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May 9, 2008

Kevin Kennedy
Office of Climate Change
Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: April 25, 2008 Cost-Containment and
Evaluation Criteria Workshops

Dear Kevin:

As stated at the workshop on cost containment issues held by the Air Resources Board on April 25, 2008, Sempra Energy is in favor of most cost containment mechanisms discussed at the workshop. This should include banking, borrowing, the availability of validated offsets, and a compliance period long enough to allow for changes in the mix of generation resources and fluctuations in the demand for generation. Depending on the structure of the market, a carbon price safety valve may also be needed.

On May 6th Administrative Law Judge TerKeurst at the Public Utilities Commission issued a ruling requesting detailed responses concerning cost containment measures as applied to the electricity sector. These responses are due on May 27th. In view of this request, Sempra Energy will reserve further comments on this topic pending its response to the Public Utilities Commission request. We may also have additional comments concerning analysis of non-economic effects of alternative program designs beyond those stated at the workshop. Please contact me if there are any specific questions to which you need a response prior to May 27th.

Sincerely yours,

/s/

Taylor O. Miller