Sempra Energy®

Sempra Generation

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Outline

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Current Asset Overview

Generation Assets		
State	**Type**	**Capacity**
Arizona	Gas	1,250 MW
Mexico	Gas	625 MW
Nevada	Gas	480 MW
	Solar	58 MW
Indiana	Wind	100 MW(1)
Colorado	Wind	125 MW(2)
TOTAL		**2,638 MW**

(1) Project jointly owned with BP Wind Energy; capacity represents Sempra Generation's share.
(2) Project jointly owned with BP Wind Energy; capacity represents Sempra Generation's share; completion expected in Q2-11.

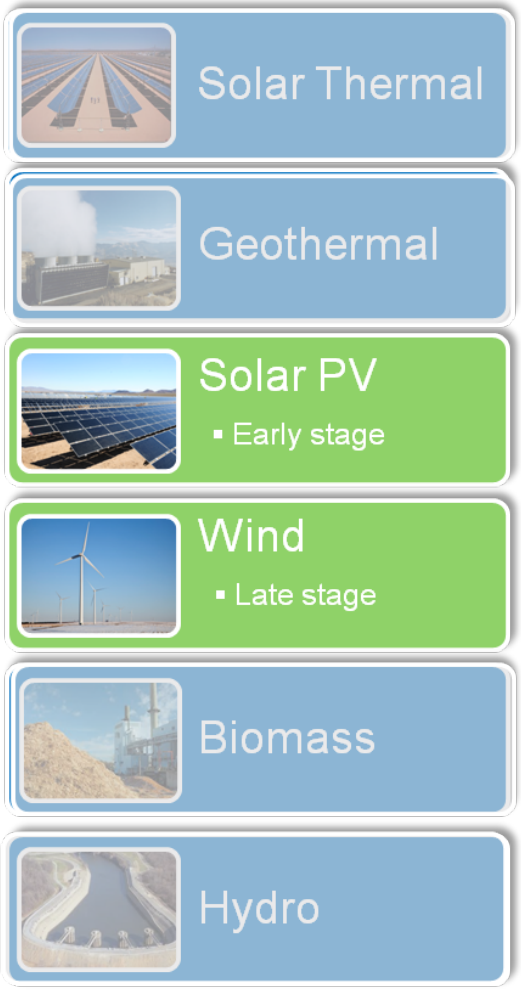
Natural Gas-Fueled Generation

- Own and operate 2,355 MW of natural gas-fueled generation
- Transferring El Dorado (480 MW) to SDG&E end of Q3-11
- Market considerations
  - Expiration of California Department of Water Resources (CDWR) energy contracts
  - Once-through cooling plant retirements in California
- Marketing priorities
  - Energy sales in Southwest
  - Capacity sales to California utilities

Renewables: Technology Focused

Opportunities

- Greenhouse gas regulation
- State-level renewable mandates
- Tax incentives
- Development expertise
- Existing land and infrastructure
- Partnerships to expand footprint
- Regional market expertise
- Maturity of technology



Solar Generation

Copper Mountain Solar 1 (48 MW)

- Completed in December 2010
- Largest photovoltaic (PV) solar plant in U.S.
- Located in Boulder City, Nevada adjacent to El Dorado Solar (10 MW)
- Both plants contracted for 20 years with PG&E

Wind Generation

- 50/50 partnerships with BP Wind Energy
- Fowler Ridge II
  - Located northwest of Indianapolis
  - 100% contracted for 20 years
  - Project-financed with 12-year term
- Cedar Creek II
  - 250 MW project in northeast Colorado under construction
  - Scheduled completion Q2-11
  - 25-year contract with Public Service of Colorado
  - Project-financed with 12-year term

Fowler Ridge II (200 MW)

Accomplishments

- 2010 earnings of $190 million excluding charges related to energy crisis litigation settlement[1]
- Completed Copper Mountain Solar (48 MW); named "Solar Project of the Year"
- Secured 20-year contract with PG&E for Mesquite Solar 1 (150 MW)
- Received key permits to construct Rosamond Solar in California (up to 300 MW)
- Sold 50% stake in Elk Hills Power plant (550 MW) for $175 million in Q4-10
- Partnered with BP on Cedar Creek II wind farm (250 MW) in Colorado

