



San Diego Gas And Electric Long-Term Planning

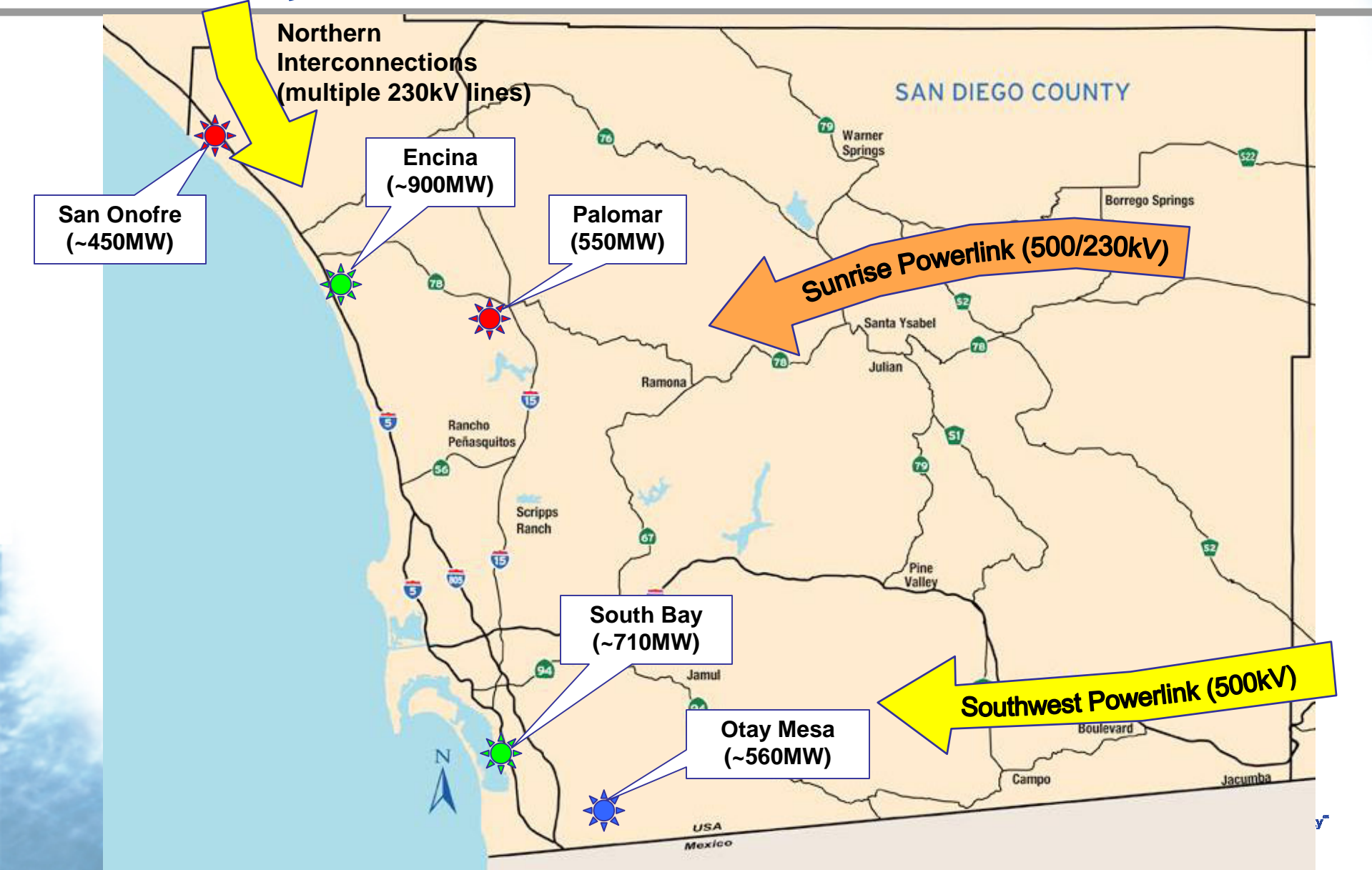
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SDG&E Service Area

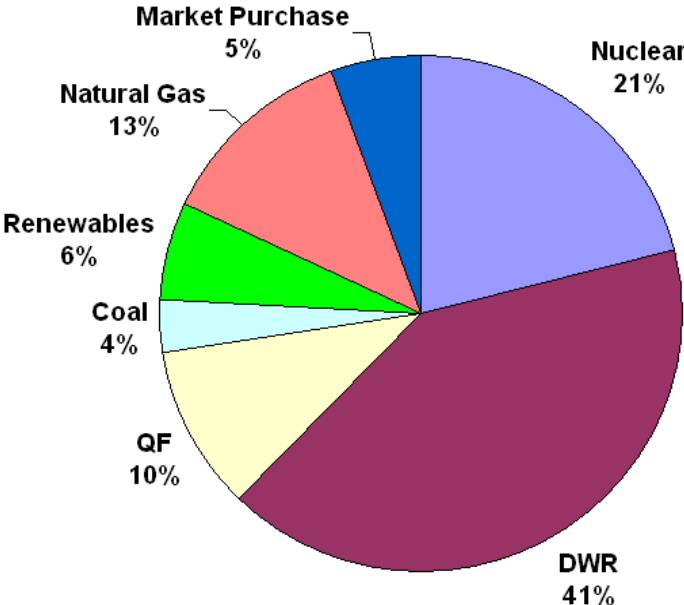
- SDG&E is responsible and accountable for the electric and gas needs of San Diego County and the electric needs of the southern portion of Orange County
- SDG&E's 2007 service area's peak load forecast:
 - 4,450 MW based on expected weather
 - 4,825 MW based on 1 in 10 hot weather
- SDG&E serves just under 90% of this load, the rest is served by direct access providers
- SDG&E will have sufficient resources under contract to meet this summer's forecasted peak load, plus a 15% planning reserve margin

