CERTIFICATION AND FINANCING PROPOSAL

IID COMMUNITY SOLAR PARK IN
BRAWLEY, CALIFORNIA

Revised: January 6, 2013
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EXECUTIVE SUMMARY

IID COMMUNITY SOLAR PARK IN BRAWLEY, CALIFORNIA

Project: The project consists of the construction and operation of a 5 MWAC photovoltaic solar park located at the San Diego State University Imperial Valley Campus in Brawley, California (the “Project”). The energy will be purchased by Imperial Irrigation District (“IID”) pursuant to a long-term Power Purchase Agreement (“PPA”) signed with the Project company.

Project Objective: The Project will increase installed capacity of renewable energy resources, reducing the demand for traditional fossil fuel-based energy production and contributing to the displacement of greenhouse gas emissions and other pollutants of power generation by fossil fuels.

Expected Project Outcomes: The anticipated environmental and human health outcomes resulting from the installation of 5 MWAC of new renewable energy generation capacity is more than 15,000 MWh of electricity (year 1); and an expected displacement of more than 4,174 metric tons/year of carbon dioxide and six metric tons/year of nitrogen oxides.¹

Population to Benefit: 174,528 residents in Imperial County, California.

Sponsor: NRG Solar LLC (“NRG”).

Borrower: Sol Orchard Community 1, LLC (“Community Solar”).

Loan Amount: Up to US$19.2 million.

¹ SO₂ emission reductions are not calculated for this Project due to the minimal SO₂ emission factor based on the California energy generation portfolio. According to the Energy Information Administration (EIA), the SO₂ emission factor is less than half of the smallest unit of measure: 0.5.
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1. ELIGIBILITY

Project Type
The Project falls in the category of clean and efficient energy.

Project Location
The Project site is located within 100 km of the U.S.-Mexico border in Imperial County, California. More specifically, the Project is located in the city of Brawley, approximately 22 miles north of the border.

Project Sponsor and Legal Authority
The private sector project sponsor is NRG Solar LLC (“NRG” or the “Sponsor”). NRG will use a special purpose company named Sol Orchard Community 1, LLC (“Community Solar”) for the implementation of the Project. Community Solar is a Delaware-based, limited-liability company incorporated on March 5, 2012. Its contact representative is Zack Bongiovanni.

2. CERTIFICATION CRITERIA

2.1 TECHNICAL CRITERIA

2.1.1. Project Description

Geographic Location
The Project site is located on the San Diego State University Brawley campus (“SDSU-B”). The campus is bordered to the west by the Darling Drain and to the east by the Moorhead Canal. The solar park will be constructed on approximately 40 acres on the campus grounds.
Figure 1, below, shows the approximate geographical location of the Project.

**Figure 1**

**PROJECT VICINITY MAP**

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**General Community Profile**

The Project is expected to directly benefit Imperial County in two ways: (i) by generating sufficient energy equivalent to the annual consumption of approximately 1,935 households; and (ii) by creating employment opportunities and additional taxes through the construction and operation of the Project.

According to the 2010 census, the population of Imperial County was 174,528 and Brawley reported a population of 24,953 residents (8,231 housing units). Based on the previous years’ growth rates, the city estimates that its current population is 25,044. With regards to median household income (MHI), in 2010, Brawley reported an MHI of US$39,676, which is considerably lower than that of California (US$57,708) and the U.S. as a whole (US$50,046). The main industries providing employment as a percentage of the work force are: educational, health and social services (22.0%); retail trade (12.3%); agriculture, forestry, fishing and hunting, and mining (11.7%); and public administration (11.0%).

According to the U.S. Department of Labor, in June 2012, the unemployment rate in Imperial County was 29.4%, significantly higher than the national average of 8.3% and one of the highest in the United States. The Project is expected to generate approximately 70-80 jobs during construction and approximately three to four permanent jobs during operation.