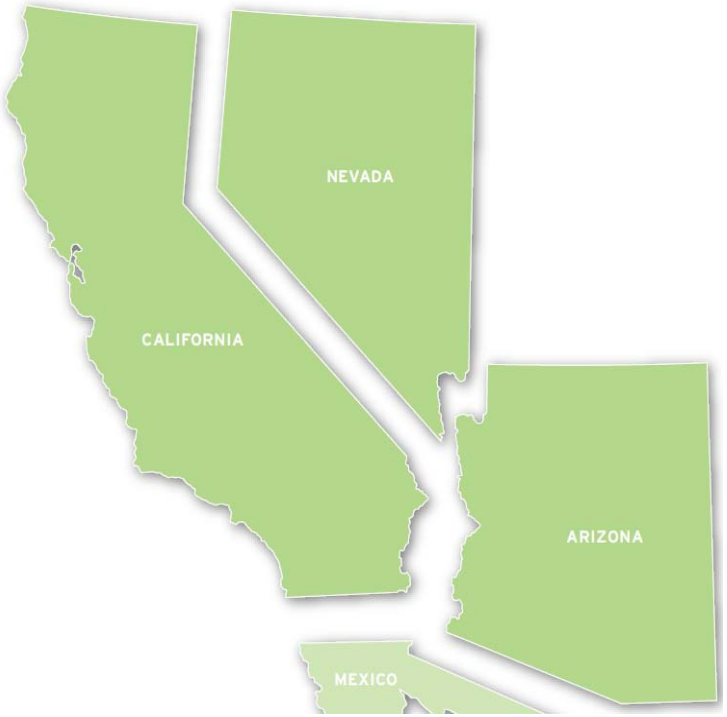
(1) Including $87 million impact of energy crisis litigation settlement, 2010 earnings were $103 million.

Renewable Priorities

Key Drivers

- Supportive development policies in the Southwest
- Project sites near available transmission with access to major markets
- Renewable energy mandates

Renewable Portfolio Standards	
California	33% by 2020
Arizona	15% by 2025
Nevada	25% by 2025



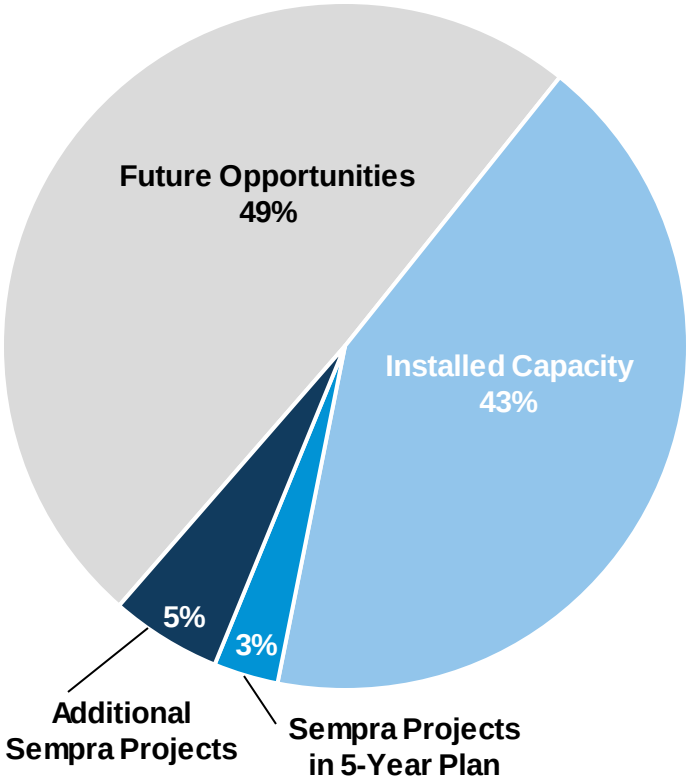
Renewable Growth Opportunities

- Southwest market focus
- Primary sales target: California
- Leveraging existing footprint
- Multi-phase project focus