Major Electric Supply Sources for San Diego's Future

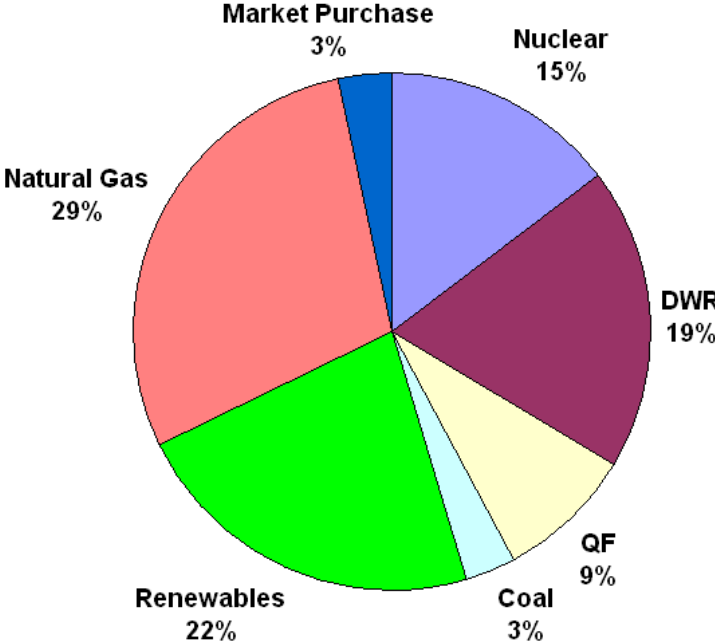


Energy Mix - Today and in 2010

2007 Mix



2010 Mix



Energy supplied under DWR contracts is primarily natural gas



Planning for the San Diego Area

- SDG&E's Long-Term Resource Plan looks to reliably service its customers by adding the lowest cost resources within the State's policy objectives
 - Work with local governments and agencies to get input into the plan and then help us to execute the plan
- Keys to achieving our plan:
 - Finding new and innovative ways to achieve our aggressive energy efficiency goals
 - Implement our Advanced Metering Initiative (AMI) to meet demand response goals
 - Sunrise Powerlink to provide grid reliability and meet the renewable energy vision of the state

Resource Plan Specifics

- Load is forecasted to grow by 1.5 to 2% a year; SDG&E will meet this growth with a balanced resource plan
 - Energy Efficiency reduces demand by 487 MW and 2,561 GWHR by 2016
 - Demand Response will reduce peak demand by 249 MW
 - Distributed Generation, including California Solar Initiative, will reduce peak load by 225 MW
 - Renewable Power will meet 20% of energy needs by 2010 and continue to grow over time
 - Additional resources to meet a 15-17% planning reserve margin by 2012
 - Up to 250 MW of new peaking resources between 2008 and 2009
 - Approximately 1,700 MW of capacity by 2012 to replace DWR contracts and meet load growth

Resource Order

- Resource additions follow the Energy Action Plan and preferred resource loading order
 - Energy efficiency levels set based on cost-effectiveness analysis
 - Demand Response tied to CPUC goals
 - Renewable Power based on legislation
 - Generation
 - Transmission

Resource Selection

- Generation resources selected from the lowest cost proposals in “Request for Offers” that fit identified need
 - Lowest total cost for customers
 - Resource type driven by load shape
 - Resource locations driven by transmission limitations
 - All proposals and evaluation shared with the Procurement Review Group
 - Selected resources filed with CPUC for approval, as required

Transmission Planning

- SDG&E works with the California ISO to plan expansion of the transmission system
 - Major transmission lines are evaluated based on benefits to the entire ISO grid since the transmission network is shared by all
- The need for the Sunrise Powerlink is driven by:
 - Grid reliability
 - Accessing renewable power
 - Economics
- The need for local transmission is driven by:
 - Load growth
 - Resource locations

Longer Term Challenges

- Meeting the State's Greenhouse Gas reduction goals
- Appropriate rate design to achieve demand response benefits
- Achieving timely generation additions
- Completing necessary transmission additions