CERTIFICATION AND FINANCING PROPOSAL

SUNPEAK SOLAR PARK 2 IN NILAND, CALIFORNIA

Submitted: November 27, 2013
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EXECUTIVE SUMMARY

SUNPEAK SOLAR PARK 2 IN NILAND, CALIFORNIA

Project: The Project consists of the construction and operation of a 20 MW<sub>AC</sub> photovoltaic solar park located in Niland, California (the “Project”). The electricity generated 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 on traditional fossil fuel-based energy production and contributing to the displacement of greenhouse gas emissions and other pollutants from power generation by fossil fuels.

Expected Project Outcomes: The anticipated environmental and human health outcomes resulting from the installation of 20 MW<sub>AC</sub> of new renewable energy generation capacity are:

a) Approximately 47,000 MWh<sup>1</sup> during the first year of operation, and

b) The expected displacement of more than 12,748 metric tons/year of carbon dioxide and 19 metric tons/year of nitrogen oxides.<sup>2</sup>

Sponsor: SunPeak Solar, LLC. (SunPeak).

Borrower: Imperial Valley Solar Company (IVSC) 2, LLC (IVSC 2).

Loan Amount: Up to US$55.0 million.

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<sup>1</sup> Source: Final Environmental Impact Report (EIR).

<sup>2</sup> SO<sub>2</sub> emission reductions are not calculated for this Project due to the minimal SO<sub>2</sub> emission factor based on the California energy generation portfolio. According to the Energy Information Administration, the SO<sub>2</sub> emission factor is less than half of the smallest unit of measure: 0.5.
CERTIFICATION AND FINANCING PROPOSAL

SUNPEAK SOLAR PARK 2 IN
NILAND, CALIFORNIA

1. ELIGIBILITY

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

Project Location
The Project site is located in Niland, Imperial County, California, approximately 40 miles north of the U.S.-Mexico border.

Project Sponsor and Legal Authority
The private-sector project sponsor is SunPeak Solar, LLC. (SunPeak or the “Sponsor”), which will use a special purpose company named Imperial Valley Solar Company (IVSC) 2, LLC (IVSC 2), for the implementation of the Project. IVSC 2 is a California-based, limited-liability company incorporated on December 7, 2011. Its contact representative is Matthew D. Rennie.

2. CERTIFICATION CRITERIA

2.1 TECHNICAL CRITERIA

2.1.1. Project Description

Geographic Location
The Project is located in Imperial County, California. The Project will be developed on a 159-acre parcel located northeast of the town of Niland. The site is bounded by Cuff Road to the east, Weist Road and the IID East Highline Canal to the north, the Imperial Valley Solar Company 1 (IVSC 1) solar power generation facility to the south, and agricultural land to the west.

Figure 1, below, shows the approximate geographical location of the Project.
General Community Profile

The Project is expected to benefit Imperial County in two ways: (i) by generating electricity equivalent to the annual consumption of approximately 7,200 households, and (ii) by creating employment opportunities and additional taxes through the construction and operation of the Project.

According to the 2010 U.S. census, Imperial County had a population of 174,528, and Niland reported a population of 1,006 (367 housing units). The estimated median household income (MHI) reported for Imperial County and Niland was US$39,402 and US$14,883, respectively. Since the MHI for the state of California is over US$61,000, these figures serve as a strong indicator of the existing economic distress in Imperial County, and in particular the small community of Niland.

The main sources of employment in Imperial County, as a percentage of the work force, are: management, business and arts (24.4%); services (22.6%); sales (25.9%); natural resources and construction (14.8%); and production and transportation (12.4%). According to the U.S. Department of Labor, in May 2013, the unemployment rate in Imperial County was 22.7%.

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3 Source: U.S. Census Bureau, 2007-2011 American Community Survey.
significantly higher than the national average of 7.6% and one of the highest in the United States. The Project is expected to generate approximately 80 to 120 jobs during construction and two permanent jobs during operation.

Local Energy Profile

The U.S. Department of Energy (DOE), through the Energy Information Administration (EIA), provides a state-by-state reference for information and data covering energy production and demand. Figure 2 from the EIA website shows the location of California's power plants, its renewable energy potential, and energy sources.

