



**Pacific Gas and
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PG&E SIGNS CONTRACTS WITH BRIGHTSOURCE ENERGY FOR UP TO 900 MEGAWATTS OF SOLAR THERMAL POWER

SAN FRANCISCO – Pacific Gas and Electric Company announced today that it has entered into a series of contracts with BrightSource Energy, Inc. for renewable solar power. The first three contracts are for a total of 500 megawatts (MW) of power to be supplied from three solar thermal electric generating projects. PG&E also signed two contracts for options on an additional 400 MW of solar power, which would bring the total amount of power purchased under these five agreements to 900 MW.

“Solar thermal energy is an especially attractive renewable power source because it is available when needed most in California – during the peak mid-day summer period,” said Fong Wan, vice president of energy procurement at PG&E. “Through these agreements with BrightSource, we continue to broaden our renewable energy portfolio and provide our customers with some of the cleanest energy in the nation.”

BrightSource’s goal is to substantially lower the cost and increase the use of solar energy throughout the Western United States. “PG&E is making this goal possible by committing to power purchase agreements that will bring the benefit of carbon-free power to their customers,” noted John Woolard, president and CEO of BrightSource in making this announcement. “PG&E is demonstrating true leadership in bringing large scale solar power to California.”

The first of these solar power plants, sized at 100 MW in Ivanpah, California, could be operating as early as 2011 and is expected to produce 246,000 megawatt hours of renewable electricity per year. BrightSource will build and place in commercial operation each of its plants as quickly as permitting and infrastructure allow.

The contracts filed today with the California Public Utilities Commission are part of PG&E’s broader renewable energy portfolio. Since 2002, PG&E has entered into contracts for more than 2,000 MW of renewable power. California law requires each investor-owned utility to increase the share of

eligible renewable generating resources in its electric power portfolio to 20 percent by 2010. PG&E has made contractual commitments to have over 20 percent of its future deliveries from renewables. For 2008, PG&E expects to have 14 percent of its energy delivered from renewable sources.

About BrightSource Energy, Inc.

BrightSource Energy designs and builds large-scale power plants capable of delivering solar energy to industrial and utility customers at prices competitive with fossil fuels. BrightSource enables industrial and utility customers to lessen their dependency on fossil fuels by providing a clean source of power.

Luz II, Ltd., a wholly owned subsidiary of BrightSource Energy, is located in Israel and is responsible for solar technology development and the supply of solar fields to BrightSource plants.

Privately held, BrightSource Energy is headquartered in Oakland, California. Further information for BrightSource and Luz II may be found at www.brightsourceenergy.com.

About Pacific Gas and Electric Co.

Pacific Gas and Electric Company, a subsidiary of PG&E Corporation, is one of the largest combined natural gas and electric utilities in the United States. Based in San Francisco, with 20,000 employees, the company delivers some of the nation's cleanest energy to 15 million people in northern and central California. For more information, visit www.pge.com/about/.