



California Energy  
Commission



California Department  
of Fish and Game



U.S. Bureau of  
Land Management



U.S. Fish and  
Wildlife Service

November 23, 2011

Palo Verde Solar, LLC  
c/o Solar Millennium, LLC  
1111 Broadway, 5<sup>th</sup> Floor  
Oakland, CA 94607

**DOCKET**

**09-AFC-6C**

DATE NOV 23 2011

RECD DEC 13 2011

RE: Blythe Solar Power Project, Riverside County, California—Revised Compensatory Mitigation Land Acquisition Proposal for Phase 1A only

Interested parties:

The Blythe Solar Power Project (BSPP) is required by the project's California Energy Commission (Energy Commission) Final Decision and Bureau of Land Management (BLM) Final Environmental Impact Statement to provide compensatory mitigation to offset the project's impacts to listed and sensitive species and their habitats. In response, Palo Verde Solar I, LLC (collectively referred to as "project owner") prepared a Formal Mitigation Land Acquisition Proposal via Wildlands California Holdings, LLC (Wildlands) for the BSPP. This Formal Mitigation Land Acquisition Proposal was submitted to the Renewable Energy Action Team (REAT) agencies (California Department of Fish and Game, California Energy Commission, U.S. Fish and Wildlife Service, and Bureau of Land Management) for collective review and approval.

On March 23, 2011, a Formal Mitigation Land Acquisition proposal for the approximately 1,420-acre Eastern Colorado Desert Preserve (Blythe Proposal) for the BSPP was submitted to the REAT agencies by Wildlands on behalf of Palo Verde Solar, LLC. The Blythe proposal was intended to provide offsets suitable to meet habitat mitigation requirements for Phase 1A and portions of Phase 1B of the BSPP.

Based on the Energy Commission's September 2010 Final Decision, compensatory mitigation for Phase 1A of the BSPP is as follows:

1. 769 acres of desert tortoise habitat (BIO-12);
2. 27 acres of Nelson's bighorn sheep habitat (BIO-21);
3. 73 acres of state waters including 57 acres of dry desert wash woodlands (BIO-22);  
and
4. 0.13 acres of Couch's spadefoot toad habitat (BIO-26) (originally 1.3 acres; later revised through project refinements, and approved by the Compliance Project Manager & CDFG).

The REAT agencies gave formal approval of the Blythe proposal via letter dated October 11, 2011. The approved package also included a Long-term Management Plan and Long-term Management Endowment Property Analysis Record (PAR).

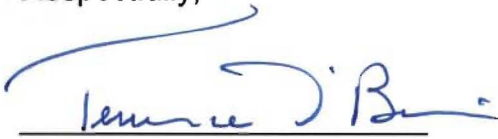
On October 27, 2011, the Energy Commission staff was notified that the project owner did not wish to purchase and fund the compensatory parcels as approved for Phase 1A and a portion of Phase 1B, but instead wanted to only compensate for the Phase 1A portion of the project. Wildlands subsequently submitted a revised Blythe compensatory mitigation proposal on November 4th, 2011, containing only four of the six originally proposed parcels. The project owner has received permission to proceed with construction on Phase 1A of the project only. However, the Blythe proposal as originally approved contained offsets for Phase 1B, but the project owner decided to only provide mitigation for impacts for Phase 1A of the BSPP.

The Energy Commission hosted an interactive conference call and "Webex" presentation on November 9, 2011, during which time Wildlands presented their Phase 1A-only Blythe proposal, and agency staff reviewed the revised PAR and revised Long-term Management documents. Following the presentation, it was the joint conclusion of the REAT agency staff to recommend approval of the Phase 1A-only proposal to the REAT management. All Phase 1A project impacts will, in the opinion of the REAT agencies, be appropriately mitigated per state and federal permits, with the purchase of the four Eastern Colorado Desert Preserve (ECDP) parcels.

This concludes REAT agency review of the revised Blythe compensatory mitigation proposal. As with the original approval, the REAT agencies now look forward to finalizing the compensatory mitigation details and verifying whether or not the current mitigation security funds are sufficient to complete the compensatory mitigation and, if they are not, seeking additional funding from the project owner. The project owner must provide written verification to the REAT agencies that the project owner understands that the long-term maintenance and management funds will be deposited with the National Fish and Wildlife Foundation (NFWF), and managed by NFWF in accordance with the REAT's direction including the REAT's investment policy statement (dated December 1, 2010) for such funds held by NFWF and the Memorandum of Agreement between the REAT and NFWF.

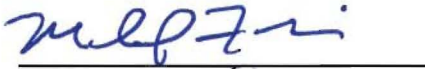
Based on previous discussions between Wildlands and the REAT agencies, the REAT agencies approved the BSPP PAR, which used a capitalization rate of 3.5% instead of the 3.25% capitalization rate specified in the REAT's investment policy statement. No disbursements will be made from the long-term maintenance and management funds for land management activities for the first three years after establishment of the corresponding NFWF account ("Interim Period"). In addition, disbursements of the long-term maintenance and management funds, which will begin at the conclusion of the Interim Period, will be made pursuant to a Recipient Agreement approved and executed by the REAT, NFWF, and Wildlands. Also, please provide written verification to the REAT agencies that Wildlands, on behalf of the project owner, will be responsible for providing all necessary funding to establish the Baseline Condition of the ECDP or other management activities that are required during the Interim Period.

Respectfully,



TERRENCE O'BRIEN

Deputy Director, Siting, Transmission, and Environmental Protection Division, California Energy Commission



MICHAEL FRIS

ARD, **ECOLOGICAL SERVICES, REGION 8**

U.S. Fish and Wildlife Service



KEVIN HUNTING

Chief Deputy Director, California Department of Fish and Game



TOM POGACNIK

Deputy State Director, Division of Natural Resources, Bureau of Land Management

Cc: Brian Monaghan, Ryan Lopez, Richard Moss, Wildlands California Holdings, LLC  
Mary Dyas, Compliance Project Manager, CEC  
Amy Fesnock, BLM  
Mark Massar, BLM  
William Condon, CDFG  
Armand Gonzales, CDFG  
Magdalena Rodriguez, CDFG  
Jody Fraser, USFWS  
Peter Sorensen, USFWS