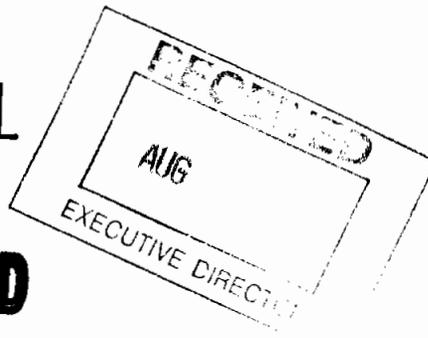




CONFIDENTIAL

COMPLETED



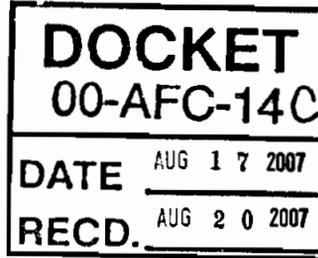
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August 17, 2007

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VIA HAND DELIVERY

Mr. B.B. Blevins, Executive Director
California Energy Commission
1516 Ninth Street, MS-39
Sacramento, CA 95814



**Re: El Segundo Power Redevelopment Project (00-AFC-14C)
Application for Designation of Confidential Records**

Dear Mr. Blevins:

El Segundo Power II LLC ("ESP II") submits this Application for Designation of Confidential Records ("Application") with respect to the attached information pertaining to the El Segundo Power Redevelopment ("ESPR") project. Through this letter, ESP II requests confidential designation of records under Title 20, California Code of Regulations section 2505. ESP II understands that, pursuant to Title 20, California Code of Regulations sections 2505(a)(2) and 2505(a)(3)(B), the attached information will not be publicly disclosed while this Application, or any appeal of the Commission's determination on the Application, remains pending.

ESP II provides the following in support of its Application:

(a) Description/Separation of the Confidential Records

The information identified as "Enclosure A" and marked "Confidential" (hereinafter "Submitted Information") is the subject of this Application and submitted under separate cover.

The Submitted Information contains confidential information related to ESP II's strategy and plans to secure a power purchase agreement for the ESPR project.

(b) Specific Indication of Those Parts of the Record to be Kept Confidential

ESP II requests the Commission designate the Submitted Information as confidential in its entirety.



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(c) The Length of Time the Record Should be Kept Confidential

The Submitted Information should be kept confidential until the procurement process has concluded and any power purchase agreement between ESP II and an electric utility, for the purchase of power from the proposed new units of the ESPR project, becomes public during California Public Utilities Commission (PUC) approval of the agreement.

(d) Provisions of Law Allowing the Commission to Keep the Documentation Confidential

Government Code section 6255 of the California Public Records Act permits public agencies to withhold any public record where the public interest served by *not* disclosing the record clearly outweighs the public interest served by disclosure of the record. This provision allows the CEC to keep the Submitted Information confidential. The CEC should give the Submitted Information confidential treatment per section 6255 because the public interest is best served in this case by keeping information related to ESP II's participation in a competitive bidding process confidential, to ensure that electric utilities acquire energy at the lowest price possible, for the benefit of their ratepayers.

Essential information contained in bids submitted in response to a Request for Offers (RFO) is confidential, including participating bids, counter-party names, and prices and quantities offered. (D. 06-06-066, June 29, 2006, p.63, Appendix 1, p.18.) The PUC has an obligation under Public Utilities Code sections 454.5(g) and 583 to protect the confidentiality of certain electric procurement data. (D. 06-06-066, p.2.) In balancing its policy goals of public disclosure, full participation, and transparency with these statutory provisions, the PUC found that certain competitive solicitation information of investor-owned utilities is allowed confidential treatment. (D. 06-06-066 Appendix 1, p.18.) The PUC found that protection of data, including competitive bidding information, "ensure[d] the best balancing between the broadest disclosure and the narrowest confidentiality," which allows the PUC to carry out its statutory and constitutional duties. (D. 06-06-066, p.3.)

The Submitted Information relates to ESP II's plans and strategy to bid for a power purchase agreement, for power generated by the ESPR project. This Submitted Information should be granted confidential treatment by the CEC for the benefit of the public interest. The confidential competitive bidding process benefits electricity ratepayers by encouraging energy generators to submit the lowest possible bid, which in turn allows a utility to provide service to its ratepayers at the lowest possible rates. The RFO/bidding process facilitates competition precisely because it is confidential. If the confidential nature of the process were eliminated, there would be no



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incentive for an energy generator to submit the lowest feasible bid in hopes of securing a power purchase agreement. "Confidentiality protections are essential to avoid a repetition of electricity market manipulation." (D. 06-06-066, p.4.)

(e) Aggregation and Masking of the Confidential Information

The Submitted Information has been distilled from the broader business strategy which ESP II has developed for the ESPR project and represents the maximum extent to which the information can be aggregated and masked.

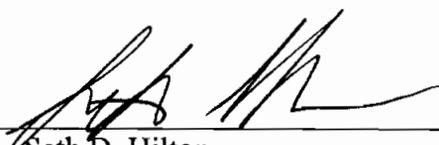
(f) The Submitted Information is Presently Confidential

ESP II has not disclosed the Submitted Information to anyone other than its employees, affiliate employees, consultants, and attorneys assisting ESP II in its compliance and construction efforts related to the pending Petition to Amend the Commission's Final Decision (*see* Petition to Amend Final Commission Decision for ESPR filed June 19, 2007). Furthermore, ESP II has not released any of the Submitted Information to any member of the general public and has prohibited its employees, affiliate employees, consultants, and attorneys from releasing to the public any portion of the Submitted Information at any time.

I certify under penalty of perjury that the information contained in this Application for confidential designation is true, correct, and complete to the best of my knowledge. As attorney for ESP II, I am authorized to make the above certification and to submit this Application on behalf of ESP II.

Dated: August 17, 2007

Stoel Rives LLP

By: 
Seth D. Hilton

SDH:mws