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May 8, 2012

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Mike Monasmith
Senior Project Manager
Systems Assessment & Facility Siting Division
California Energy Commission
1516 Ninth Street, MS-15
Sacramento, CA 95814

Subject: Data Response, Set 2F
Hidden Hills Solar Electric Generating System (11-AFC-2)

Dear Mr. Monasmith:

On behalf of Hidden Hills Solar I, LLC; and Hidden Hills Solar II, LLC, please find attached Data Response Set 2F, in response to Staff's Data Request Set 2F filed on April 17, 2012.

This data response set is being filed electronically. Please call me if you have any questions.

Sincerely,
CH2M HILL

John L. Carrier, J.D.
Program Manager

Encl.

c: POS List
Project file

Data Response Set 2F

Hidden Hills

Solar Electric Generating System

(11-AFC-2)

Application for Certification

Hidden Hills Solar I, LLC; and Hidden Hills Solar II, LLC

May 2012

With Technical Assistance from

CH2MHILL®

IS061411043744SAC

Hidden Hills Solar Electric Generating System (HHSEGS)

(11-AFC-2)

Data Response, Set 2F
(Response to Data Requests 189 through 198)

Submitted to the

California Energy Commission

Submitted by

Hidden Hills Solar I, LLC; and
Hidden Hills Solar II, LLC

May 8, 2012

With Assistance from

CH2MHILL
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Introduction

Attached are Hidden Hills Solar I, LLC, and Hidden Hills Solar II, LLC (collectively, "Applicant") responses to the California Energy Commission (CEC) Staff's data requests numbers 189 through 198 for the Hidden Hills Solar Electric Generating System (HHSEGS) Project (11-AFC-2). The CEC Staff served these data requests on April 17, 2012. While these data requests were issued by the CEC after the close of the discovery period (which ended April 2, 2012), without waiving its prior objections, Applicant is responding to these requests in the interest of aiding the CEC in the timely completion of a Preliminary Staff Assessment.

The responses are presented in the same order as provided by CEC Staff and are keyed to the Data Request numbers (189 through 198).

Socioeconomics (189-198)

BACKGROUND

Fiscal Impact Analysis Hidden Hills Solar Electric Generating System (HHSEGS) would both create new fiscal revenues for Inyo County (where the proposed plant is to be sited, built and operated) as well as new costs associated with providing project-related services and infrastructure. HHSEGS would provide increased property taxes, but a large proportion of the plant value would be exempt from these taxes under state law exempting solar power projects. The proposed project may provide increased sales taxes, but this depends on the designation of the "point of sale" and the ownership structure of the facility. In addition, the construction and operating activities would induce some increased economic activity within Inyo County, but this would depend on the proportion of sales and employment within the County versus neighboring (state and local) jurisdictions. On the cost side, the large construction labor force would require more public safety and related-County services. Also, the roads accessing the location would most likely require upgrading, and County road maintenance costs would also increase.

DATA REQUEST

Data is therefore needed from the applicant in order for Staff to accurately determine what portion of property and sales tax revenues from the proposed project would be paid to Inyo County, and if those tax revenues would offset the anticipated increase in County costs associated with the construction and operation of HHSEGS. This data will also be used to help determine what level of County services may be required for the construction and operation of HHSEGS. Staff has made several informal requests of this data from the applicant (specifically consultants working for the applicant) without a response. In order for Staff to complete the fiscal analysis of HHSEGS, please provide the following information.

189. What will be the HHSEGS ownership structure during both the construction period, and subsequent operation period? Will it be similar to Ivanpah SEGS (Ivanpah), with a BrightSource Energy (BSE) affiliate constructing the plant (with an office location at the plant site) and then turning it over to another affiliate? If it will not be similar, what will be the structure, and in what political jurisdiction will the ownership and operation be listed?

