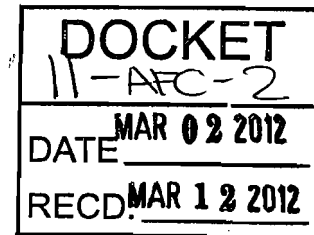




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March 2, 2012

Joshua Hart
Planning Director
Inyo County Planning Department
168 North Edwards Street
Post Office Drawer L
Independence, CA 93526



Re: Hidden Hills Solar Energy Generating System, Application for Certification (11-AFC-2)

Dear Mr. Hart:

Thank you for your letter of February 23, 2012. We very much welcome and appreciate the County's commitment, as expressed in your letter, to work with us and the California Energy Commission ("Commission") to develop a mutually agreeable outcome that minimizes delay in the licensing and construction of the Hidden Hills Solar Electric Generating System ("HHSEGS" or "Project").

We regret if the County is concerned that there has been a lack of communication between our team and the County. We believe that such concern may be based on a misunderstanding of direction that we received from the County Administrative Officer that communications regarding the Project should be directed to him. We have been in regular communication with Mr. Carunchio since January 24, 2012, and recently arranged to make a presentation before your Board of Supervisors, which is scheduled for March 13, 2012 (see attached letter). We remain committed to working with your Staff to resolve any issues and have ensured that the County is reimbursed for the Staff and consultant time necessary to evaluate the Project and participate in the California Energy Commission proceeding, and will continue to do so. As evidence of that commitment, to date the Project has reimbursed the County \$150,000.00 for its continuing participation in the HHSEGS licensing process and evaluation of the Project.

Your letter recommends that the Project file for a General Plan Amendment and Zone Reclassification from the County. As we have previously expressed to Mr. Carunchio, we are willing to file a General Plan Amendment for the HHSEGS project and have worked throughout this process to ensure that the County has the documentation that it needs to evaluate the Project and that our concerns regarding the County's requirements and timing are addressed. For example, last June, the County requested that the Project file an application for a Renewable Energy Determination. The Project submitted a Renewable Energy Development Application to the County on June 9, 2011, in addition to a check for \$5,000.00 so that the County could begin processing of the permit application. Subsequent to the initial contribution of \$5,000.00, we have



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made additional contributions as requested by Inyo County of \$5,000.00 on August 5, 2011; \$20,000.00 on October 24, 2011; \$40,000 on December 5, 2011; and \$80,000 on January 5, 2012. Since the application was submitted in June, the Project has received no indication from the County that additional information was needed to supplement the application, or that the application was insufficient for the County's evaluation of the Project. The "Inyo County Planning Department Planning Application" form we submitted last June is virtually identical to the "Inyo County Planning Department Planning Application" that was provided with your February 23, 2012 letter. The information set forth in the application we submitted in June 2011, together with the information set forth in our Application to the Commission, presents all of the information requested in your February 23, 2012 letter.

As we have previously expressed to the County, although it is our position that the Project is consistent with the Inyo County General Plan, we recognize that the County disagrees on this point. Notwithstanding this disagreement, we have actively participated in multiple meetings with Inyo County to resolve these issues and are willing to file a General Plan Amendment, if we are given clear direction from the County as to what path the County recommends in this regard, and if the County and California Energy Commission Staff can come to an agreement on a timeline for the land use approvals that will ensure timely certification of the Project. To date, there has been an absence of clear direction from the County as to what the amendment will consist of, or as to how our concerns regarding coordination with the Commission's process and requirements will be resolved.

With regards to a General Plan Amendment, your letter of February 23 is ambiguous as to what path the County recommends HHSEGS pursue. For example, the letter provides at least three options for a General Plan Amendment process, including changing the land use designation or the use of an overlay. In particular, your February 23rd letter states that the Project could submit an application to change the land use designation on the Project site to "GI". The GI designation provides:

This designation provides for a full range of manufacturing, processing, assembling, research, wholesale and storage uses, trucking terminals, railroad facilities, public and quasi-public uses, and similar and compatible uses with a high or heavy intensity of use where there is a potential for nuisance on surrounding land.

