

Appendix R
Southern California Gas Company – “Will Serve Letter”



Joe Sullivan
Account Manager

Southern California Gas Company
555 W. Fifth Street
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Los Angeles, CA 90013

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March 10, 2008

Mr. John O'Brien, Project Engineer
Hydrogen Energy International LLC
One World Trade Center, Suite 1600
Long Beach, CA 90831-1600

Subject: Gas Transportation Service Request Response for 800 MW Power Plant Project

Dear Mr. O'Brien,

Thank you for your request concerning gas transportation service to a new electric generation facility to be located in Section 22 of Township 30 South, Range 24 East, in Kern County, California. As you requested, our review was performed assuming a plant size of 800 MW using a maximum fuel flow of 6.0 MMCFH at full capacity (equivalent to 144 MMcfd on a daily basis). Subject to the execution of appropriate contracts, Southern California Gas Company ("SoCalGas") would agree to provide natural gas transportation service to the proposed Hydrogen Energy California Power Plant subject to applicable CPUC approved rules and tariffs.

The minimum operating pressure range of our transmission system at this location is currently 350 psig. Service pressure level is provided on an as-available basis, with no pressure level guarantees or warranties of any kind. The availability of natural gas service, as set forth in this letter, is based on current conditions of gas supply and regulatory policies and is not a guarantee of future operations.

The facility can be served by SoCalGas. The interconnection would consist of a 20-inch diameter pipeline extending for approximately 4.5 miles from the beginning of SoCalGas' pipeline 225 to the proposed plant site. In addition, the interconnection requires a tap and construction of an appropriate meter set, at an estimated total cost of approximately \$12 million +/-30%. This estimate has a sunset date of six months from the date this information is submitted to you. For an additional fee, SoCalGas can prepare a detailed engineering construction estimate that would include costs that have been omitted from this preliminary estimate.

This preliminary cost estimate is for the construction cost of the facilities and is provided at your request. SoCalGas/SDG&E have not performed a detailed specific site or route evaluation for



A  Sempra Energy utility*

your project in the development of this estimate. Additionally, costs associated with permitting, paving, right-of-way, environmental, gas quality, measurement, regulatory, and land acquisition/development issues; and any unusual construction costs or facility requirements (e.g. freeway, river, or channel crossings) are explicitly excluded from this preliminary cost estimate. These costs are the developer's responsibility and can be significant.

SoCalGas/SDG&E's construction costs also continue to rise with increasing costs of labor and materials. Since this preliminary cost estimate is developed using average historical project cost data, it is highly likely that the actual construction costs for your particular project could vary significantly from this preliminary estimate based on the actual design, permitting and construction variables associated with this specific project. SoCalGas/SDG&E urge you to retain the services of a third-party engineering construction firm, or enter into a design and engineering contract with SoCalGas/SDG&E to develop a more accurate construction cost estimate for your specific project. SoCalGas/SDG&E do not recommend any use of this preliminary cost estimate. Any use by you is at your own risk and should factor in the above risks and limitations.

Assuming normal planning and construction schedules, SoCalGas requires approximately 12 to 18 months from the completion of contracts and the receipt of any necessary deposit in order to complete the planning, design and construction of the service facilities needed for your project.

Thank you for your consideration. Please call me at (213) 244-3846 if you have any questions.

Very truly yours,
SOUTHERN CALIFORNIA GAS COMPANY

A handwritten signature in black ink that reads "Joe Sullivan".



Wholesale Marketing &
Business Development

245 Market Street
San Francisco, CA 94105-1702

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Mail Code N15A
Pacific Gas and Electric Company
P. O. Box 770000
San Francisco, CA 94177-0001

415.973.7000
Fax: 415.973.0881

VIA EMAIL

January 24, 2008

Mr. John O'Brien
Engineer
Hydrogen Energy
One World Trade Center
Suite 1600
Long Beach, CA 90831-1600

Subject: Preliminary Request for Informational Review – Hydrogen Energy California

Dear Mr. O'Brien:

Pacific Gas and Electric Company Gas Transmission provides this cursory review of your inquiry regarding a request for Preliminary Informational Review for a facility as listed below.