Response: As set forth in Section 1.1 of the AFC, the HHSEGS project is being developed by Hidden Hills Solar I, LLC, and Hidden Hills Solar II, LLC (collectively, the Applicant). Each of these entities will own its respective plant individually, and together the entities will own the shared facilities located in an onsite common area as tenants in common. Hidden Hills Solar I, LLC, and Hidden Hills Solar II, LLC, are wholly owned subsidiaries of Hidden Hills Solar Holdings, LLC, which is in turn a wholly owned subsidiary of BrightSource Energy, Inc. (BrightSource), a Delaware corporation. At this time, no decision has been made to change the corporate ownership structure.

190. Who will own the interconnection facilities (i.e. 230kV Switchyard) -- Valley Electric Association (VEA) or the applicant[1]? What portion of the interconnection facilities as measured by the value of the facilities will be in California and Inyo County?

Response: At this time, the current proposal is that the interconnection facilities will be jointly owned by VEA and the Applicant. Applicant will own the facilities up to the first point of interconnection, after which ownership will transfer to VEA. The costs of the interconnection facilities are not known at this time.

191. What will be the proportion of taxable non-solar property value in the project? What portion will be fixed non-generating structures, and what portion will be dual-use solar/thermal facilities?

Response: Applicant's Data Response SE-1 (Supplemental Data Response Set 3, filed on April 18, 2012), stated that the estimated proportion of taxable property value for the project that was used in the AFC is 20 percent, as shown in Table DR191-1.

TABLE DR191-1
Estimated HHSEGS Taxable Property Calculations- AFC

Assessable Value	$1,930,000,000
20% Taxable	$386,000,000
1% Tax Rate	**$3,860,000**

In response to Staff's Data Request 191, Applicant updated the estimated values used in the AFC with more recent detailed information. Based on current data, Applicant estimates property tax revenue from HHSEGS to be approximately $3.52 million. Approximately 45 percent of the project property will be taxable non-solar property. Of that amount, approximately 38 percent will be dual-use solar/thermal facilities (taxable at 25 percent of full value), while the other 7 percent will be a mix of possessory interest in the land, fossil property, and real property improvements (fully taxable). The estimate is based on an updated capital value of $2.18 billion and using a 1 percent tax rate.

192. Has BSE paid property tax of any amount on any component of its Ivanpah project? If so, how much was paid to San Bernardino County? Of any payment made on any component of Ivanpah (to any entity, including San Bernardino County) what proportion of the assessed total plant value was paid before application of the solar tax exemption?

Response: The Ivanpah Solar Electric Generating System project is still under construction; therefore, to Applicant's knowledge, the project has not yet been assessed. Applicant does not have any indication as to how the San Bernardino County Assessor intends to assess the Ivanpah project.

[1] Hidden Hills Solar I, LLC, and Hidden Hills Solar II, LLC (applicant), the wholly owned subsidiaries of Hidden Hills Solar Holdings, LLC, (their sole member) which is in turn a wholly owned subsidiary of BrightSource Energy, Inc. (BSE)

193. Has the land at Ivanpah been reassessed by San Bernardino County (or any other entity) since construction activities commenced in 2010? If so, how much has the value per acre increased from Ivanpah's original purchase price (or lease agreements) with the Bureau of Land Management?

Response: The San Bernardino assessor valued the taxable possessory interests in the Ivanpah site after the Bureau of Land Management's granting of the right-of-way to the owner in October, 2010. The value prior to the right-of-way grant was effectively zero because the site was public land without improvements or a right-of-use granted by the BLM.

194. What will be the approximate *purchase price* (can be submitted under confidential cover if necessary) and where will be the exact *purchase location* of HHSEGS' large-scale generation equipment and HHSEGS' interconnection equipment for purposes of calculating sales and/or use taxes?

Response: The approximate purchase price and exact purchase location for the large-scale generation and interconnection equipment is unknown at this time. As set forth in Applicant's Supplemental Data Response Set 3, filed on April 18, 2012, with respect to the Ivanpah SEGS project (07-AFC-05C), BrightSource worked with both the County of San Bernardino and the engineering/procurement/construction contractor, Bechtel, (which is reporting the majority of sales/use tax on the Ivanpah SEGS project), to maximize the amount of sales/use tax allocated to unincorporated San Bernardino County given the supply chain established for construction of the project. The Applicant is willing to work with Inyo County in the same manner to maximize the allocation of sales and use tax to the county given the supply chain that will be established for construction of the project. The arrangement has worked well with San Bernardino County at Ivanpah SEGS, and it is anticipated that a similar arrangement would work equally well with the HHSEGS project.