Given that neither the GI designation nor the General Plan as a whole specifically addresses renewable energy land uses, we would appreciate some explanation as to how the Project is a use compatible with the GI designation and why you believe that this is an appropriate option. The letter is similarly ambiguous as to what path the County recommends HHSEGS pursue regarding zone reclassifications, and suggests at least five possible zoning actions, including possible combinations or permutations of these five zoning actions, and two options that appear



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inapplicable to a zoning reclassification. We appreciate the efforts to initiate the General Plan Amendment and rezoning process as soon as practicable, but we are unable to propose a specific Amendment or zoning reclassification without clear direction from the County as to the appropriate option that should be pursued.

We maintain that there is compelling legal authority that the Project is consistent with the currently applicable General Plan and zoning designations, and will submit this information to the California Energy Commission in response to a data request from California Energy Commission Staff.

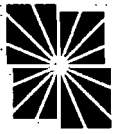
Nevertheless, we are willing to voluntarily submit to review of the Project under the County's General Plan Amendment and Rezoning Procedures, so that the County can advise the Commission that the Project is in conformance with Inyo County's General Plan and Zoning Ordinance. We do note that by voluntarily agreeing to participate in these County proceedings, we do not waive our right to contend before the Commission or in a court of law that the Project is currently consistent with the General Plan and Zoning Ordinance. In addition, should the County be unable to approve the General Plan Amendment or Rezoning, or if the County is unable to complete its review in accordance with a schedule mutually agreed between the County and the Commission, or should the County require the Applicant to make payments or take actions which are not authorized under existing law, or should the County's approval be subject to legal challenge by any third party, the Applicant reserves its right to request that the Commission approve the project pursuant to Public Resources Code section 25525.

Given our mutual agreement that the HHSEGS project site is an excellent location and appropriate for renewable energy development, we reaffirm our desire to work with you and the Commission to ensure the timely and efficient review of this Project.

Sincerely,

Clay Jensen
Senior Director of Project Development
BrightSource Energy, Inc.

Cc: Inyo County Board of Supervisors
Inyo County Chief Administrative Officer
Inyo County Counsel



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Attachment

BY REGULAR MAIL AND EMAIL

February 17, 2012

Supervisor Richard Cervantes
Supervisor, Inyo County
1044 Hunter Road
Lone Pine, California 93545

Re: BrightSource Energy Request for Supervisor Briefings on the Hidden Hills Solar Electric Generating System ("Hidden Hills SEGS")

Dear Supervisor Cervantes,

BrightSource Energy, Inc. is pleased to be bringing a highly advanced, large-scale solar power facility to Inyo County, the 500 MW Hidden Hills Solar Energy Generating System ("Hidden Hills SEGS") project. This project, if successful, will provide approximately \$550 million in total payroll over its lifetime, employing approximately 1000 construction workers who will perform 5,800 person-years of work and create 120 permanent jobs. The economic benefits Hidden Hills SEGS will provide include over \$300 million in state and local tax benefits.

I am writing to request the opportunity for BrightSource Energy to make a presentation before the Board. At your request, we are happy to meet in advance with you personally to ensure we are responsive to any specific issues or concerns you have may have with respect to the project.

Hidden Hills SEGS will be located on roughly 3400 acres within the Charleston View area of southeast Inyo County. The project is now in advanced permitting before the California Energy Commission, which has exclusive jurisdiction over all thermal power plants over 50 MW in size. We have been working closely with Inyo County staff to establish key terms for a Cooperation Agreement that would address any burdens that the project would impose on Inyo County. While these discussions have been productive, we believe they are at a point at which it would be most helpful to brief you and your

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fellow supervisors to solicit your direct input on how we can reach a resolution that serves Inyo County's needs and allows the project to move forward in a timely way.

My office will be contacting you to discuss coordination of schedules. If you have any questions, please do not hesitate to contact me at (510) 550-8909 or Clay Jensen at (702) 726-6747. We appreciate Inyo County's continued support for the Hidden Hills project and look forward to establishing a long, productive relationship to ensure Hidden Hills SEGS is an important, positive contributor to Inyo County.

Regards,

Joseph F. Desmond

cc: Kevin Carunchio, Inyo County Administrator
Clay Jensen, Senior Director of Project Development, BrightSource Energy, Inc.