

**MEMORANDUM OF UNDERSTANDING (MOU)
BETWEEN THE
CALIFORNIA ENERGY COMMISSION
AND
IMPERIAL COUNTY PLANNING/BUILDING DEPARTMENT
FOR DESIGN REVIEW, PLAN CHECK, AND
CONSTRUCTION INSPECTION OF THE
BLACK ROCK 1, 2, & 3 GEOTHERMAL POWER PLANT PROJECT
02-AFC-2C**

RECITALS:

- A. On March 13, 2009, the California Energy Commission (Energy Commission) received a petition from CE Obsidian, LLC (CE Obsidian) to amend the Energy Commission Decision (Decision) for the Black Rock 1, 2, & 3 Geothermal Power Plant Project (Project). The 160 acre project site is located near the southern end of the Salton Sea, near the town of Calipatria in an unincorporated area of Imperial County.
- B. In the event the Energy Commission approves the project, the Energy Commission must ensure that the project is designed, constructed, and operated in conformity with the Decision; the California Building Standards Code (CBSC)¹; the local building codes adopted by Imperial County (County); and applicable laws, ordinances, regulations, and standards (LORS) to ensure health and life safety. The Decision contains the Conditions of Certification for construction and operation of the project. Any work undertaken by the Chief Building Official (CBO) prior to the issuance of the Decision shall be performed at the sole risk of the CBO. The Energy Commission does not guarantee the approval of the project by executing this MOU.
- C. If the project is approved, the Decision will require that CE Obsidian or current project owner submit engineering plans, calculations, specifications, and other project-related information (as required by sections 105.3 and 106.1 in Appendix Chapter 1 of the CBSC) to the Delegate CBO for the project, for review and approval, prior to and during construction of the project. The intent of this requirement is to provide an independent review of the project's final design and inspections of the project's construction, to ensure compliance with applicable engineering LORS, the local building codes, the CBSC, the Facility Design, Geology, and Transmission System Engineering Conditions of Certification, and

¹ The California Building Standards Code (CBSC) references the 2007 edition or the most current edition at the time of construction including, but not limited to, specific sections noted. Referenced section numbers specified may change if a more updated edition is used.

the Storm Water Pollution Prevention Plan (SWPPP) and Drainage, Erosion and Sediment Control Plan (DESCP).²

IMPERIAL COUNTY AND ENERGY COMMISSION STAFF AGREE AS FOLLOWS:

1. The above recitals are incorporated into this agreement.
2. The Imperial County Planning/Building Department shall act as the Energy Commission's delegate for enforcement of: local building codes; the CBSC; the Facility Design, Geology and Transmission System Engineering Conditions of Certification; the SWPPP and DESCPC as directed by the Compliance Project Manager (CPM); and other engineering LORS applicable to the project to ensure health and safety. The County will also be responsible for the design review, plan check, and construction inspection of the foundation, structural features, anchorage, and connections for those building and non-building structures, process-related systems and equipment required for power and steam generation, and equipment located either inside or outside of buildings that are designated in the master drawings and master specifications list described in Facility Design Condition of Certification GEN-2. Additions and deletions to the provided list will be made only with the CPM's approval. These duties shall be carried out by the County's Planning & Development Services Department as the Chief Building Official (CBO) for the project. The ultimate responsibility for facility design, construction, and operational compliance remains with CE Obsidian.
3. Although the County will function as the Energy Commission's delegate, the Energy Commission has the final authority and responsibility to ensure that the Project is built in accordance with the applicable engineering LORS, the Decision, and subsequent amendments. The Energy Commission's legal authority to enforce the terms and conditions of its Decision is specified in California Public Resources Code section 25500 *et seq.* The Energy Commission may amend or revoke the certification for any facility and may impose a civil penalty upon the project owner for any significant failure to comply with the terms or conditions of the Decision.
4. To ensure compliance with local building codes; the CBSC; the Facility Design, Geology and Transmission System Engineering Conditions of Certification; the SWPPP and the DESCPC, and other applicable engineering LORS, the Delegate CBO is authorized to take any action allowed by the California Code of Regulations or any other applicable law to ensure that the Energy Commission's interests are properly addressed and protected. If the Delegate CBO has issued, or is considering issuing, a stop-work order to ensure compliance, to ensure that the Energy Commission's interests are protected, or for any other reason, the Delegate CBO shall seek the cooperation and assistance of the CPM. The Delegate CBO shall notify the CPM in a timely manner, preferably prior to taking