**Local Energy Profile**

According to the California Energy Commission, California is among the national leaders in electricity generation from non-hydroelectric renewable energy sources, including geothermal

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2 Source: U.S. Census Bureau, 2010 - Population Division.
power, wind power, fuel wood, landfill gas, and solar power. California also imports more electricity from other states than any other state in the country.\textsuperscript{3}

The U.S. Department of Energy (“DOE”), Energy Information Administration (“EIA”), provides a state-by-state reference for information and data covering energy production and demand. Figure 2 shows the location of California’s power plants, its renewable energy potential, and energy sources.\textsuperscript{4}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{california_energy_sources.png}
\caption{CALIFORNIA’S ENERGY SOURCES}
\end{figure}

In 2002, California’s Renewables Portfolio Standard (“RPS”) was established under Senate Bill 1078. In November 2008, the California Energy Policy Report’s goal of 33% by 2020 was confirmed by Governor Arnold Schwarzenegger in Executive Order S-14-08. In 2009, the California Air Resources Board (“CARB”) under its Assembly Bill 32 authority was directed by Executive Order S-21-09 to enact regulations to achieve the goal of 33% renewables by 2020.

\begin{itemize}
\item \textsuperscript{3} California Energy Commission, Energy Consumption Data Management System Energy, Energy consumption in California. \url{http://www.ecdms.energy.ca.gov/elecbycounty.aspx}.
\end{itemize}
In order to achieve the 33% goal by 2020, Senate Bill X1-2 was signed by Governor Edmund G. Brown, Jr., in April 2011. This new RPS replaces the previous CARB’s 33% goal and applies to all electricity retailers in the state. Entities, including publicly-owned utilities (“POUs”), investor-owned utilities (“IOUs”), electricity service providers, and community aggregators, must adopt the new RPS goals of 20% of retail sales from renewables by the end of 2013, 25% by the end of 2016, and 33% by the end of 2020.

The electricity generated by the Project will be sold to Imperial Irrigation District (“IID”), which is the third largest public power utility in the state and manages more than 1,116 MW of power plant capacity. For over 100 years, IID has been providing water and energy services to all of Imperial County, as well as parts of Riverside and San Diego counties. With a service area spanning 6,471 square miles for energy, IID currently serves over 148,000 electric customers. \(^5\) Figure 3 shows IID’s service area.

![IID Service Area Map](image)

IID has established an Integrated Resource Plan to meet the nation’s greenhouse gas and renewable mandates by adding renewable sources to its portfolio. The plan provides direction and includes recommendations for expansion of IID’s transmission system, power purchases and investment in generation resources. In 2009, IID took several steps to increase its renewable energy mix, including the approval of power purchase agreements for biomass energy and a 23-

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A MWAC solar park in Niland, California. Independent power projects totaling 2,739 MW are currently planned or under development in IID’s area. It is anticipated that much of this proposed generation will come online by 2020.

IID’s generation capacity is comprised of a variety of fuel sources. Natural gas is the largest source accounting for 47.8% (534 MW), followed by external purchases for 35.8% (400 MW). IID’s own generation is comprised of 102 MW of coal (9.1%), 65 MW of hydroelectric (5.8%) and 15 MW of nuclear (1.3%). Table 1 shows the energy mix for IID compared to California as a whole.

<table>
<thead>
<tr>
<th>Energy Resources</th>
<th>IID <em>(2010)</em></th>
<th>CA Mix <strong>(2010)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Gas</td>
<td>47.8%</td>
<td>61.4%</td>
</tr>
<tr>
<td>Nuclear</td>
<td>1.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Other Renewables</td>
<td>-%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Cogeneration</td>
<td>-%</td>
<td>-</td>
</tr>
<tr>
<td>Coal</td>
<td>9.1%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Hydroelectric</td>
<td>5.8%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Other purchased power</td>
<td>35.8%</td>
<td>-%</td>
</tr>
<tr>
<td>Pumped storage</td>
<td>-</td>
<td>5.7</td>
</tr>
<tr>
<td>Petroleum</td>
<td>-</td>
<td>1.0</td>
</tr>
<tr>
<td>Other gases</td>
<td>-</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

* Source: California Energy Commission, 2010 Energy Almanac.
** Source: California State Electricity Profiles, 2010.
*** Other gases include blast furnace gas, propane gas, and other manufactured and waste gases derived from fossil fuels.

