Manzana Wind Project

January 12, 2010

Pacific Gas and Electric Company

Manzana Project Overview

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Size	• Range 189 - 246 megawatts (MW), depending upon permitting, land rights acquisition, and turbine supply
Location	Near Tehachapi region, Delivery to SP-15
Timing	Expected to become operational as early as December 2011
Technology	Will use proven GE 1.5 SLE wind turbines
History	Initially offered to PG&E in the 2005 RPS RFO as a PPA and the project was shortlisted Transmission issues resulting in Project delays and the economic downturn created financing difficulties for renewables projects In early 2009, Iberdrola Renewables approached PG&E and offered to sell the Project
Application	Seeks CPCN to construct project and Gen-tie and authority to recover project costs in rates

Manzana Location

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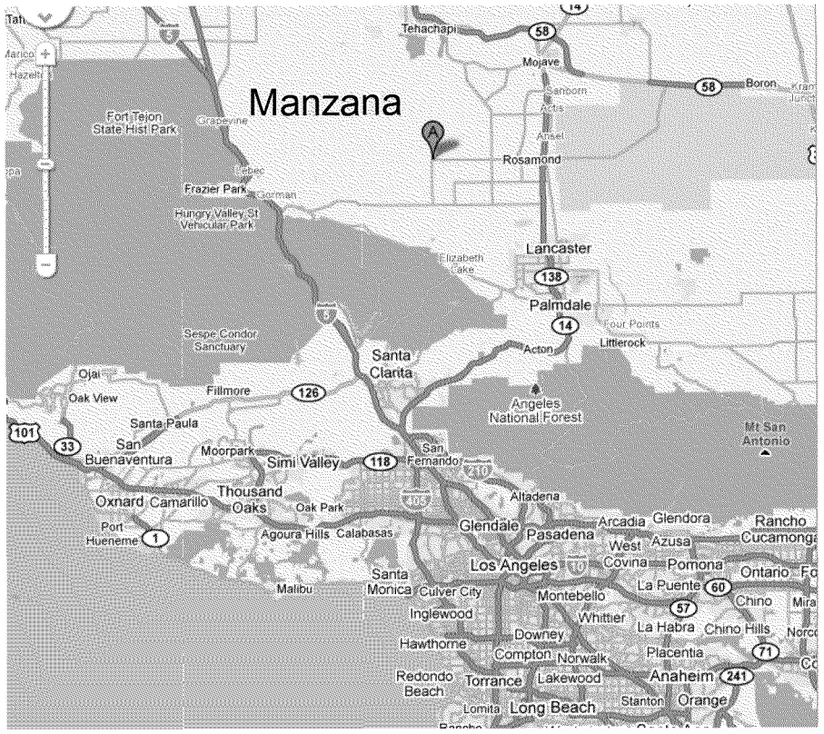