² The Facility Design, Geology, and Transmission System Engineering Conditions of Certification noted throughout this MOU are provided in the Decision. The Storm Water Pollution Prevention Plan and Drainage, Erosion and Sediment Control Plan are discussed in the Decision.

the action, so that the CPM is fully aware of the action taken or under consideration and its implication to the project. For any action taken under emergency conditions, the CPM shall be notified within 24 hours of the action.

5. In the performance of this agreement, the CBO and its employees and subcontractors shall act in an independent capacity and not as officers or employees of the State of California.
6. The CPM shall have the right to approve the qualifications of the CBO engineering and technical personnel and the scope of work the CBO will perform. The CBO shall notify the CPM if there is any change in personnel assigned to the project team. Replacement personnel shall not work on the project until they are approved by the CPM.
7. The CBO may retain the services of one or more independent qualified subcontractor(s) to supplement the CBO employees in the design review, plan check, and construction inspection of the project. The subcontractor(s) will answer directly to, and be responsible to, the CBO. The CBO shall provide the qualifications and scope of work of the subcontractor(s) to the CPM for approval at least ten days prior to the subcontractor's expected start of work. The CBO will retain responsibility for the construction inspections required by Appendix Chapter 1, section 109 of the CBSC and for monitoring all special inspections required by Chapter 17, sections 1704 and 1707, of the CBSC.
8. At the request of the CPM, the CBO, its subcontractor(s), and any special inspectors shall assist the CPM in any audits or inspections of the Project.
9. The CBO shall notify the CPM if there is any change in subcontractor(s) or subcontractor's personnel. Replacement subcontractor(s) or subcontractor's personnel shall not work on the project until they are approved by the CPM.
10. The CBO shall require that its subcontractors have not previously been employed directly by the project owner or its agents at any time during the 12 months prior to the start of this agreement. The CBO shall also require that, during the course of this agreement, neither its subcontractors nor its agents will be employed, directly or indirectly, by the project owner or any entity of which it is a holding, subdivision, or subsidiary.
11. Imperial County shall enter into a contract for the project with CE Obsidian for the payment of CBO services provided. The fees may be based on the value of the facilities reviewed, may be based on hourly rates, or may be as otherwise agreed by the CBO and CE Obsidian. Payments to Imperial County for work satisfactorily completed may be paid directly to Imperial County in advance, in arrears, or from a credit account established with Imperial County by CE Obsidian. Imperial County shall provide the CPM, for review and approval, a copy of the contract together with a schedule of fees between the CBO and the project owner ten days prior to the execution of the contract.

12. The CBO shall take all reasonable measures to accommodate CE Obsidian's design and construction schedule, including but not limited to adding staff to its workforce and/or retaining the services of additional independent qualified subcontractor(s).
13. The CBO shall review and approve the selection of dynamic analysis and/or alternative methods of analysis for the design of those major structures designated in Facility Design Condition of Certification GEN-2 to comply with the CBSC.
14. The CBO shall review and approve any of CE Obsidian's proposed special and continuous inspections required by Chapter 17 of the CBSC, and other related codes, and shall approve the qualifications and experience of the proposed special inspectors. Where appropriate, subject to CPM approval, the CBO shall accept the results of inspections performed by CE Obsidian's special inspectors.
15. The CPM shall have the right to audit the CBO's and its subcontractors' performance to ensure that they are properly carrying out their duties and responsibilities and that CE Obsidian is implementing the Decision requirements for the design and construction of the Project.
16. The CBO and subcontractor(s) may discuss all aspects of the Project with each other, the CPM, and CE Obsidian's construction contractors and engineers. The CBO and CPM shall have access to all associated construction records, construction and inspection procedures, test equipment, and test results related to the requirements of the Decision. It is the CPM's intention to provide reasonable notice of site visits and audits and to conduct such activities at reasonable times. Circumstances may dictate that site access may be required with little or no notice.
17. The CBO shall provide weekly reports on the status of construction of the project to be posted to the project website, or by e-mail if a website is not available (see below). The reports shall include: executive summary of current issues; general activities occurring at the project site; the completion percentage of overall construction; compliance issues with applicable LORS and applicable Conditions of Certification; issues of concern with or by CE Obsidian; status of interconnections; scheduled activities for the following week; and potential delays to the on-line date of the project. Many of the information requirements of the weekly status report may be satisfied by updating fields on the project website on a weekly basis.
18. If possible, the CBO shall create and maintain a password-protected project website for the posting of the weekly reports and other project documents. Documents on the website will be posted in a Microsoft Word-compatible format or as a portable document format (pdf) file. The project website shall include the following information in an easily navigable format: all components of the weekly status report; a minimum of ten dated project photographs of current construction activities; list and status of submitted plans; status of field inspections; new subcontractors or key CBO personnel; and documents submitted for CPM review and/or approval. The CPM will be notified of new documents posted to the project website by e-mail with an active link to the document.