Figure 2
CALIFORNIA’S ENERGY SOURCES

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5 According to Sponsor’s estimations and as described in the Final Environmental Impact Report (EIR).
In 2002, the California Renewables Portfolio Standard (RPS) was established in Senate Bill 1078. In November 2008, the California Energy Policy Report’s goal of achieving 33% generation from renewable sources 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.

In order to achieve the 33% goal by 2020, Senate Bill X1-2 was signed by Governor Edmund Brown, Jr., in April 2011. Under this new RPS, all electricity retailers in the state—including publicly-owned utilities (POUs), investor-owned utilities (IOUs), electricity service providers, and community aggregators—must adopt the new 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 an energy service area spanning 6,471 square miles, IID currently serves over 148,500 electric customers. Figure 3 shows IID’s service area.

Figure 3
IID’s SERVICE AREA

IID has established an Integrated Resource Plan to add renewable sources to its portfolio in order to meet state mandates on greenhouse gases and renewables. The plan provides direction and includes recommendations for expanding 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-MWAC solar park in Niland, California. This new Project will be located adjacent to the site of the previously certified project. Currently, independent power projects planned or under development in IID’s area total 2,739 MW. 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 51.6% (588 MW), followed by other renewables with 11.9% (136 MW), coal with 8.9% (102 MW), hydroelectric with 5.7% (65 MW), oil with 3.7% (42 MW) and nuclear with 1.3% (15 MW). The remaining 16.9% (192 MW) of IID’s generation portfolio comes from external purchases and from other bilateral contracts. Table 1 shows the energy mix for IID compared to California as a whole:

<table>
<thead>
<tr>
<th>Energy Resources</th>
<th>IID Mix (2013)</th>
<th>CA Mix (2013)</th>
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<tbody>
<tr>
<td>Natural Gas</td>
<td>51.6%</td>
<td>61.1%</td>
</tr>
<tr>
<td>Oil</td>
<td>3.7%</td>
<td>Less than 0.1%</td>
</tr>
<tr>
<td>Nuclear</td>
<td>1.3%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Other Renewables¹</td>
<td>11.9%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Coal</td>
<td>8.9%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Hydroelectric</td>
<td>5.7%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Unspecified³</td>
<td>16.9%</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

¹ Includes wind, solar, small hydro, geothermal, landfill gas, digester gas and biomass resources.
² Source: http://energyalmanac.ca.gov/electricity/s-1_supply_forms_2013/
³ Source: California Energy Commission, Electricity System Power (data as of August 1, 2013).
³ Electricity from transactions that are not traceable to specific generation sources.

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).

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8 SunPeak Solar Park 1 (IVSC 1) certified in June 2011.
9 IID has agreements with energy consumers and suppliers to buy and sell energy under specific conditions.
In 2011, WECC developed its 10-year Regional Transmission Plan, 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 objective of the plan is to provide information to stakeholders for their decision-making processes regarding where and when to build new transmission infrastructure or take other related actions to help ensure the Western Interconnection is reliable, low-cost, efficient, and environmentally sound.

WECC expects 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 anticipated. These two sources, along with hydro and nuclear, mean roughly half of the Western Interconnection’s total annual energy will be generated by non-carbon emitting resources.

Project Scope and Design
The scope of the Project is to design, build, and operate a 20 MW_{AC} photovoltaic solar park. The Project will be constructed on a 159-acre parcel (see Figure 5) and includes the construction of a 2,700-ft, 92-kV overhead transmission line to interconnect with the IID Niland Substation. IID will purchase the electricity produced pursuant to a 30-year PPA.
The Project is expected to begin construction in February 2014. According to the information provided by the Project Sponsor, construction will begin with site preparation, such as grubbing and excavation works. The Project is expected to be completed during the third quarter of 2014. Table 2 presents the status of key tasks.

