

Humboldt WaveConnect Project

A Promising Renewable Resource
For
Humboldt County and The North Coast



*Pacific Gas and
Electric Company[®]*

Wave Power Overview

- What is wave power?
 - Opportunity to extract renewable energy from the naturally occurring movement of the Ocean's surface
- Why Wave Power?
 - Wave power could make a significant contribution to California's renewable energy goals if the technology is proven to be economic and feasible
- What's the California potential?
 - PG&E service territory borders 600 miles of Pacific coastline
 - Initial studies suggest that California's potential may exceed 5000MW

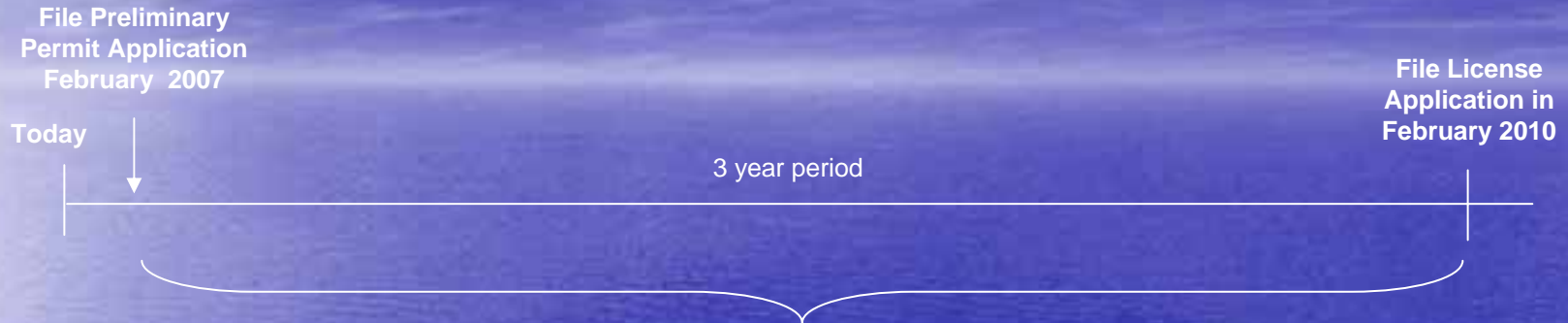


Wave Energy – Current Status

- Wave power technology is in the pre-commercial stage:
- Europe is in the lead:
 - 8 demonstration projects in operation in Europe and Australia
 - UK Wave Hub demonstration scheduled to begin operation in 2007
 - Ocean Power Delivery to begin commercial deployment in Portugal in 2007
- US experience:
 - Hawaii – Ocean Power Technology (PowerBuoy™)
 - Wave project licensed (by US Navy) and installed in June 2005
 - Makah Bay, Washington - AquaEnergy
 - Full license application submitted to FERC
 - Pending preliminary permits
 - Reedsport, Oregon – Ocean Power Technology (Issued Feb 2007)
 - Lincoln County, Oregon
 - Douglas County, Oregon
 - Point Judith, Rhode Island – Energetech
 - Eureka, CA - AquaEnergy



Lengthy Study and Due Diligence Process



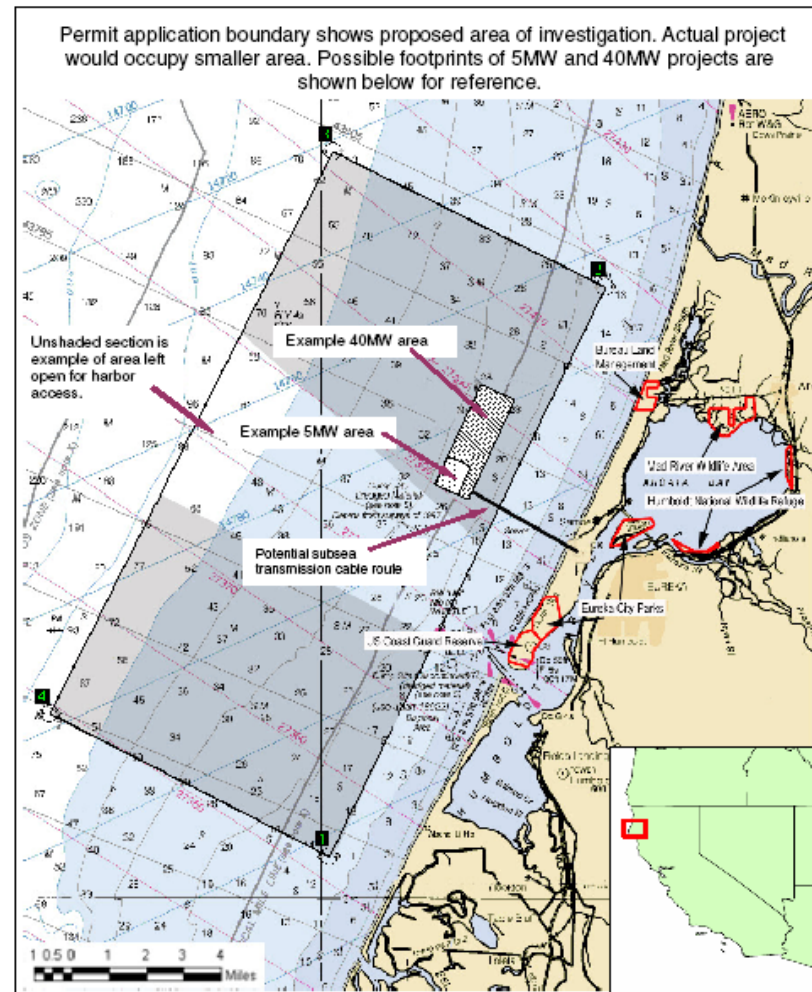
Execute study plan

- Perform initial feasibility study (2007)
- Stakeholder Inputs
- Resource assessment
- Environmental studies
- Technology reviews
- Physical viability
- Financial analysis