19. The CBO shall submit the results of all plan checks and construction inspections, including recommendations, to CE Obsidian and send a copy of all transmittal letters to the CPM. The CPM shall conduct any technical audits and reviews and present any recommendations as expeditiously as possible. The CBO should proceed with reviews and approvals of all major structures and equipment designated in Facility Design Condition of Certification GEN-2 unless instructed otherwise by the CPM. Approved plans, specifications, calculations and marked-up as-builts shall be retained by the CBO for 90 days from the date of completion of construction of the project, after which the CBO shall deliver them to the project owner for long-term retention at the project site or other accessible location as required by Condition of Certification GEN-8 in the Facility Design section of the Decision. Electronic copies of the approved plans, specifications, calculations, and marked-up as-builts shall be provided to the CPM, in the form of compact discs, within 90-day of completion of construction on the project.
20. The Energy Commission, through the CPM, retains the final authority over all matters relating to interpretation of the Conditions of Certification.
21. The term of the agreement is indefinite, but shall terminate when all of the mutual obligations have been performed and satisfied. It shall also terminate at such time as CE Obsidian fails to pay fees as required or renders the CBO's performance under this agreement impossible. Notwithstanding the foregoing, either party may terminate this agreement upon five (5) days advance written notice complying with the provisions of section 22 below.
22. All correspondence regarding this agreement, including invoices, payments, and notices, shall be directed to the following persons at the following addresses and telephone numbers:

DELEGATE CBO:

Jurg Heuberger, AICP
Planning & Development Services Director
County of Imperial
801 Main Street
El Centro, CA 92243
OFC: (760) 482-4236 ext 4310
FAX: (760) 353-8338
jurgheuberger@co.imperial.ca.us

ENERGY COMMISSION:

Dale Rundquist, Compliance Project Manager
California Energy Commission
1516 9th Street, MS 2000
Sacramento, CA 95814
OFC: (916) 651-2072
FAX: (916) 654-3882
drundqui@energy.state.ca.us

Written correspondence shall be sent by personal delivery (including overnight delivery service), by U.S. Mail, by fax, or by e-mail. It shall be considered delivered when actually received.

23. This MOU shall be effective upon execution by all parties.
24. In the event of a conflict between this MOU and a Decision granting approval of an application for certification, the Decision shall take precedence.
25. This agreement shall be interpreted and applied in accordance with California law. Any litigation concerning it shall be brought in the Sacramento County Superior Court.
26. This agreement sets forth the parties' entire understanding and supersedes all prior agreements and representations, written and oral, and may be modified only by a written document signed by the CBO and the Energy Commission.

Imperial County has reviewed this MOU and understands its duties and responsibilities.

Signed by:

IMPERIAL COUNTY

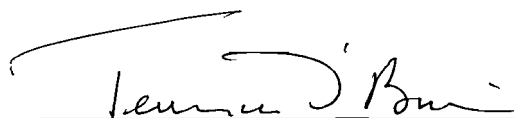
DATED: 4/19/2010



JURG HEUBERGER, AICP
Planning & Development Services Director

CALIFORNIA ENERGY COMMISSION

DATED: 4/21/2010



TERRENCE O'BRIEN, Deputy Director for
Siting, Transmission & Environmental
Protection Division