IID is a member of the Western Electricity Coordinating Council (“WECC”), the regional entity responsible for coordinating and promoting system reliability in the Western Interconnection. Geographically WECC is the largest and most diverse of the eight regional entities that have delegation agreements with the North American Electric Reliability Corporation (“NERC”) (see Figure 4), and provides reliable power service across nearly 1.8 million square miles.

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* SunPeak Solar Park in Niland, California; certified June 2011.
In 2011, WECC developed its 10-year Regional Transmission Plan, which is an interconnection-wide perspective that includes (i) expected future transmission and generation in the Western Interconnection, and (ii) the transmission capacity that will be required. The purpose of the plan is to provide information to stakeholders for their decision-making processes regarding where and when new transmission infrastructure needs to be built or other related actions that need to be taken to help ensure the Western Interconnection is reliable, low-cost, efficient, and environmentally sound.

WECC is projected to generate 17% of its energy from non-hydro renewable sources in 2020. The mix of renewable generation continues to be dominated by wind; however, strong growth in solar is also anticipated. These two sources, along with hydro and nuclear generation, equate to non-carbon emitting resources generating roughly half of the Western Interconnection’s total annual energy, as shown in Figure 5.


Project Scope and Design

The scope of the Project is to design, build and operate a 5-MW<sub>AC</sub> solar park. IID will purchase the electricity produced pursuant to a 25-year PPA. The Project will be constructed within the boundaries of SDSU-B on approximately 40 acres (see Figure 6). The Project will interconnect to IID’s grid located 0.4 miles east of the site.
The Project is expected to begin construction on January 2013, with commercial operation (COD) being reached no later than September 2013. Table 2 presents a non-exhaustive list of pending key tasks.

Table 2

<table>
<thead>
<tr>
<th>Key Milestones</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project site lease</td>
<td>Completed</td>
</tr>
<tr>
<td>Environmental Impact Report (EIR)/Notice of Exemption</td>
<td>Completed</td>
</tr>
<tr>
<td>PPA with IID</td>
<td>Signed</td>
</tr>
<tr>
<td>Interconnection agreement</td>
<td>In progress</td>
</tr>
<tr>
<td>EPC contract</td>
<td>In progress</td>
</tr>
<tr>
<td>Independent engineer report</td>
<td>Pending</td>
</tr>
<tr>
<td>Construction permits</td>
<td>In progress</td>
</tr>
<tr>
<td>Notice to proceed to EPC contractor</td>
<td>Pending</td>
</tr>
<tr>
<td>Service and maintenance agreement</td>
<td>In progress</td>
</tr>
<tr>
<td>Commercial operation date</td>
<td>September 2013</td>
</tr>
</tbody>
</table>

2.1.2. Technical Feasibility

Selected Technology

All equipment providers and models have been selected on the merits of performance and cost. The Project has been evaluated for viability based on the use of bankable single-axis tracked photovoltaic technologies. NRG is making a commercial effort to include at least two types of solar modules in recognition of the research and education benefits of the facility for SDSU. Below is a description of the main components of the Project:

- **Modules**: Two types of poly-crystalline photovoltaic modules have been selected. Modules will be installed for a total of 7.52 MW_{DC} and will be mounted on a single axis tracking system.

- **Inverters**: The inverters selected for the Project meet the frequency response requirements of the grid. The inverter models that will be used are rated at 500 kW of AC output.

- **Interconnection**: The photovoltaic interconnection switchgear is onsite at 34.5 kV and will connect to an IID interconnection point located 0.4 mile east of the site.

- **Monitoring and control system**: A SCADA system will be used to monitor remotely, track, and document the performance of the PV system relative to its predicted output. The SCADA system will also be used at the interconnection substation to measure and communicate the delivered power.
NADB's procurement policies require that private-sector borrowers use appropriate procurement methods to ensure a sound selection of goods and services, as well as works and consulting services, at fair market prices and that their capital investments are made in a cost effective manner. As part of its due diligence process, NADB will review compliance with this policy.