Table 2
PROJECT MILESTONES

<table>
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<th>Key Milestones</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Environmental authorization (Final Environmental Impact Report approval)</td>
<td>Completed</td>
</tr>
<tr>
<td>Conditional Use Permit (land use and access)</td>
<td>Completed</td>
</tr>
<tr>
<td>Project site lease agreement</td>
<td>Completed</td>
</tr>
<tr>
<td>PPA with IID</td>
<td>Completed</td>
</tr>
<tr>
<td>Interconnection agreement with IID</td>
<td>In process</td>
</tr>
<tr>
<td>Engineering, procurement and construction (EPC) contract</td>
<td>In process</td>
</tr>
<tr>
<td>Independent engineer report</td>
<td>In process</td>
</tr>
<tr>
<td>Construction permits</td>
<td>In process</td>
</tr>
<tr>
<td>Commercial operation date</td>
<td>3rd quarter of 2014</td>
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</tbody>
</table>
The Project engineering, procurement and construction contract (EPC) is anticipated to be finalized and executed by the first week of December 2013. Construction permits are expected to be obtained by February 2014.

NADB’s procurement policies require that private-sector borrowers use appropriate procurement methods to ensure a sound selection of goods, works and 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.

2.1.2. Technical Feasibility

Selected Technology

According to the Sponsor, all equipment and suppliers have been selected on the merits of performance and cost. Additionally, the Project has been evaluated for viability based on the use of bankable technologies. Based on the Final EIR and the Project site layout plans, the main components of the Project are:

- **Modules**: Polycrystalline photovoltaic (PV) modules with a capacity of between 295W and 305W each, will be installed.

- **Inverters**: The inverters that will be selected for the Project will be rated at 1.5 MW of AC output.

- **Interconnection**: The point of interconnection (POI) is 2,700 feet south of the Project site. The power line will transmit the energy to the power grid at the Niland substation.

- **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.

Solar Resource Assessment

The Project is located in Niland, 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 Niland ranges from 6 to 6.5 kWh/m²/day (see Figure 6).
The Project’s energy production was calculated using Photovoltaic System (PVSyst) software, published by the University of Geneva, Switzerland. A 20-MW$_{AC}$ solar plant performance study was developed. Based on the results of this study, it is estimated that the Project will generate approximately 47,000 MWh of electricity in the first year of operation. Performance losses due to direct current to alternating current conversion, dust, inverter losses and shading were taken into consideration. The energy generation estimate will be vetted by an independent engineer. The current experience on the same site for the IVSC 1 project has exceeded expected performance on energy production providing greater confidence to the projected generation estimates.

2.1.3. Land Acquisition and Right-of-way Requirements

The Project site encompasses a total area of approximately 159 acres. The land has been secured through a long-term lease agreement. The Project site is currently fallow and devoid of any structures or substantial vegetation. Access would be provided by the existing County-approved commercial driveway located at the IVSC 1 facility for primary access and an existing road for construction access.

In April 2012, the Sponsor submitted an application for a Conditional Use Permit (CUP) to the Imperial County Planning and Development Services (ICPDS) for construction and operation of a solar PV electric generation facility. The CUP was approved by the Planning Commission on May
22, 2013 and by the County Board of Supervisors on July 2, 2013, as stated in the Agreement for Conditional Use Permit #12-0009, Imperial Valley Solar Company 2 Project.

According to the CUP, the Sponsor must obtain all local, state and/or federal permits, licenses, and/or other approvals necessary for the construction and/or operation of the Project, including but not be limited to, local permits and approvals required by the Imperial County EHS/Health Department, the Planning and Development Services Department, the Imperial County Air Pollution Control District (ICAPCD), the Imperial Irrigation District (IID), the Imperial County Public Works Department, the Imperial County Sheriff/Coroner’s Office, and the Imperial County Fire Protection/Office of Emergency Services, among others. The Sponsor must also submit a copy of additional permit and/or licenses to the Planning and Development Services Department within 30 days of receipt, including amendments or alternatives thereto, when requested.

All permits will be obtained prior to or during the construction process, in accordance with Imperial County regulations. As with other projects, obtaining the permits will be a condition precedent for disbursements in the loan agreement.

