December 16, 2008

Subject: Proposed implementation of GIPR requirements for BLM’s Site Exclusivity

SolarReserve, LLC appreciates the opportunity to provide comments on the subject issue as part of the California Independent System Operator (CAISO) stakeholder process. SolarReserve is a Santa Monica, California based energy company formed by US Renewables Group, a private equity firm focused exclusively on renewable energy. SolarReserve holds the exclusive worldwide license to develop concentrating solar power (CSP) plants that use equipment manufactured by United Technology Corporation’s subsidiary, Hamilton Sundstrand, through its Rocketdyne division. Rocketdyne, the US Department of Energy, and others have invested more than $100 million invested to date in the design and manufacture of these components. SolarReserve is currently developing a portfolio of opportunities to deploy solar energy plants in the United States, Europe, Africa, the Middle East, Latin America and Australia.

Generally, SolarReserve supports California Executive Order S-14-08 and the pursuant Memorandum of Understanding for interagency cooperation needed to achieve 33% renewable energy by 2020. SolarReserve also supports the existing CAISO requirement for Interconnection Customers to post a deposit in lieu of Site Exclusivity (currently defined as demonstrated legal site control precluding any other party from developing power generation facilities on the same land). We believe this deposit is economically reasonable and has the added benefit of discouraging the participation of less qualified developers which will in turn provide CAISO with a more rational view of the interconnection queue. Certainly, developers unable to demonstrate any level of site control should be subject to the full $250,000 Site Exclusivity Deposit requirement.

However, SolarReserve proposes that Interconnection Customers pursuing Bureau of Land Management land and who can satisfy all the conditions in the Tariff Bulletin (dated December 3, 2008) may be subject to a reduced Site Exclusivity Deposit of $125,000 per site. This will demonstrate that while the Interconnection Customer had not achieved Site Exclusivity on BLM land as currently defined, it is making good faith efforts to do so. SolarReserve comments on the specific Tariff Bulletin language as follows:

3. The ISO proposes that an Interconnection Customer may satisfy the “other right to use the property for the purpose of generating electric power” component of the Site Exclusivity definition, with respect to BLM land, by providing evidence to the satisfaction of the ISO of the following:
   a. Secure Temporary Use Permit. Interconnection Customer has obtained and perfected (i.e. recorded in Official Records of appropriate county) a right-of-way (ROW) that authorizes applicant to place power generation testing facilities on property (permit authorization period is usually 2-3 years) [i.e., a “BLM Type II right-of-way” or equivalent] plus

First, SolarReserve agrees that securing a temporary use permit provides one element of good faith pursuit of full BLM site control.
b. **Undertaking of Significant Additional Activity to Prosecute the Permanent Permit**, as demonstrated by a showing of all of the following:

   i. Interconnection Customer has applied for a BLM ROW for right of way grant (i.e. Form (SF-299), Form 2800-14 (solar) or equivalent permit) for authorization to use project site for commercial power generation facilities.

   ii. The Interconnection customer has submitted and BLM has reviewed the Interconnection Customer’s Plan of Development (or equivalent) and has made a determination that the Interconnection Customer has the technical and financial capability to construct, operate, maintain and terminate the energy facilities.

   iii. Interconnection Customer has entered into a pro forma Cost Recovery Agreement with BLM (agreement whereby permit applicant agrees to fund the cost of environmental review process) plus advancement to BLM of some level of the cost recovery funds.

   iv. Identification of lead agency for environmental permitting process and hiring of environmental consultant to prepare required environmental documents and reports (i.e. Environmental Assessment/Environmental Impact Statement or equivalents).

Second, SolarReserve agrees that undertaking significant activity to prosecute the permanent permit is another element of good faith pursuit of BLM site control. We urge CAISO to strike the language in subsection ii above since there is currently no objective published criteria detailing how BLM will make its determination.

c. **Interconnection Customer is the first in time applicant to satisfy criteria (a) and (b) with respect to the project site.** BLM has informed the ISO that, in certain situations (for example, for the California Desert area), BLM has received applications for ROWs from multiple developers (for example, both a wind energy developer and a solar energy developer) for the same land. In those cases, both of the BLM applicants have submitted the requisite documents or performed the requisite actions described for proposed criteria (a) and (b) (i.e., Paragraph 3 (a) and (b) above).

   i. In such situations, the Interconnection Customer who demonstrates that it is first-in-time-applicant would be considered to have established site exclusivity. Other Interconnection Customers would be required to submit the site exclusivity deposit.

Finally, SolarReserve agrees that demonstrating first-in-time applicant status is another element of good faith pursuit of BLM site control.

Please contact me if you have questions, and again SolarReserve appreciates the opportunity to comment on this important stakeholder issue.

Sincerely,

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