**Solar Resource Assessment**

The Project is located in Imperial County, California, which boasts some of the best solar resources in the world. According to the National Renewable Energy Laboratory (“NREL”), the Photovoltaic Solar Resource in Brawley ranges from 6 to 7 kWh/m²/day (see Figure 7).

![Figure 7 PHOTOVOLTAIC SOLAR RESOURCE](image)

A performance study has been developed and concludes that the Project will produce over 15,000 MWh of electricity in the first year of operation. The Project’s energy production was calculated utilizing Photovoltaic System (“PVSyst”) software, as published by the University of Geneva, Switzerland. Performance losses due to DC to AC conversion, dust, inverter losses and shading have been considered. The energy generation estimate will be vetted by an independent engineer.
2.1.3. Land Acquisition and Right-of-way Requirements

The SDSU-B site is located in Imperial County, California, about 1.3 miles east of Brawley in the central northern portion of the county. The land where the campus is located is state-owned, and covers 220 acres. The immediate surrounding area is mainly used for farming. Access to the Project site is via State Highway 78, east of Brawley.

The proposed site falls within the SDSU-B boundaries, which is heavily disturbed and currently used for low quality feed grass. As a result, it does not contain any special status species or habitat, as documented in the Environmental Impact Report (EIR). A lease agreement for the Project site has been signed between Community Solar and the trustees of California State University and San Diego State University (“SDSU”). The lease is for an initial term of 25 years after the commercial operation date, with the right to renew the initial term for two (2) successive periods of five (5) years each under the same terms. The Sponsor is granted the use of the existing roads to access the Project site for construction, operation and maintenance. IID staff is also granted access to the land in order to perform tasks related to the connection of the solar park to the IID transmission system.

Since the Project will be located on state-owned land, a Conditional Use Permit or other right-of-way is not required for the Project.

2.1.4. Management and Operations

NRG Energy is one of the largest power generation and retail electricity businesses in the United States. In 2011, NRG Energy reported revenues of US$9.1 billion. NRG owns more than 25,000 MW of generation capacity, and its retail and related subsidiaries serve more than two million customers in 16 states. NRG Solar (“NRG”) is a wholly-owned subsidiary of NRG and has emerged as one of the nation's largest solar developers. NRG Solar currently has more than 2,000 MW of solar projects under development or construction throughout the United States. NRG will ensure that the installation of the solar array and related infrastructure will be industry standard, as well as provide onsite project management and coordinate between SDSU-B and all contractors.

Solar photovoltaic systems are highly reliable and require minimal maintenance. The Sponsor will provide a comprehensive O&M program for the Project. The O&M contractor will provide services in accordance with an operations and maintenance agreement that shall include, at a minimum, the following:

- Performing routine and non-routine maintenance on the solar facility during and after the EPC warranty period;
- Providing all materials and services necessary for solar facility maintenance;
- Monitoring the operations of the Project via the computer monitoring system;
- Performing all duties to the standard mandated by the PPA;
- Complying with all regulatory obligations;
• Developing operation and safety plans; and
• Maintaining all Project information and facility data, including providing reports to their stakeholders.

The Project will be designed to operate automatically with minimal human intervention. Built-in telemetry will be incorporated to allow monitoring, control and problem diagnosis, maximizing system availability and power output over the Project’s expected life. The monitoring system includes hardware and software that record and visualize inverter and PV string-level diagnostics. This information helps to troubleshoot problems remotely, so that issues can be corrected on the first site visit.

2.2 ENVIRONMENTAL CRITERIA

2.2.1. Compliance with Applicable Environmental Laws and Regulations

Applicable Laws and Regulations

Given that the Project will be constructed in the state of California on state-owned property, the formal environmental clearance process follows the California Environmental Quality Act (CEQA), which was enacted in 1970 and incorporated into Public Resources Code §§21000-21177. Its purpose is to inform governmental decision-makers and the general public about potentially significant environmental effects of proposed activities; require changes in projects through the use of alternatives or mitigation measures, when feasible; and disclose to the public any reasons why a project was approved, if significant environmental effects will result due to the project. CEQA is applicable to projects undertaken, funded, or requiring an issuance of a permit by a public agency.