2.1.4. Management and Operations

The final design will be developed by the Sponsor, which is currently in the process of selecting the contractor and expects to finalize the EPC contract by December 2013. SunPeak is a privately-held solar energy project developer and asset manager with extensive experience in the development, financing, construction and operation of renewable energy projects. In June 2012, SunPeak completed the construction of the IVSC 1 project with a nameplate capacity of 23 MWAC, which is currently in operation.

Solar photovoltaic systems are highly reliable and require minimal maintenance. The Project Sponsor will execute an Operations and Maintenance (O&M) contract by December 2013. The O&M plan includes the development of the following activities, among others:

- 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;
- Washing solar panels periodically;
- Managing onsite vegetation using typical landscape maintenance techniques (if applicable);
- Monitoring the operations of the Project via the computer monitoring system;
- Complying with all regulatory obligations;
- Developing operation and safety plans; and
- Maintaining all Project information and facility data, including providing reports to their stakeholders.
2.2 ENVIRONMENTAL CRITERIA

2.2.1. Compliance with Applicable Environmental Laws and Regulations

Applicable Laws and Regulations

The Project will be constructed in California and, therefore, the formal environmental clearance process for the Project must comply with the California Environmental Quality Act (CEQA).\(^\text{10}\) The purpose of CEQA is to inform governmental decision-makers and the general public about the 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 the reasons why a project was approved, if significant environmental effects result from its implementation. CEQA applies to projects undertaken or funded by a public agency or projects for which a permit must be issued by a public agency.

Environmental Studies and Compliance Activities

The development of any project that is not exempt from CEQA must include the preparation of an "Initial Study" by a lead agency to determine whether the project may have a significant adverse effect on the environment. If adverse effects are detected, the lead agency must prepare an Environmental Impact Report (EIR). The analysis in the EIR is intended to provide full disclosure of the potential environmental impacts of a project in accordance with CEQA requirements. When no substantial evidence is found for such effects or they can be reduced to a level of insignificance through project revisions, a Mitigated Negative Declaration (MND) can be adopted.

In this case, the lead agency is ICPDS, which prepared a Notice of Preparation (NOP) of the EIR on August 31, 2012, in order to provide an opportunity for input from public agencies, stakeholders, organizations, and individuals on the scope of the environmental analysis for the potential effects of the Project. The Imperial County Board of Supervisors must certify the adequacy of the Final EIR in complying with the CEQA requirements before any action is taken on the Project. The Board of Supervisors will consider the information contained in the EIR in making its decision to approve or reject a project. As part of the EIR, the following environmental reports were prepared to evaluate the potential impacts and mitigation requirements of the Project:

- **Glare Assessment Study.** The purpose of this study is to evaluate potential impacts in terms of glint and glare resulting from the operation of a solar photovoltaic (PV) energy generation project. The study concluded that the glint or glare that will be generated from installation of PV modules associated with the Project is considered limited based on the absorptive rather than reflective qualities of PV modules. The impact from Project implementation in terms of glint or glare is considered to be less than significant, thus does not require mitigation measures.

- **Agricultural Land Evaluation.** This study is intended to provide the lead agencies with an optional methodology to ensure that potentially significant effects on the environment

\(^\text{10}\) CEQA was enacted in 1970 and incorporated into Public Resources Code §§21000-21177.
from the conversion of agricultural land to non-agricultural use are quantitatively and consistently considered in the environmental review process. The study concluded that the Project is not anticipated to have a significant impact on agricultural resources as result of this conversion.

- **Air Quality Study.** The purpose of this study was to determine potential air quality impacts that might be created during the construction of the Project. Based upon the analysis of activities, construction and operational air quality impacts may be expected. However, all impacts can be reduced to below significance through the implementation of mitigation measures, which are described in the Mitigation of Risk section.

- **Biological Resources Report.** The purpose of the study was to perform biological surveys in the immediate vicinity of the Project site and analyze potential impacts to sensitive biological resources. The survey concluded that the site has been so severely altered that its value for native plants and animals is now insignificant. No rare, threatened or endangered plant or animal species were found on the Project site, and no rare plant assemblages were encountered. However, the Project site does offer habitat for the burrowing owl, a protected species under the federal Migratory Bird Act. As this species was observed in the immediate area of the Project site and could take up residence within the site boundaries at any time, it is recommended by the California Department of Fish and Game that a burrowing owl clearance survey be conducted prior to site disturbance. Should pre-construction site surveys detect that one or more owls have taken up residence within the site boundaries, the owls may be relocated offsite by a qualified biologist.