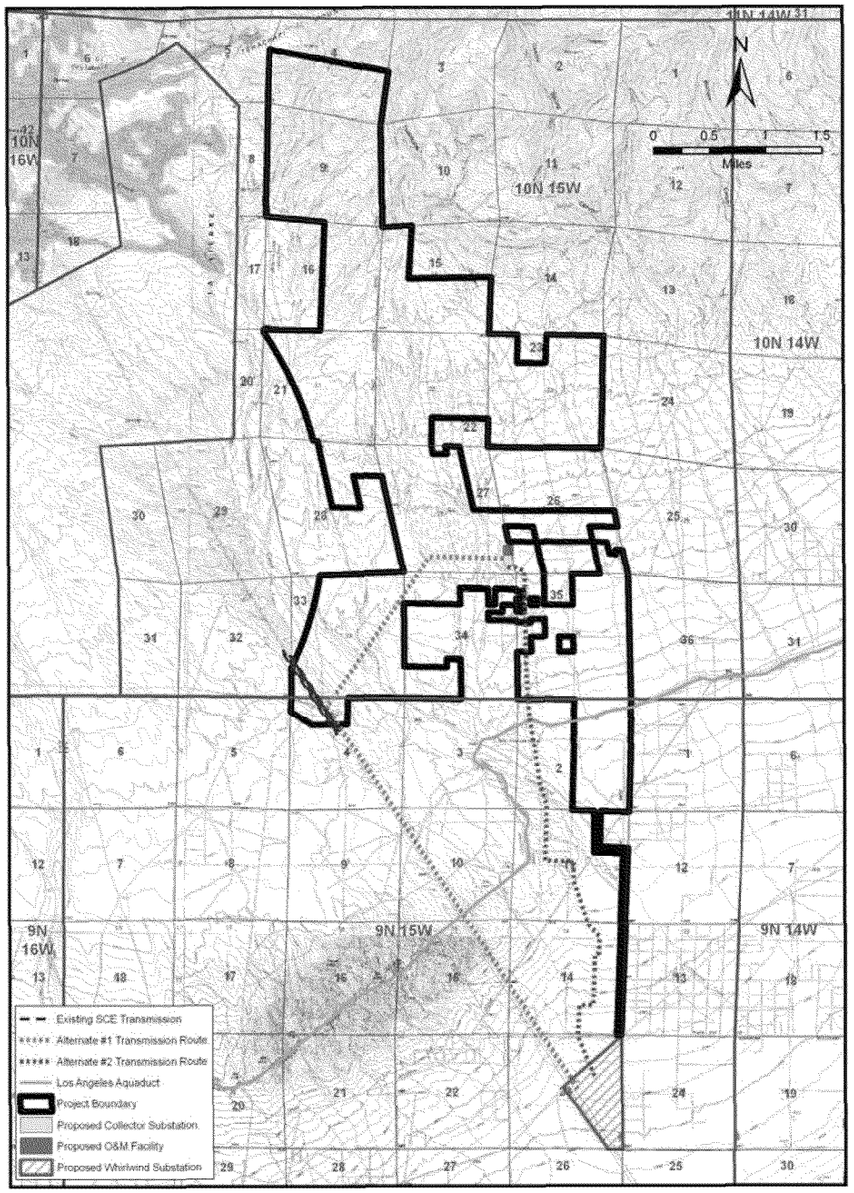

Known wind resource area

Approximately 7,000 acres

Transaction Summary

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Purchase & Sale Agreement (PSA)	PG&E acquires Manzana Wind, LLC, a special purpose company that holds all of the Project's assets (with the exception of its turbines) Assets include real estate interests in the site, including lease obligations, permits, and rights for transmission as reflected in the CAISO queue
Project Completion Agreement (PCA)	Under the terms of the PCA, PPM Technical Services, Inc. (an Iberdrola Renewables subsidiary) will construct the Project, subject to guarantees & security interests from the Iberdrola family of companies PG&E is responsible for permitting and construction of the Gen-tie from the Project to the proposed SCE Whirlwind Substation

Cost Competitive Source of Renewable Energy

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The estimated cost to complete and commission the Project is $911 million

The net market value of the Project is competitive with both:

- RPS contracts that PG&E has filed in the past 12 months
- The shortlisted contracts in the 2009 RPS RFO

The Independent Evaluator, Sedway Consulting, Inc., compared the Project economics to all of the long-term RPS PPAs that PG&E has filed within the last twelve months

- Found that the Project compares favorably to these contracts.

The Manzana Wind Project represents a good value for PG&E's customers

Strong Project Viability

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Advanced Permitting Status

- 189 MWs already permitted at County
- Permit addendum for additional 57 MW on Kern County Planning Commission January 14 calendar

Site Control

- Leases secured for 189 MW
- Finalizing leases for remaining 57 MW

Low Technology Risk

- Proven General Electric 1.5 SLE turbines already secured by Iberdrola Renewables for 189 MW

Strong Developer Experience

- Iberdrola Renewables operates nearly 3,500 MWs of wind in U.S.
- PG&E has three existing PPAs with Iberdrola Renewables for wind
  - Each project commenced operation ahead of schedule and is delivering electricity

Known Tehachapi Resource Area

- Extensive meteorlogical data for the Project site

Transmission Upgrades Underway

- Leverages the CPUC-prioritized Tehachapi Renewable Transmission Project (TRTP)
- Large Generator Interconnect Agreement in draft form with expected completion in 1Q 2010

Manzana Application

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CPCN authorizing PG&E to construct the Project and Gen-tie

Approve initial cost estimate of $911 million, including estimated first-year annual revenue requirement and three-year O&M forecast with updates for certain events and the associated ratemaking

Adopt a non-bypassable charge to recover stranded costs over a ten-year or, alternatively, for the period adopted by the Commission for utility owned generation following implementation of SB 695

Authorizing PG&E pursuant to Public Utilities Code Section 851 to sell the Project back to Iberdrola Renewables under certain circumstances

Decision requested by September 3, 2010 to accommodate project schedule and contract term requiring final and non-appealable within 365 days

Manzana Application Should Be Approved

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Provides a competitive source of in-state renewable power as compared to other current and recent RPS alternatives

Will contribute up to 0.8% toward 20 percent RPS goal in near-term and beyond

Highly viable due to:

- advanced permit status
- site control
- counterparty strength
- proven equipment

Leverages the CPUC-prioritized Tehachapi Renewable Transmission Project