Environmental Studies and Compliance Activities

For the Project, environmental clearance activities were conducted in connection with the comprehensive purpose of the site, which is primarily related to the location of the SDSU-B campus, but also noted the future development of a solar park. In compliance with Section 15132 of the CEQA and the State CEQA Guidelines, SDSU hired a consultant to develop an Environmental Impact Report (“EIR”) (State Clearinghouse No. 20025101 0) for the “SDSU Imperial Valley Campus Master Plan Project,” which includes the development of the Brawley Campus and the onsite solar park. The EIR was developed with the County of Imperial Planning/Building Department as the lead agency. The public review period of the EIR ended on March 17, 2003, and was approved by the Imperial County Board of Supervisors in April 2003.

Additionally, a Revised Notice of Exemption for the installation of the solar park was issued on October 3, 2012, by Imperial County, as the lead agency for the CEQA process. The exemption was granted based on the following:

• There is no possibility of light/glare effects because the panels are mounted on a single-axis tracking system that follows the sun. Thus, light is reflected back towards the light source during the middle of the day and during the early morning and evening periods
the trackers stop at 45-degrees and any light glare is reflected upwards and away from any viewing location and neighboring areas.

- Panels will be engineered and installed in a manner that prevents internal heat build-up with reduced possibility of fire hazard.
- The single-axis tracking system uses driven piles for its mounting structure and does not require concrete footings or foundations. Field observations indicate that the panels will be installed on heavily disturbed, irrigated agricultural land of moderate quality used for growing low-quality feed grass (Bermuda), which does not contain any special-status species/habitat.
- The Project engineer will incorporate erosion control measures into the Project design so as to prevent any significant effect on water quality.

Pending Environmental Tasks and Authorizations

There are no pending environmental authorizations.

Compliance Documentation

The following formal authorizations were obtained:

- EIR SDSU Imperial Valley Campus Master Plan Project;
- State Clearinghouse No. 200251010 for the SDSU Imperial Valley Campus Master Plan Project; and
- State Clearinghouse No. 2011098094, Notice of Exemption.

2.2.2. Environmental Effects/Impacts

There is a need for affordable and environmentally beneficial alternatives to conventional fossil-fuel-derived energy sources. Renewable energy projects create an opportunity to generate electricity without the atmospheric emissions generated by fossil-fuel-based plants. Sunlight is a source of renewable energy, which means it can be produced without the depletion of natural resources. It is a clean form of renewable energy and is currently used in many developed and developing nations to meet their demand for electricity. Solar power does not produce waste byproducts that require disposal or gas emissions that contribute to air pollution. Nor does it pollute or consume water for electricity production, although water may be used in small amounts for the cleaning of panels from time to time. Any water used for cleaning purposes will be disposed of at appropriate facilities and in accordance with environmental regulations. Solar energy projects provide an opportunity to displace greenhouse gases (GHG) and other pollutants produced by traditional fossil-fuel-based energy generation, while providing local residents with a safe and reliable energy alternative.

Existing Conditions and Project Impact – Environment

Historically, the United States has depended to a great extent on fossil fuels for energy generation. This conventional method of energy development affects the environment due to
harmful emissions related to the generation process, including GHG and other pollutants, such as sulfur dioxide (SO₂) and nitrogen oxide (NOₓ).

Current electricity generation for California relies on a mix of energy production technologies including: coal (7.7%), natural gas (41.9%), nuclear (13.9%), other renewables (13.7%), hydroelectric (10.8%) and others (12.0%). Based on nearly 204 million MWh of net power generation in California in 2010, 55.4 million metric tons of CO₂ and 80,000 metric tons of NOₓ were emitted.