- **Cultural Resources.** A background literature review and a pedestrian field survey were conducted to determine the potential existence of artifacts, features or cultural resources. No evidence of any newly discovered cultural resources from either prehistoric or historic periods were identified within the Project area during the intensive pedestrian survey. No sacred lands were identified by the Native American Heritage Commission (NAHC), and no comments were received from local Native American groups.

- **Phase I Environmental Site Assessment.** The objective of the Phase I Environmental Site Assessment (ESA) is to identify potential environmental hazards associated with past and present activities on the subject site or in the immediate site vicinity in general conformance to ASTM Standard E-1527-05 “Standard Practice for Environmental Site Assessments.” Based on the results presented on the ESA, the potential of the Project to have adverse effects on nonrenewable paleontological resources during construction of the proposed solar energy facility is low.

- **Noise Study.** A study was completed to determine the noise impacts associated with the development of the Project. The study included the following analysis:
  - Construction noise levels from grading and PV panel installation at all Project property lines in each phase are anticipated to comply with the Imperial County 75 dB standard, and no impacts are anticipated.
Operational activities are expected to be below the most restrictive nighttime property line standard of 45 dB. No impacts are anticipated, and no mitigation is required.

The Project does not create any short-term noise increase during peak construction of more than 5 dB Community Noise Equivalent Level (CNEL) in the “normally acceptable” category on any roadway segments.

- **Geotechnical Investigation Report.** The purpose of this geotechnical study was to investigate the upper 50 feet of subsurface soil at selected locations within the site for evaluation of physical/engineering properties. The report includes the recommendations for proper site preparation, construction of foundations and settlements and concrete mixes, among others.

In accordance with §15090 of the State CEQA Guidelines, prior to approving the Project, the County must certify the Final EIR. The Project completed its Final EIR, which was certified along with the approval of the Conditional Use Permit, on July 30, 2013.

**Pending Environmental Tasks and Authorizations**

No formal environmental authorizations are pending.

**Compliance Documentation**

The following environmental compliance documentation is available for the Project:

- Initial Study
- Notice of Preparation of the Environmental Impact Report
- Draft Environmental Impact Report
- Final Environmental Impact Report
- Agricultural Resources Study
- Air Quality Study
- Biological Resources Report
- Cultural Resources Report
- Phase I Environmental Site Assessment
- Geotechnical Investigation Report

**2.2.2. Environmental Effects/Impacts**

There is a need for affordable and environmentally beneficial alternatives to conventional fossil-fuel-derived energy resources. 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. It does not pollute or consume water for electricity production. 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 the generation of energy. These conventional sources of energy adversely affect the environment due to the harmful emissions produced in their generation processes, including GHG and other pollutants, such as sulfur dioxide (SO₂) and nitrogen oxides (NOₓ).

Current electricity generation in California relies on a mix of energy technologies, including: natural gas (61.1%), other renewables (17.1%), hydroelectric (11.7%), nuclear (9.3%), and coal (0.8%). Based on nearly 200,000 GWh of net power generation in California in 2012, 47.9 million metric tons of CO₂ and 81,366 metric tons of NOₓ were emitted.¹¹

<table>
<thead>
<tr>
<th>Table 3</th>
<th>2012 CALIFORNIA ELECTRIC POWER INDUSTRY GENERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Source</td>
<td>Total Generation 2012 (GWh)¹</td>
</tr>
<tr>
<td>Natural gas</td>
<td>121,716</td>
</tr>
<tr>
<td>Oil</td>
<td>90</td>
</tr>
<tr>
<td>Coal</td>
<td>1,580</td>
</tr>
<tr>
<td>Nuclear</td>
<td>18,491</td>
</tr>
<tr>
<td>Hydroelectric</td>
<td>23,202</td>
</tr>
<tr>
<td>Other renewables²</td>
<td>34,007</td>
</tr>
</tbody>
</table>

² Other Renewables includes biomass, geothermal, photovoltaic energy, small hydro and wind.

