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DATE	JUL 12 2010
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July 12, 2010

Honorable Arnold Schwarzenegger
Governor
State of California
State Capitol
Sacramento, CA 95814

Dear Governor Schwarzenegger:

I am writing to ask for your immediate assistance with a serious problem with the transmission interconnection for our Blythe Solar Energy Center project, which is on the Renewable Energy Action Team's list of ARRA Projects, and is on track to start construction at the end of this year. The Blythe Solar Energy Center Project will have a total capacity of 968 megawatts (MWs), in four 242 MW plants. Two of these plants, with a total capacity of 484 MWs, are under power purchase agreement (PPA) with Southern California Edison (SCE). We have received great support from the California Energy Commission during the permitting process of the site, and thank your Administration for its diligence in ensuring coordination between federal and state permitting, environmental and transmission entities and utilities, to ensure solar energy projects can start construction by the end of this year.

We will soon commence due diligence with the Department of Energy for a loan guarantee amounting to \$2.1 billion. In partnership with Citibank and Deutsche Bank, we are making very good progress in raising equity for this project, which will be the largest solar thermal project in the world. We estimate that this project will create 1,600 construction jobs over a three year period, 160 permanent operations and maintenance jobs over the plants' 30-year life, and more than 1,000 additional jobs during the construction period in the supply chain for these projects.

The California Independent System Operator (CAISO) released the long awaited "Transition Cluster Phase II Report" last Thursday evening, July 8th. According to the study, firm transmission service for the project does not exist until 2017. Solar Millennium is also required to post a letter of credit for \$244 million for the network upgrades identified in the Phase II Report as needed for full delivery of energy from the project. In meetings hosted by the Governor's Office on May 13th and June 8th of this year, Southern California Edison expressed a strong interest to finance such upgrades themselves, given abandoned plant approval by FERC, and the CAISO agreed to support that finding.

We strongly believe that the simple fact that the Phase II Report states in the Executive Summary that the Blythe Solar Energy Center will not have firm transmission service until 2017, means that the project cannot qualify for ARRA financing with a targeted construction start in 2010. Other ARRA renewable energy projects are also jeopardized by this situation.



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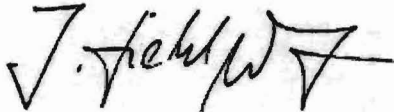
We believe that there must be public agreement among the CAISO, SCE and the ARRA Interconnection Customers in the immediate future, no later than July 31, 2010, that:

- SCE, CAISO and the Interconnection Customers commit to working together to accelerate the design and long lead procurement for those identified upgrades in parallel with pending regulatory approvals, to facilitate firm transmission service in 2013.
- SCE commits to self-finance network upgrades meeting the criteria of resolving congestion and improving reliability on the CAISO grid while also serving to allow the full interconnection of ARRA renewable projects and any other new projects desiring interconnection in the same timeframe.
- CAISO commits to waive financial security postings by Interconnection Customers for those identified upgrades pending regulatory approvals.

Without these clear and public commitments, the opportunity to construct thousands of megawatts of new, vitally needed in-state renewable capacity and the economic stimulus that will accompany this multi-billion dollar investment in California's infrastructure will be lost.

Thank you for your attention to this matter.

Sincerely,



Josef Eichhammer
CEO, Solar Millennium, LLC
President, Solar Trust of America, LLC

cc: Yakout Mansour, CAISO
Board of Directors, CAISO
Susan Kennedy, Chief of Staff, Governor Schwarzenegger
Michael Picker, Office of the Governor
Pedro Pizarro, SCE
Chair Karen Douglas, CEC
President Michael Peevey, CPUC
President pro Tempore Darrel Steinberg, California Senate
Speaker John Perez, California Assembly



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