### Table 3
2010 CALIFORNIA ELECTRIC POWER INDUSTRY GENERATION

<table>
<thead>
<tr>
<th>Energy Source</th>
<th>Total Generation 2010 (MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>2,100,221</td>
</tr>
<tr>
<td>Petroleum</td>
<td>1,059,289</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>107,522,313</td>
</tr>
<tr>
<td>Other Gases¹</td>
<td>1,694,641</td>
</tr>
<tr>
<td>Nuclear</td>
<td>32,200,757</td>
</tr>
<tr>
<td>Hydroelectric</td>
<td>33,430,870</td>
</tr>
<tr>
<td>Other Renewables²</td>
<td>25,278,456</td>
</tr>
<tr>
<td>Other²</td>
<td>839,048</td>
</tr>
</tbody>
</table>

¹ Other gases include blast furnace gas, propane gas, and other manufactured and waste gases derived from fossil fuels.

² Other Renewables includes biogenic municipal solid waste, wood, black liquor, other wood waste, landfill gas, sludge waste, agriculture byproducts, other biomass, geothermal, solar thermal, photovoltaic energy, and wind.

³ Other includes non-biogenic municipal solid waste, batteries, chemicals, hydrogen, pitch, purchased steam, sulfur, tire-derived fuels and miscellaneous technologies.

Note: Totals may not equal sum of components because of independent rounding.


The Project will help reduce the demand for fossil-fuel-fired electricity, and since solar power generation implies zero fuel cost, minimal water use and no emissions, it will displace harmful emissions. Over the next 25 years, the production of approximately 345,550 MWh of zero-carbon generation will help avoid the emission of more than 93,814 metric tons of CO₂ into the atmosphere. The anticipated environmental outcomes include the installation of new renewable energy generation capacity (5.0 MWₘₜ or 15,000 MWh of electricity in year 1); and an expected displacement of more than 4,174 metric tons/year of carbon dioxide and six metric tons/year of nitrogen oxides.

**Mitigation of Risks**

Minor environmental impacts are anticipated from implementation of the Project. According to the information provided, tasks will be implemented in accordance with best management practices.

Potential impacts that will be present during the construction phase include:

- Fugitive dust emissions;
• Combustion emissions from construction machinery; and
• Temporary roadway blockages due to the presence of workers in the area.

Typical mitigation measures include:
• Application of treated wastewater to reduce fugitive dust emissions;
• Vehicle tune ups to reduce emissions; and
• Placement of warning signs to prevent potentially hazardous situations.

Specifically, the Notice of Exemption requires erosion control to be incorporated into the Project design.

**Natural Resource Conservation**

The Project will support natural resource conservation by improving air quality and reducing the demand on fossil fuels for energy production. The Project is anticipated to produce more than 15,000 MWh of zero-carbon electricity in year 1, equivalent to the annual energy consumption of approximately 1,935 homes. In addition, clean technologies such as solar energy require no water for electricity production, whereas fossil-fuel-fired generation is typically water intensive.

**No Action Alternative**

The no action alternative to the development of renewable energy sources would result in greater demand for conventional fossil-fuel-based energy production, further depleting natural resources for the purposes of meeting an ever-growing demand for energy, as well as a lost opportunity to generate emission-free energy, such as that derived from solar energy.

Additionally, the Project will help meet California’s RPS requirements and comply with GHG emission legislation, while satisfying increased demand for electricity. Should the Project not be implemented, the increased mix of renewables in IID’s portfolio would be delayed and the intent of California’s GHG emission reduction goals could be affected.

**Existing Conditions and Project Impact – Health**

Epidemiological research has shown that both chronic and acute exposure to harmful emissions associated with fossil-fuel-based energy production can lead to serious respiratory problems. It is estimated that, at the very least, prolonged exposure to excessive levels of pollutants can deteriorate the respiratory capacity of humans and greatly contribute to the increased incidence of cardiopulmonary diseases, such as asthma, heart ailments, and lung cancer.