The Project will help reduce the demand for fossil fuel-fired electricity, and since solar power generation has zero fuel cost, zero emissions and zero water use, it will displace harmful emissions. Over the next 30 years, the production of approximately 1,274,660 MWh of zero-carbon generation will help avoid the emission of more than 346,060 metric tons of CO₂ into the atmosphere. The anticipated environmental outcomes from the installation of new renewable energy generation capacity (20 MW AC or approximately 47,000 MWh of electricity in year 1) include an expected displacement of more than 12,748 metric tons of carbon dioxide and approximately 19 metric tons of nitrogen oxides, both in year 1.

¹¹ Source: U.S. Energy Information Administration.
Mitigation of Risks

As previously determined by the ICPDS, different aspects and resources of the Project have been reviewed, and most of the studies concluded that the Project will not have any significant effect on the environment. Although some potential impacts might be expected, they will be managed using the following mitigation measures contained in the Final EIR:

- **Air Quality.** Construction of the Project could potentially create temporary emissions of dust, fumes, equipment exhaust, and other air contaminants that may exceed Imperial County Air Pollution Control District (ICAPCD) significance thresholds; however, implementation of the following mitigation measures will reduce impacts to less than significant.
  
  o The Sponsor will develop and implement a Dust Control Plan (DCP), which will require that all disturbed areas meet the stabilization requirements and maintain visibility below 20% opacity. The DCP will also include the standard mitigation measures described in the Final EIR.
  
  o The Sponsor will use Diesel Oxidation Catalyst or alternative devices that achieve equivalent NOx emission reduction on all large diesel construction equipment as required by ICAPCD.

- **Biological Resources.** As the Project construction schedule and details are finalized, an approved biologist shall prepare a Burrowing Owl Mitigation and Monitoring Plan that will detail the approved, site-specific methodology aimed at minimizing and mitigating impacts to this species. The plan includes the following mitigation measures.
  
  o Passive relocation, destruction of burrows, and construction of artificial burrows can only be completed upon prior approval by and in cooperation with the California Department of Fish and Wildlife (CDFW).
  
  o A CDFW-approved biologist will conduct a contractor education program and will provide all construction and maintenance personnel with an orientation and information pamphlet.
  
  o To the extent practicable, initial grading and clearing within the Project footprint shall occur between September 1 and January 31 to avoid impacts to any breeding burrowing owls. Occupied burrows shall not be removed during the nesting season (February 1 through August 31) unless a qualified biologist approved by CDFG CDFW verifies through noninvasive methods that either: (a) the birds have not begun egg laying and incubation; or (b) that juveniles from the occupied burrows are foraging independently and are capable of independent survival.
  
  o Two preconstruction clearance surveys for burrowing owls will be conducted by qualified, CDFW-approved biologists to determine the presence or absence of this species within the grading area.
  
  o If construction activities take place during the nesting bird season (March 15 to September 15), nesting bird surveys for raptors and all other birds covered
under the Migratory Bird Treaty Act should be conducted by a qualified, CDFW-approved biologist within a minimum of three days prior to the start of work.

- A qualified, CDFW-approved biological monitor will be present when work activities occur near a burrowing owl winter buffer or any active nest buffer.
- When removal of occupied burrows is unavoidable, the following mitigation measures shall be implemented outside of the breeding season:
  - Applicable passive relocation methods; and
  - Construction of new burrows or the enhancement of existing unsuitable burrows.
- The Applicant shall provide for protected lands with burrowing owl foraging habitat on a 1:1 basis to offset the indirect impacts of loss of foraging habitat on the Project site.
- To prevent electrocution or collision with avian species, all aboveground transmission lines will conform to Avian Power Line Interaction Committee (APLIC) standards.

- **Cultural Resources.** If buried cultural materials are discovered during any earthmoving operations associated with the Project, all work in that area should be halted or diverted until a qualified archaeologist can evaluate the nature and significance of the finds. In the event human remains are discovered, all work in the area must be halted until the county coroner identifies the remains and makes recommendations regarding their appropriate treatment.

