

Westlands Solar Farms, LLC

Discussion with PG&E Contract Management

8/10/2012



Westlands Solar Farms PV1

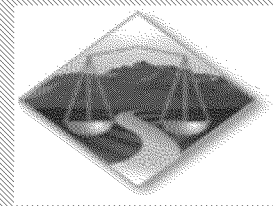
Project at Risk

- **WSF's 18MW PV1 at risk of failure**
 - The CA Farm Bureau Federation (CFBF) has sued the Fresno County Board of Supervisors to prevent WSF's project at its current site.
 - CFBF seeks to establish a policy preventing renewable projects on agricultural land. They will not entertain a settlement.
 - The Fresno legal process will force WSF to miss its milestones even if WSF prevails against the CFBF lawsuit.
 - Superior Court hearing is October 19, 2012.
 - Guaranteed Start of Construction (GSOC) is April 26th, 2013.
 - The Fresno court appeal process will delay a Summary Judgment until July 2013, or potentially longer.
- WSF's project has completed all its development milestones and is considered 'shovel-ready' with the exception of this lawsuit.
- WSF and PG&E must consider alternatives for the project.



CFBF Lawsuit

Legal Process and Timing

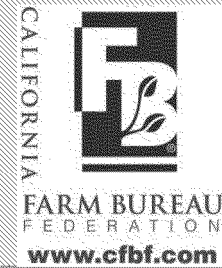


- **Fresno Superior Court Hearing Date: October 19, 2012**
- **The Appeal Process:**
 - 60 days for CFBF to file appeal
 - 40 days to file opening brief
 - 30 days for county to file opposition
 - 20 days for CFBF to file a reply
 - Approximate hearing date: April/May 2013
 - Approximate date of decision: July 2013
 - Further appeal to CA Supreme Court is possible
- **Approximate Judgment Date: July, 2013**