By using clean, renewable resources instead of conventional fossil fuel sources in power generation, the Project will positively impact the region by reducing pollutants and thus help to contain the severity of respiratory and other diseases aggravated or caused by air pollution. In addition, the reduction of GHG emissions is expected to mitigate climate effects that create more vulnerable conditions for human health.
Transboundary Effects

No negative transboundary impacts are anticipated as a result of the development of the solar energy Project; on the contrary, a beneficial effect is anticipated on the air quality due to the decreased demand on fossil-fuel-fired electrical plants in the region. Furthermore, the Project will aid in addressing the larger environmental concerns related to greenhouse gases and global warming targeted by international agendas.

Other Local Project Benefits

During construction, the Project is expected to generate approximately 70-80 jobs and during operation, three to four permanent jobs are expected to be created.

Additionally, the Sponsor has agreed to provide SDSU-B access to the facility for research and educational purposes.

2.3. FINANCIAL CRITERIA

The Project Sponsor has requested a loan from the North American Development Bank (NADB) to complete the financing of the Project. The proposed payment mechanism is consistent with the project structure normally seen in the U.S. renewable energy industry. The source of payment will be the revenue generated by the Project in accordance with the pricing established under the Power Purchase Agreement (PPA) signed with IID for a term of 25 years. NADB loan will have no recourse beyond the Project Company, Sol Orchard Community 1, LLC (“Community Solar”).

NADB performed a financial analysis of the source of payment, IID; the proposed payment structure; and the Project’s cash flow projections over the 25-year term of the PPA. Its financial ratios show that the publicly owned IID enjoys favorable credit ratings. IID’s most recent bond issuances have been rated A+ by Fitch and A1 by Moody’s, both with stable outlooks, showing a good credit quality.

The Project’s expected revenue from the sale of electricity is estimated to be sufficient to: a) cover scheduled O&M expenses, b) fund any Debt Service Reserve, c) pay the debt service on the senior loan, and d) comply with debt service coverage requirements.

In addition, NADB’s analysis verified that Community Solar has the legal authority to contract financing and pledge its revenue for the payment of financial obligations. Community Solar also has the legal and financial capacity to operate and maintain the Project, and will contract the Project’s O&M services with a firm with ample experience and expertise in these types of projects. NADB has verified that the projected O&M costs are in accordance with industry standards.

Considering the Project’s characteristics and based on the financial and risk analyses performed, the proposed Project is considered to be financially feasible and presents an acceptable level of risk. Therefore, NADB proposes providing a market-rate loan for up to US$19.2 million to Sol Orchard Community 1, LLC for the construction of the Project described herein.
3. PUBLIC ACCESS TO INFORMATION

3.1. PUBLIC CONSULTATION

BECC released the Draft Project Certification and Financing Proposal for a 30-day public comment period beginning December 7, 2012. The following list of Project documentation was available upon request:

- EIR SDSU Imperial Valley Campus Master Plan Project;
- State Clearinghouse No. 200251010 for the SDSU Imperial Valley Campus Master Plan Project; and
- State Clearinghouse No. 2011098094. Revised Notice of Exemption.

The 30-day public comment period ended on January 6, 2013 with no comments received.

3.2. OUTREACH ACTIVITIES

In compliance with the CEQA and the CEQA Guidelines, the EIR for the “SDSU Imperial Valley Campus Master Plan Project” was made available for public review and comment for a 45-day period, beginning April 9, 2003, and ending May 23, 2003. The EIR received comments from the following public agencies:

- Governor's Office of Planning and Research (State Clearinghouse);
- Department of Toxic Substances Control;
- Department of Conservation (DOC), Division of Land Resource Protection; and
- The Resources Agency of California.

The EIR for the SDSU-B was made available for a public review period which ended in March 2003.

The Project also received attention from local media, such as East County Magazine, KYMA News 11, and several articles on the Internet, including the SDSU’s website. Some of the information highlights SDSU’s interest in identifying and supporting the renewable energy industry as a "cluster" for demonstration, deployment and workforce training for students in order to expand and develop renewable energy facilities. No opposition to the Project was detected in the media search.