195. Will the applicant[t2] be applying for a sales and/or use tax exemption under the State Treasurer's renewable technology program under Public Resources Code Section 26003 et al? Will the applicant be applying for any other tax exemptions (state or federal) for either the construction or operation of HHSEGS (including equipment, facilities, etc…)?

Response: As set forth in Applicant's Supplemental Data Response Set 3, filed on April 18, 2012, the Applicant is not aware of an exclusion for sales and use taxes that applies to the project. There is a program called "California Alternative Energy and Advanced Transportation Financing Authority" that provides financial assistance for renewable energy projects in the form of sales and use tax exclusions. However at this time it is only available to equipment manufacturers.

196. To which governmental entity and/or agencies has BSE paid (or is paying) sales and/or use taxes for any aspect or component of its Ivanpah project (i.e. State of California, San Bernardino County, etc.)?

Response: See Applicant's Objections to Data Request 196, filed on April 25, 2012. Sales/or use taxes are collected by the State of California for those activities that are taxable in California.

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[2] Hidden Hills Solar I, LLC, and Hidden Hills Solar II, LLC (applicant), the wholly owned subsidiaries of Hidden Hills Solar Holdings, LLC, (their sole member) which is in turn a wholly owned subsidiary of BrightSource Energy, Inc. (BSE)

197. What are BSE's plans for necessary improvements and ongoing maintenance to Tecopa Road (Old Spanish Trail Highway) and the Tecopa Road-Highway 160 interchange for delivering equipment to the proposed HHSEGS project site? Please be complete and specific in listing those plans so as they can be evaluated for comprehensiveness.

Response: As set forth in Applicant's Supplemental Data Response Set 3, filed on April 18, 2012, to the extent that "necessary improvement" is meant to describe the road repairs required as a result of damage to Tecopa Road, if any, as a result of HHSEGS construction activities, Applicant expects and agrees to the standard CEC Condition requiring the videotaping of roads, pre-construction, and the repair of those roads for any damage related to construction activities associated with the project. A proportionate determination of such damage will be calculated using truck traffic counts implemented during construction.

198. What are BSE's security plans for both the construction period and the operational period of HHSEGS?

Response: As set forth in Applicant's Supplemental Data Response Set 3, filed on April 18, 2012, a draft Construction Security Plan was provided in Confidential Attachment SE6-1, which was filed under an application for confidential designation given sensitive infrastructure security concerns.

Consistent with previous California Energy Commission decisions, Applicant also anticipates preparing an Operations Security Plan, which will be prepared prior to commencement of operations and submitted to the Commission in accordance with the conditions of certification for the Project. Applicant expects that the Operations Security Plan for HHSEGS will likely contain information similar to that required in Condition of Certification HAZ-5 for the Ivanpah Solar Electric Generating System. By way of reference, an excerpt from the verification language of the HAZ-5 condition for the Ivanpah Solar Electric Generating System is provided below.

> **Ivanpah Solar Electric Generating System (07-AFC-5)**
> **Condition of Certification HAZ-5**
>
> * * *
>
> The level of security to be implemented shall not be less than that described below (as per NERC 2002). The Operation Security Plan shall include the following:
>
> 1. Permanent full perimeter fence or wall, at least eight feet high around the Solar Field;
> 2. Main entrance security gate, either hand operable or motorized;
> 3. Evacuation procedures;
> 4. Protocol for contacting law enforcement, BLM's Authorized Officer, and the CPM in the event of suspicious activity or emergency or conduct endangering the facility, its employees, or contractors;
> 5. Written standard procedures for employees, contractors, and vendors when encountering suspicious objects or packages on-site or off-site;

6.a. A statement (refer to sample, Attachment "B") signed by the project owner certifying that background investigations have been conducted on all project personnel. Background investigations shall be restricted to ascertain the accuracy of employee identity and employment history, and shall be conducted in accordance with state and federal law regarding security and privacy;

6.b. A statement(s) (refer to sample, Attachment "C") signed by the contractor or authorized representative(s) for any permanent contractors or other technical contractors (as determined by BLM's Authorized Officer and the CPM after consultation with the project owner) that are present at any time on the site to repair, maintain, investigate, or conduct any other technical duties involving critical components (as determined by BLM's Authorized Officer and the CPM after consultation with the project owner) certifying that background investigations have been conducted on contractor personnel that visit the project site. Background investigations shall be restricted to ascertaining the accuracy of employee identity and employment history, and shall be conducted in accordance with state and federal law regarding security and privacy.