<i>Project Name:</i>	Hydrogen Energy California
<i>Gas Service Request Date:</i>	September 1, 2013
<i>Requested Maximum Load (MMBtu/hr):</i>	2,812
<i>Requested Minimum Pressure (psig):</i>	450
<i>Year Round, Summer or Winter Load:</i>	Year round
<i>Project Location:</i>	Section 22, Township 30 South, Range 24 East, MDM, Kern County, California
<i>Distribution Availability</i>	N/A

ALT #1 – L319 – See Note 1 Below

Standard Facilities Design at Prevailing Delivery Pressure	
<i>Estimated Minimum Delivery Pressure:</i>	335 psig in pipe up to 600 psig
<i>New Gas Service Pipeline from PG&E's Transmission Line to Applicant's Facility</i>	
<i>Transmission line number/DFM name:</i>	L319
<i>Transmission line tap location:</i>	MP 9.01
<i>Estimated length of new service pipeline:</i>	6 miles
<i>Estimated diameter of new service pipeline (inch):</i>	10"
<i>Reinforcement:</i>	none

ALT #1 – L319

Special Facilities Design at Prevailing Delivery Pressure	
Estimated Minimum Delivery Pressure:	420 psig in pipe up to 650 psig
New Gas Service Pipeline from PG&E's Transmission Line to Applicant's Facility	
Transmission line number/DFM name:	L319
Transmission line tap location:	MP 9.01
Estimated length of new service pipeline:	6 miles
Estimated diameter of new service pipeline (inch):	12"
Reinforcement:	none

ALT #2 – L300

Standard Facilities Design at Prevailing Delivery Pressure	
Estimated Minimum Delivery Pressure:	240 psig in pipe up to 500 psig
New Gas Service Pipeline from PG&E's Transmission Line to Applicant's Facility	
Transmission line number/DFM name:	L300A or L300B
Transmission line tap location:	Near Buttonwillow tap
Estimated length of new service pipeline:	9 miles
Estimated diameter of new service pipeline (inch):	10"
Reinforcement:	none

ALT #2 – L300

Special Facilities Design at Prevailing Delivery Pressure	
Estimated Minimum Delivery Pressure:	395 psig in pipe up to 590 psig
New Gas Service Pipeline from PG&E's Transmission Line to Applicant's Facility	
Transmission line number/DFM name:	L300A or L300B
Transmission line tap location:	Near Buttonwillow tap
Estimated length of new service pipeline:	9 miles
Estimated diameter of new service pipeline (inch):	12"
Reinforcement:	none

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Special Facilities gas service connection and costs are subject to the conditions outlined under PG&E's Gas Rule 2.

Note 1: A gas service connection to Line 319 may be possible but will require additional research which is beyond the scope of this informational review. If Applicant wishes PG&E to proceed with this study, PG&E will request Applicant to submit a Preliminary Application for Gas Service as explained below.

Next Steps: Should Applicant wish to continue to evaluate the ability and cost to obtain service from PG&E, Applicant must provide a Preliminary Application for Gas Service by providing the following:

- A cover letter requesting PG&E proceed with the gas service connection under a Preliminary Application for Gas Service;
- A site map of the proposed meter set location;
- Updated Interconnection Information Sheet;
- Load curve for hourly/daily project loads both when online and during startup testing;
- The estimated annual gas usage of the proposed Facility;
- Two executed originals of PG&E's "Agreement to Perform Tariff Schedule Related Work" to be provided at Applicant's request; and
- A cash advance of \$15,000 to initiate engineering.

This cash advance will be credited against the engineering job. If the work does not proceed, the balance of the cash advance will be returned to Applicant. Should the costs exceed the project advance, PG&E will stop work and notify Applicant accordingly. For this cash advance, PG&E will perform the following:

1. A +/- 50% order of magnitude cost and schedule to build PG&E's recommended Standard Facilities and Special Facilities designs;
2. An initial assessment of all right-of-way and other permitting and land issues involved with the recommended pipeline route;
3. A map showing PG&E's preferred transmission service tap and meter set location;
4. The expected minimum delivery pressure available at the meter set for PG&E's preferred route.

This proposed work does not include detailed engineering and development of the final job estimate.

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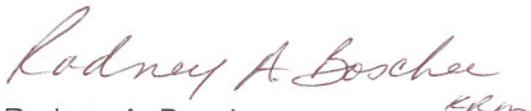
PG&E estimates that the System Impact Study and Preliminary Facilities Study will take approximately 10 weeks to complete.

Please forward Applicant's request with the cash advance made out to PG&E to:

Pacific Gas and Electric Company
Attn: Rod Boschee
Mail Code: N15A
P.O. Box 770000
San Francisco, CA 94177-0001

Should you want to discuss these conditions or should you have further questions, please contact Mike O'Brien at 415-973-5652.

Sincerely,

Handwritten signature of Rodney A. Boschee in cursive script, with a small 'RAB' monogram to the right.

Rodney A. Boschee
Manager, Business Development