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March 12, 2010

DOCKET
07-AFC-5
DATE <u>MAR 12 2010</u>
RECD. <u>MAR 12 2010</u>

Paul Kramer
Project Manager
California Energy Commission
1516 9th Street
Sacramento, CA 95814

Tom Hurshman
Project Manager
Bureau of Land Management
2465 South Townsend Ave.
Montrose, CO 81401

Re: 07-AFC-5 Ivanpah Solar Project Ownership Structure

Dear Messrs. Kramer and Hurshman:

On February 22, 2010, the U.S. Department of Energy announced that it has conditionally committed to providing \$1.37 billion in loan guarantees to support the financing of BrightSource’s Ivanpah Solar Electric Generating System project (the “Ivanpah Solar Project”). The commitment to provide loan guarantees marks a key milestone in the development of the Ivanpah Solar Project. When constructed, the Ivanpah Solar Project will be the world’s largest solar energy project, nearly doubling the amount of solar thermal electricity produced in the US today.

I am writing to update the Commission and the Bureau on a change in the ownership structure for the Project that has emerged during our due diligence related to Project financing. The initial applications filed with the Commission and the Bureau in 2007 identify three project companies: (1) Solar Partners I, LLC, as the owner of Ivanpah 2 powerplant; (2) Solar Partners II, LLC as owner of the Ivanpah 1 powerplant; and (3) Solar Partners VIII, LLC as owner of the Ivanpah 3 powerplant. Additionally, the 2007 applications also identify a fourth entity, “Solar Partners IV, LLC,” as the owner of shared facilities required by the three solar plants (the “Shared Facilities”).

This update affects only the ownership of the Shared Facilities. Specifically, rather than having a fourth entity own the Shared Facilities, the project financing structure now

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contemplates that the Shared Facilities will be owned by the three project companies as tenants in common. Accordingly, in describing the “Applicant” and the ownership structure, the following descriptions should be used:

This Application is being made by Solar Partners I, LLC, Solar Partners II, LLC, Solar Partners VIII, LLC as the individual owners of the three separate solar powerplants and as tenants in common owners of the “Shared Facilities” required by the three solar powerplants (the “Applicant”). Solar Partners I, LLC is the owner of Ivanpah 2 powerplant. Solar Partners II, LLC is owner of the Ivanpah 1 powerplant. Solar Partners VIII, LLC is owner of the Ivanpah 3 powerplant. Additionally, these three LLCs each hold a tenant in common interest in the Shared Facilities.

With regard to the Commission’s issuance of its Certification, as you may recall, the Applicant has offered to assist in drafting a covering order that will provide clarity on the ownership structure of the three powerplants and the Shared Facilities.

Similarly, with regard to the issuance of the BLM’s Right-of-Way (“ROW”) grants, we understand that the BLM intends to issue four ROW grants: one each to the three project companies and a fourth to cover the Shared Facilities. With regards to the Shared Facilities ROW grant, the Applicant would prefer, if feasible, three over-lapping ROW grants for the Shared Facilities, one to each powerplant owner. This would be the Applicant’s preference. If the issuance of three overlapping ROW grants for the Shared Facilities is infeasible, the Applicant would recommend a single ROW grant for the Shared Facilities, issued to the three project companies as “tenants in common.”

Thank you for the opportunity to update you on the recent developments in project ownership that have evolved as part of project financing. We look forward to continuing to work with you on this important project.

Sincerely,



Jeffery D. Harris

Attorneys for the Ivanpah Solar Project

STATE OF CALIFORNIA

Energy Resources Conservation
and Development Commission

Application for Certification for the IVANPAH)
SOLAR ELECTRIC GENERATING SYSTEM) Docket No. 07-AFC-5
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PROOF OF SERVICE

I, Karen A. Mitchell, declare that on March 12, 2010, I served the attached letter re *Ivanpah Solar Project Ownership Structure* via electronic and U.S. mail to all parties on the attached service list.

I declare under the penalty of perjury that the foregoing is true and correct.



Karen A. Mitchell

SERVICE LIST
07-AFC-5

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