7. Site access controls for employees, contractors, vendors, and visitors;

8. Closed Circuit TV (CCTV) monitoring system, recordable, and viewable in the power plant control room and security station (if separate from the control room) capable of viewing, at a minimum, the main entrance gate; and

9. Additional measures to ensure adequate perimeter security consisting of either: (emphasis original)

    a. Security guard present 24 hours per day, seven days per week,
    OR

    b. Power plant personnel on-site 24 hours per day, seven days per week and **all** of the following:
        1. The CCTV monitoring system required in number 8 above shall include cameras that are able to pan, tilt, and zoom (PTZ), have low-light capability, are recordable, and are able to view 100% of the perimeter fence, the outside entrance to the control room, and the front gate from a monitor in the power plant control room;
        AND
        2. Perimeter breach detectors or on-site motion detectors.

The project owner shall fully implement the security plans and obtain BLM's Authorized Officer and CPM approval of any substantive modifications to the security plans. BLM's Authorized Officer and the CPM may authorize modifications to these measures, or may require additional measures, such as protective barriers for critical power plant components (e.g., transformers, gas lines, compressors, etc.), depending on circumstances unique to the facility or in response to industry-related standards, security concerns, or additional guidance provided by the U.S. Department of Homeland Security, the U.S. Department of Energy, or the North American Electrical Reliability Council after consultation with appropriate law enforcement agencies and the project owner.

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE STATE OF CALIFORNIA
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1-800-822-6228 – WWW.ENERGY.CA.GOV

APPLICATION FOR CERTIFICATION FOR THE *HIDDEN HILLS SOLAR ELECTRIC GENERATING SYSTEM*

DOCKET NO. 11-AFC-02

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(Revised 5/1/2012)

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DECLARATION OF SERVICE

I, Mary Finn, declare that on May 8, 2012, I served and filed copies of the attached Hidden Hills Data Response, Set 2F, dated May 8, 2012. This document is accompanied by the most recent Proof of Service list, located on the web page for this project at: www.energy.ca.gov/sitingcases/hiddenhills/index.html.

The document has been sent to the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit or Chief Counsel, as appropriate, in the following manner:

(*Check all that Apply*)

For service to all other parties:

__x__ Served electronically to all e-mail addresses on the Proof of Service list;

____ Served by delivering on this date, either personally, or for mailing with the U.S. Postal Service with first-class postage thereon fully prepaid, to the name and address of the person served, for mailing that same day in the ordinary course of business; that the envelope was sealed and placed for collection and mailing on that date to those addresses NOT marked "e-mail preferred."

AND

For filing with the Docket Unit at the Energy Commission:

__x__ by sending an electronic copy to the e-mail address below (preferred method); *OR*

____ by depositing an original and 12 paper copies in the mail with the U.S. Postal Service with first class postage thereon fully prepaid, as follows:

CALIFORNIA ENERGY COMMISSION – DOCKET UNIT
Attn: Docket No. 11-AFC-2
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us

OR, if filing a Petition for Reconsideration of Decision or Order pursuant to Title 20, § 1720:

____ Served by delivering on this date one electronic copy by e-mail, and an original paper copy to the Chief Counsel at the following address, either personally, or for mailing with the U.S. Postal Service with first class postage thereon fully prepaid:

California Energy Commission
Michael J. Levy, Chief Counsel
1516 Ninth Street MS-14
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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, that I am employed in the county where this mailing occurred, and that I am over the age of 18 years and not a party to the proceeding.

Mary Finn, CH2M Hill