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**Natural Resource Conservation**

The Project will support natural resource conservation by reducing the demand on fossil fuels for energy production and associated improvements to air quality. The Project is anticipated to produce approximately 47,000 MWh of zero-carbon electricity in the first year of operation, equivalent to the annual energy consumption of approximately 7,200 households. In addition, clean technologies such as solar energy require no water for electricity production, whereas fossil fuel-fired generation is typically water intensive.

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**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 the California RPS requirements and comply with GHG emission legislation, while satisfying increased demand for electricity. Should the Project not be implemented, the 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**

In general, 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 implementation of the 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 Benefits**

During construction, the Project is expected to generate between 80 and 120 jobs, as well as two full-time jobs are expected to be created during operation.

**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 30 years. NADB loan will have no recourse beyond the Project Company, Imperial Valley Solar Company 2, LLC (“IVSC2”).

NADB performed a financial analysis of the source of payment, IID; the proposed payment structure; and the Project’s cash flow projections over the 30-year term of the PPA. IID’s financial ratios support its favorable credit ratings. IID’s most recent bond issuances have been rated AA- by S&P with stable outlooks, reflecting a good credit quality.

The Projects’ 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 IVSC2 has the legal authority to contract financing and pledge its revenue for the payment of financial obligations. IVSC2 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$69.6 million to Imperial Valley Solar Company 2 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 November 25, 2013. The following Project documentation is available upon request:

- Initial Study
- Notice of Preparation of the Environmental Impact Report
- Final Environmental Impact Report
- Agreement for Conditional Use Permit

The foregoing documents, as well as other project-related documents, are also available on the Imperial County website: http://www.icpds.com/?pid=3306.

The public consultation period ended on December 25, 2013, with no comments received.

3.2. OUTREACH ACTIVITIES

In addition to the public consultation required for BECC certification, the Project Sponsor, in coordination with local governing bodies, has made Project information available to the local community through various efforts. In accordance with the CEQA Guidelines, ICPDS prepared a Notice of Preparation (NOP) of the EIR, which was published on August 31, 2012. The NOP and the Initial Study were available to the public and circulated to local, state, and federal agencies, as well as other interested parties, for a 30-day public comment period. A public scoping meeting was held on September 6, 2012. No issues of concern were identified during the public review period for the NOP/EIR.

Subsequent to the development of the Draft EIR, the document was made available for a public review period from December 7, 2012 to February 19, 2013. The Draft EIR included a description
of the Project and the environmental setting, the identified Project impacts, and the mitigation measures for potential significant impacts, in addition to an analysis of Project alternatives. The document was available for review at the County offices and on the County’s website. On May 22, 2013, ICPDS convened a public meeting in the Board of Supervisors Chambers in El Centro, California. The agenda for the meeting included consideration of the Final EIR and Conditional Use Permit for the Project. According to the minutes of the meeting, the Draft EIR received several comments expressing concerns about the information contained on the EIR, related to loss of agricultural lands, biological impacts and analysis of cumulative impacts.12 The Project sponsor responded to the concerns and expressed that the studies were completed pursuant CEQA and County requirements.

The comments to the Draft EIR and the corresponding responses are included in Section 7 of the Final EIR. According to the Final EIR, none of the comments received during the comment period provided any basis to identify new significant impacts or “significant new information” that would require recirculation of the Draft EIR.

ICPDS recommended the Project for approval to the County Board of Supervisors. The Board of Supervisors approved the CUP on July 2, 2013.

Additionally, BECC conducted a media search to identify public opinion about the Project. A few references to the Project were found in articles on Internet sites, including:

- **Imperial Valley Press**, May 23, 2013. “Commission approves Niland solar project”  


Due to the required environmental clearance approach, an extensive effort has been made to provide public access to information related to the Project, and full consideration of public comments received during the environmental review process has been incorporated into the EIR and County authorizations. The Sponsor has followed all public consultation requirements in order to comply with applicable environmental clearance and permitting processes.

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