CFBF Obstruction

Additional Timing Risks

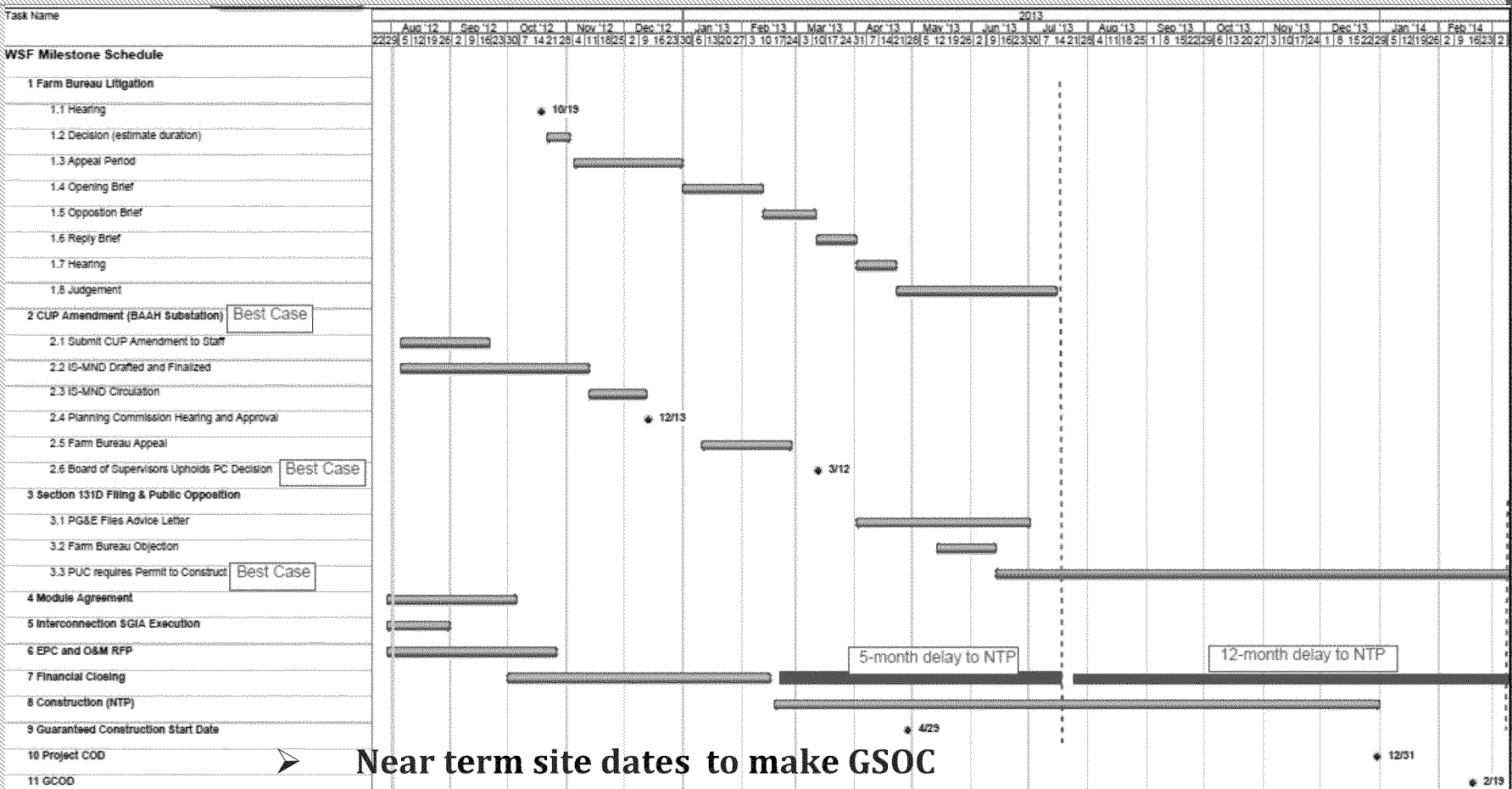


- The Farm Bureau has multiple avenues to obstruct WSF's 18MW project into default at the current site
 - **Lawsuit Appeal Process**
 - Best Case Scenario: Even if WSF wins, CFBF appeal could delay the project NTP until July 2013
 - **CEQA Addendum**
 - The Breaker and a Half (BAAH) Substation requires additional CEQA review. Opportunity for additional public opposition by Farm Bureau
 - Best Case Scenario : WSF defeats all arguments but appeal process delays the project 131 - D Advice Letter until March 2013
 - **CPUC Approval of 131-D**
 - Following appeals process for the Addendum, Farm Bureau may oppose the NOC
 - Best Case Scenario: WSF defeats all arguments but appeal process delays the project NTP until March 2014



Development Schedule

Significant Risk of Contract Default



➤ **Near term site dates to make GSOC**

- Pre-Financing: Final site needed by **August 30th, 2012**
- Binding Module Agreement; Binding EPC Agreement; Limited NTP
- Financing: Must close by **Q1 2013**



Development Options

Mitigating default risk

- WSF and PG&E need to urgently consider alternatives to ensure the project clears this final hurdle and achieves successful completion
- WSF requests that PG&E supports either:
 - **Alternate Site**
 - The Recurrent Option
 - **Lawsuit-specific milestone extensions**
 - Extension of GSOC and GCOD to mitigate 3rd party obstructionist risks.
- PG&E consideration is critical and urgent



Alternate Site

The Recurrent Option

RECURRENT
ENERGY

➤ **Recurrent Site**

- Location: 5 ½ miles due west. 24862 Jayne Ave vs. 19536 Jayne Ave
- Permitting: Insulated from CFBF attacks
- Interconnection:
 - Electrically identical. Same 70kV line, P-node and adjacent substation.
 - Supported by CAISO/PG&E GIS

➤ **PPA changes are very limited**

- Only changes required to Appendix IV :Street Address, APN and Aerial
- Interconnection Point of ‘ Gates – Coalinga 70kV Line 1’, as defined in Section 1.104, is identical

➤ **CPUC**

- CPUC has stated that they don’t view this as a material change to the PPA’s terms or conditions; site substitution will not impact cost to the ratepayer
- CPUC review and approval not required



Alternate Site

The Recurrent Option

➤ **PG&E Discretion**

- PG&E has the authority to make edits to Appendices following PPA execution.
- PG&E has previously edited Appendix III, Appendix IV and Appendix VI

➤ **Precedent for site change**

- Both PG&E and SCE have amended contracts to accommodate substitute sites
- PG&E
 - AL 3074-E-A: First Amendment to CalRENEW-1 LLC's PPA to "accommodate CalRENEW's recently secured lease-option"
 - No protests were filed regarding the site substitution
- SCE
 - AL 2547-E-A: Amendment No. 1 to Sierra View Solar V LLC's PPA to "make a minor change in location"
 - No protests were filed. PPA was awarded as part of 2010 Renewables Standard Contracts Program

➤ **UOG asymmetry**

- It would seem unfair for PG&E to cater to CFBF demands and move their sites but not allow WSF PV Program contract the same option

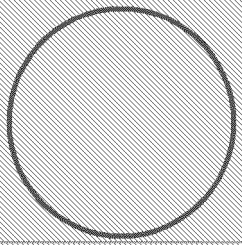


Extension for Lawsuit



- **Late-stage project under attack**
 - WSF is a credible developer with an extremely viable late –stage project that is being crippled by an unfounded lawsuit.
- **PPA limitation**
 - Our standard contract PPA only allows guaranteed milestones extensions for permitting and transmission delays.
- **3rd party interveners leveraging the CA judicial system to kill projects**
 - Strategy: 3rd party interveners are taking advantage of California’s court system to delay projects beyond their guaranteed milestones
 - Backlog: The courts are suffering from long delays exacerbated by State budget.
- **Alternative site vs. Extension for lawsuit**
 - Alternative site: Small amendment to PPA appendix IV, existing precedent, CPUC approval not required
 - Extension for lawsuit: Structural amendment impacting all standard contracts, no precedent, CPUC approval required





Project Significance

Why this little 18MW project matters



- Fresno County
 - WSF's project is important to Fresno's farmers and politicians
 - PG&E Load Retention
 - CCA risk. Existing relations with Fresno are "strained". Fresno is one of the largest and fastest growing loads.
 - Principle of Equal Opportunity
 - Farmers deserve the same solar opportunity as PG&E and big developers.
 - Economic Growth
 - Jobs, tax revenues and growth that doesn't depend on water
 - Best Practices/Stewardship
 - WSF managers have 40 year track record of protecting Fresno land
- State of CA: Renewable Goals
 - If we don't find a solution it will provide a green light for interveners to attack existing and future standard contracts. SB843, SB32, RAM, PV program, E-SRG, E-PWF etc.



Appendix



Recurrent

vs.

WSF



24862 Jayne Ave

19536 Jayne Ave