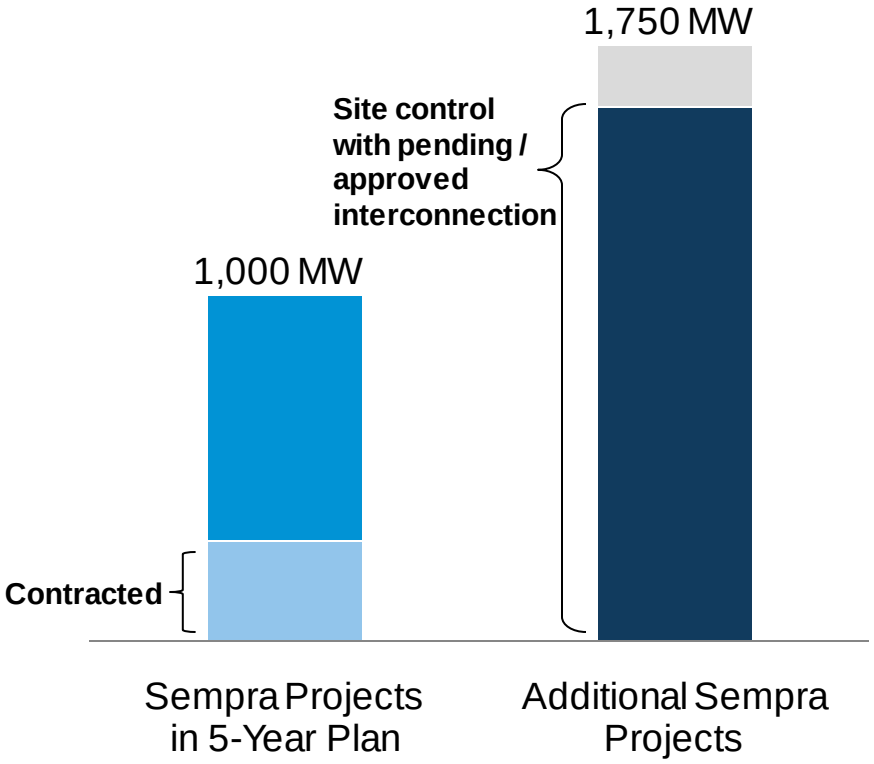
Renewable Opportunities in Perspective

CA, NV, and AZ RPS Requirements vs. Plan[1]

30,000 - 35,000 MW



Sempra Generation Pipeline



(1) Internal analysis based upon publicly available sources for reported existing generation capacity, forecast net energy sales and RPS energy goals, and assumed sub-regional technology mix for California, Arizona and Nevada. Assumes a 30% capacity factor for all incremental resources. Estimated through year 2020.

Solar Economics (Illustrative Only)

50 MW PV Solar Example[1] ($millions)

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 25
Revenue		17.5	17.2	17.1	17.1	16.9	16.5	15.2
Operating Expenses		1.4	1.5	1.5	1.5	1.5	1.7	2.1
Cash Flow from Operation		16.0	15.7	15.6	15.6	15.4	14.8	13.0
ITC		51.5						
Free Cash Flow	(181.9)	73.1	28.7	21.0	16.4	16.3	9.1	7.9
Levered Cash Flow	(76.0)	65.7	21.3	13.5	8.7	8.5	0.7	7.9
Net Income		45.3	2.8	2.8	2.9	3.0	3.4	5.1

IRR (unlevered): 10%
IRR (levered): 44%
Simple Payback: 1.5 years

Key Assumptions

- Capital Cost $190 million ($3,800/kW)
- Capacity Factor 25%
- Loan-to-Value 60%
- Equity $24.5 million

(1) The foregoing hypothetical 50 MW PV solar example includes the following key financial assumptions: 60% leverage; 5% cost of debt with 18-year term; Debt Service Coverage Ratio of 1.4; and 5-year MACRS tax depreciation. Equity investment of $24.5 million = $190 million total investment less $114 million debt less $51 million investment tax credit. Assumed PPA price of $125/MWh (on-peak multiplier 1.27).

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Sempra Generation Outlook ($ millions)

Earnings		
2011	**2012**	**2015**
$100 - $130	$70 - $100	$180 - $210

Capital Expenditures & Investments		
2011	**2012**	**2013 – 2015 Average**
$200	$600 - $650	$650 - $750