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Sent: 10/6/2010 8:10:10 AM

To: Redacted

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Subject: Bio-Digesters

Julie - our point person here on the Bio-Digester issues would be Garry Jeung (Procurement) and Redact Redact (my shop). From a public policy perspective, everyone loves the idea of bio-digesters. They are green, they capture methane emissions that would otherwise go to the atmosphere, prevent groundwater contamination, et al. On the other hand, they are very expensive - one of the most expensive green sources of energy. We've done some small deals in the area in the past and quite frankly, we've have plenty of operational and contract issues associated with them. As I understand it, Michael Boccadero (at least I recall it is Michael), is pushing a very expensive digester project around the state. He approach PG&E several months ago and quite frankly, his project wasn't competitive and we took a pass. I'm not sure there is much the Commission or ED can do to resolve this fundamental issue, but I'm open to suggestion. He has gone to the Governors office and your own OGA to seek an advantage and I wouldn't encourage him. That said, we are always willing to talk.