



FOR IMMEDIATE RELEASE:

June 1, 2009

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**PG&E'S CLIMATESMART™ PROGRAM MAKES LANDMARK PURCHASE OF DAIRY FARM  
GREENHOUSE GAS EMISSION REDUCTIONS TO HELP FIGHT CLIMATE CHANGE**

*Program Invests in New GHG Emission Reduction Project on Behalf of Enrolled Customers*

**SAN FRANCISCO, Calif.** – On behalf of its more than 30,000 ClimateSmart™ customers, Pacific Gas and Electric Company (PG&E) today announced a contract with California Bioenergy for its first greenhouse gas (GHG) emission reductions from a dairy farm. The landmark investment will help combat climate change by yielding 75,000 metric tons of verifiable GHG emission reductions. The ClimateSmart program is purchasing the GHG emission reductions from California Bioenergy's livestock methane capture project on a dairy near Bakersfield in Kern County, Calif.

The ClimateSmart program is a voluntary, tax-deductible program that allows enrolled customers to balance out the GHG emissions produced by the energy they use. To participate, customers pay a separate amount on their monthly energy bill, based on their actual energy use. The average residential participant pays less than five dollars per month. PG&E invests all payments in new, independently verified projects that reduce or absorb GHG emissions.

“We're honored to make this purchase on behalf of our ClimateSmart customers,” said Nancy McFadden, senior vice president of public affairs for PG&E. “Through their investment in a project that prevents the release of a significant amount of greenhouse gases, ClimateSmart customers are making their home or business carbon neutral.”

Expected to be completed in 2010, the project will process manure from the dairy through an anaerobic digester that traps the methane gas produced as the manure decomposes. Methane is more potent than carbon dioxide as a GHG. The California Bioenergy project will be verified under the rigorous standards developed by the Climate Action Reserve, a national offset registry working to ensure environmental benefit, integrity and transparency in the carbon market. The Reserve has been recognized by environmental organizations, government agencies and financial markets.

“High quality standards and independent verification are essential to demonstrating that GHG emission reduction projects are real, quantifiable, additional and permanent,” said Mary Nichols, chairman of

the California Air Resources Board. “By purchasing greenhouse gas emission reductions that are verifiable under Climate Action Reserve protocols, PG&E’s ClimateSmart program is road testing these voluntary protocols and the processes to track and retire them.”

PG&E enrolled as the first participant in the ClimateSmart program by committing \$1.5 million of shareholder funds over the first three years of the program to make the energy use in the company's facilities completely carbon neutral. To date, more than 30,000 customers, including homes, businesses and cities, have enrolled in PG&E’s ClimateSmart program.

“PG&E’s ClimateSmart program is helping to open up new opportunities for greenhouse gas emission reductions, and we are proud to have been selected through its competitive bidding process as its first livestock methane partner,” said Neil Black, chief operating officer of California Bioenergy. “Building upon our partnership with the ClimateSmart program, we are striving to be the partner of choice for dairy farms, as we seek to take accelerated action in reducing greenhouse gas emissions in a way that can create economic value for the agricultural community and create jobs in the region.”

Pacific Gas and Electric Company, a subsidiary of PG&E Corporation ([NYSE:PCG](https://www.nyse.com/quote/NYSE:PCG)), 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/](http://www.pge.com/about/). For more information about PG&E’s ClimateSmart program, visit [www.joinclimatesmart.com](http://www.joinclimatesmart.com).

California Bioenergy is a renewable energy company that develops, owns, and operates projects that convert agricultural waste into an energy source while reducing greenhouse gas emissions. CalBio works closely with the dairy community, addressing environmental issues while creating new sources of value for the farm. [www.calbioenergy.com](http://www.calbioenergy.com)