on any additional strategic transactions we may consummate. There was also a one-time prepayment penalty fee levied by GE Capital of approximately $460,000 triggered by the sale of the membership interest in MMC Escondido II, LLC. The remainder of the loss is composed primarily of professional fees incurred to consummate the sale of the membership interest in Escondido II.

From time to time we use estimates to adjust, if necessary, the assets and liabilities of our continuing operations to their estimated fair value, less costs to sell. These estimates include assumptions relating to the proceeds anticipated as a result of any future asset sales. The adjustments to fair market value of these assets/liabilities provide the basis for the gain or loss when sold. In connection with the unfavorable preliminary CEC decision regarding our Chula Vista Upgrade Project, the indefinite timing of obtaining a satisfactory long-term revenue contract to finance our Escondido Upgrade Project, and holding for sale the related equipment ordered for both projects, we have recorded approximately $6.6 million in impairments to write-down capitalized professional fees, permitting costs, engineering fees and equipment deposits related to the Upgrade Projects. Additionally, in conjunction with the pending sale of MMC Mid-Sun's generating equipment, we have written down the carrying value of this equipment to reflect the sale price, net of selling costs and other costs associated with winding up the facility. There were no impairment charges recorded in 2007. The impairment charges recorded are summarized below and were calculated in accordance with SFAS No. 157 ("Fair Value Measurements") using Level 2 inputs based on contractual agreements and letters of interest:



| Impairment charges (rounded) | |
|---|---|
| Equipment Deposits and accrued cancellation charges | $ 3,360,000 |
| Permitting and professional fees | 840,000 |
| Engineering and procurement fees | 1,497,000 |
| Sub-Total | 5,697,000 |
| Write-down of Mid-Sun to net realizable value | 914,000 |
| Total | $ 6,611,000 |

Interest and Other expenses

Net interest expense for the years ended December 31, 2008 and 2007 were income of $160,325 and $1,010,167, respectively. Interest expense for 2008 reflects primarily interest charged under our GE loan facility, unused facility fees and amortization of deferred financing costs in connection with the GE loan facility related the turbine purchased for MMC Escondido II; which was subsequently sold. All other interest expense related to the GE loan facility was capitalized in accordance with SFAS No. 34. Interest income from 2007 reflects investment of the proceeds of our July 2007 public offering in high-yield investment grade money market funds and debt securities partially offset by senior debt interest expense.

Other expenses, net for the years ended December 31, 2008 and 2007 were $-0- and income of $135,995, respectively. Other income in 2007 reflects a recovery of legal and professional fees incurred during prior periods.

Liquidity and Capital Resources

On July 5, 2007, we consummated a registered public offering of 9,090,910 shares of our common stock at $5.50 per share. This transaction resulted in net proceeds to us of approximately $46.1 million. As of December 31, 2008, we had $5.9 million in cash and equivalents. The majority of cash we used during the year ended December 31, 2008 was for the making of approximately $40.8 million of deposits on equipment to be used for our planned Chula Vista and Escondido upgrade projects, of which $34.8 million was for the three GE LM-6000 PC Sprint(R) turbines intended for use in Chula Vista and Escondido upgrade projects. This was partially offset by the net proceeds from sale of the membership interest in Escondido II of $3.2 million as described below. Cash used for operations during the year was approximately $6.2 million, including approximately $1.2 million in payments for severance and related costs in connection with the departure of our former chief executive officer.

Our Loan Facility with GE Finance expires in August 2009. If we are not successful in our efforts to liquidate our two remaining turbines and/or other assets, we may need additional funding during the next twelve months since our existing cash resources will not be sufficient to cover anticipated losses from operations as well as the repayment of the GE Finance Loan. If we fail to obtain sufficient capital resources on terms acceptable to us, it would have a material adverse effect on our current business, results of operations, liquidity and financial condition. If we issue additional equity and/or debt securities to meet our future capital requirements, the terms of any future equity financings may be dilutive to our stockholders and the terms of any debt financings may contain restrictive covenants that may also negatively affect our stockholders. Our ability to consummate future financings will depend on the status of our business prospects as well as conditions then prevailing in the capital markets.

The United States stock and credit markets have recently experienced unprecedented price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings less attractive, and in some cases have resulted in the lack of availability of financing. Continued uncertainty in the stock and credit markets may negatively impact our ability to access additional financing for development of our properties and other purposes at reasonable terms, which may negatively affect our business. A prolonged downturn in the . . .

Mar 31, 2009

# MMC Energy, Inc. Announces Sale of Equipment

NEW YORK, March 5, 2009 (GLOBE NEWSWIRE) -- MMC Energy, Inc. (Nasdaq:MMCE) announced today that it signed and closed a definitive agreement to sell its contracts to purchase two natural gas compressors for $2.1 million to an affiliate of Wellhead Electric Company, Inc.

The Company purchased the compressors from Kobelco EDTI Compressors, Inc. for an expected delivery in March 2009 for use at its Chula Vista and Escondido Energy Upgrade Projects. The purchase price consists of $1.9 million in cash and the assumption of $210,000 of remaining payments due under the contracts, and is equal to the Company's cost for the equipment.

The Company's two Upgrade Projects have been on hold pending the receipt of long-term contracts for peaking power, and in the case of Chula Vista, a permit from the California Energy Commission, whose Preliminary Decision was against the Company. The Company believes that the disposition of equipment at this time is a better option than incurring substantial costs to store and maintain the equipment until construction commences, and that there will be comparable equipment available on a timely basis at such time.

The Company previously announced the sale of a GE LM6000 turbine to Wellhead in November 2008, and the sale of a GE LM-2500 and related equipment from its Mid-Sun facility in February 2009, and is continuing to pursue additional asset sales where prudent.

About MMC Energy, Inc.:

The Company acquires and actively manages electricity generating and energy infrastructure-related assets in the United States. The Company is traded on the NASDAQ Global Market in the United States.

The Company's mission is to acquire, directly or through joint ventures, a portfolio of small to mid-size natural gas fueled electricity generating assets, generally below 80 megawatts or "MW." The Company has invested in electricity assets which provide essential services to key transmission constrained markets in California, where regulatory capacity requirements and a lack of local electricity supplies make peak electricity generation facilities valuable. To date, the Company has acquired three electricity generating assets in California, totaling 110 MW of capacity, of which the Mid-Sun facility represents 22 MW.

Forward Looking Statements:

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 including anticipated events relating to completion of the Company's current upgrade projects. Although the forward-looking statements in this release reflect the good faith judgment of management, forward-looking statements are inherently subject to known and unknown risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements including, but not limited to, those risks described in the Company's Annual Report on Form 10-K, its most recent prospectus filed with the SEC on November 19, 2007 and in its other public filings. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The Company undertakes no obligation to update these forward-looking statements.

CONTACT: MMC Energy, Inc.
Denis G. Gagnon, Chief Financial Officer
(212) 977-0900
www.mmcenergy.com