Humboldt Area of study:

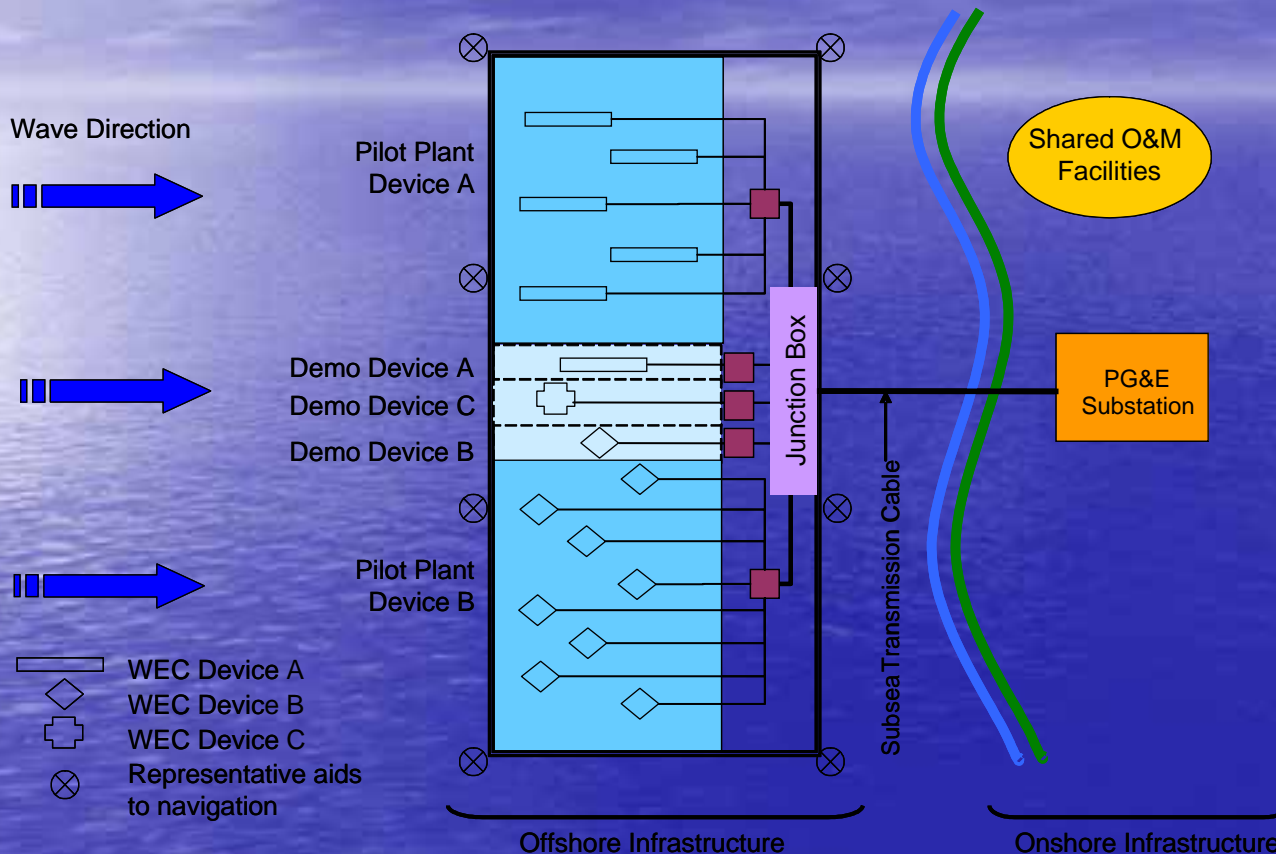
- 136 Square miles
- Ultimate project area is expected to be less than 4 square miles or about 3% of study area
- Expansive area in order to optimize project location

PG&E Humboldt WaveConnect Project



Water depth in fathoms: 1 fathom = 6 feet
Source: NOAA chart # 18620

Conceptual Project Overview



- PG&E obtains site control and conducts initial feasibility analyses
- PG&E develops infrastructure to evaluate, test, and deploy various WEC devices
- Individual WEC device developers only responsible for device-specific permitting
- Project, if feasible, is incrementally scaled

What does a WEC Look Like?



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Summary

- This is a nascent, emerging technology
- PG&E believes that there are good resources off of the Humboldt Coast
- PG&E's FERC filing, when approved by FERC, creates a site preference and an obligation to perform studies over a three year period
- We intend to maintain an open process that fosters and encourages inputs from all stakeholders
- We would only move forward with the actual permitting and development of a project if:
 - The technology proves economically feasible
 - Any and all environmental impacts can be fully mitigated
 - Stakeholder concerns can be satisfactorily addressed