



Creating a brighter future for humanity through solar energy

March 19, 2007

Billie C. Blanchard, AICP, PURA V
Project Manager for Sunrise Powerlink Project
Energy Division, CEQA Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Dear Ms. Blanchard,

This letter provides our responses to your requests for information regarding the Stirling Energy Systems Solar Two project dated March 8, 2007.

Request SES-1: Please identify the anticipated application filing date for the Application for Certification (AFC) with the CEC, and describe what steps must still be taken by SES or others before the AFC can be filed.

Response SES-1

The anticipated application filing date for the Application for Certification with the CEC is anticipated to be late Second Quarter 2007. SES has made significant progress on the AFC. SES has retained Stantec Engineering Consultants, a very large international consulting firm with substantial experience in designing and building power plants of various types, from nuclear to wind. SES has also retained URS, a large company with more experience than anyone else in permitting through the CEC. Together this team has been working for the past nine months to prepare the AFC documentation and filings. As a key first step in this process, sites were identified for both SES Solar One (in the Mojave Desert for the SCE project) and SES Solar Two (in the Imperial Valley for the SDG&E project). Extensive planning and engineering have been completed thus far to support the AFC. The following are the remaining activities that need to be completed prior to filing:

- Completion of the Biological Surveys that have been started last week.
- Perform the Cultural Resource Survey.
- Prepare a BLM land use permit in order to conduct a geotechnical investigation.
- Perform the Geotech Surveys
- Perform aerial and contour mapping

Request SES-2: Please identify the anticipated filing date for the Plan of Development with the BLM, and describe what steps must still be taken by SES or others before the Plan of Development can be filed.

Response SES-2

SES, with the assistance of Stantec, the engineering consulting firm referred to in Response SES-1 above, has prepared the Plan of Development for the BLM. It has been submitted to URS to assist in the compiling of the AFC and will be formally submitted to BLM shortly after the AFC is filed with the CEC (late Second Quarter 2007) to fulfill the requirements of the BLM ROW grant.

Request SES-3: In the event that the SDG&E is unable to successfully license a new 500 kV line from the Imperial Valley area to San Diego, describe whether SES would still proceed with construction of SES Solar Two in Imperial County. In this response, identify the steps SES would need to take in order to proceed with construction and operation of Phase 1 (300 MW) in the absence of a new 500 kV line from the Imperial Valley area to San Diego, and describe whether the Phases 2 or 3 (300 MW each) would occur.

Response SES-3

SES's contract with SDG&E, as approved by the CPUC, is contingent on SDG&E receiving approval to construct the Sunrise Powerlink. In the event that SDG&E is unable to successfully license the Sunrise Powerlink and is willing to waive the condition pertaining to receiving such license,, SES is prepared to move forward with construction and operation of Phase 1 (300 MW) and would interconnect to SDG&E's existing transmission system in Imperial Valley. If the Sunrise Powerlink project were not to be approved and proceed to be built, SES would be unable to proceed with the construction of the Phase 2 (300MW) and Phase 3 (300MW) projects. This may also impact the pricing for the Phase 1 project in order to recover expenses incurred for engineering and site development work on the subsequent phases.

The following are the steps needed in order to proceed with construction and operation of Phase 1:

- AFC approval
- BLM ROW Grant, which provides site control
- Generator Agreement completed for the CAISO

Request SES-4: In the event that SDG&E is unable to complete construction of a new 500 kV transmission line from Imperial Valley area to San Diego by 2010, please describe whether SES would still proceed with construction of Phase 1 (300 MW) and describe the timing of this construction. Also, please indicate how the schedule for Phases 2 and 3 (300 MW each) would be affected by such a delay.

Response SES-4

In the event that the construction of the Sunrise Powerlink is delayed beyond 2010, SES would still proceed with construction of Phase 1 (300MW). Phase 1 of construction is scheduled to begin in mid- to late-2008 (depending on the timing of the AFC review) and is scheduled to be completed by the Fourth Quarter 2010. Providing the transmission capacity is available by the end of 2010, SES is planning to begin construction of Phase 2 as soon as it completes Phase 1.

Please feel free to contact me if you have further questions.

Sincerely,

Douglas Obal FOR CLIFF WEBB

Cliff Webb
Vice President
Stirling Energy Systems, Inc.