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County of San Diego
Planning and Development Services
c/o Mark Wardlaw, Director
5510 Overland Avenue
San Diego, CA 92123

Distributed Generation Alternative in Soitec Solar Project Programmatic Environmental Impact Report

Dear Director Wardlaw:

The Draft Programmatic Environmental Impact Report (DPEIR) for the Soitec Solar Development Project (Proposed Project) concludes that the Distributed Generation Policy alternative (DG Alternative) would be outside of the control of, and could not be implemented by, the Proposed Project applicants. (DPEIR, at p. 4.0-4.)

It is self-evident that it would be outside of the control of the Proposed Project's applicants, including Tierra del Sol Solar Farm LLC, Rugged Solar LLC, LanWest Solar Farm LLC, LanEast Solar Farm LLC, and Soitec Solar Development LLC (jointly, applicants), to adopt a DG Alternative, since that is the province of the County. If the County were to adopt such a DG Alternative, however, this letter explains why the applicants would not be able to implement it.

First, as is required for a project of this scale, there has been a substantial investment over the course of several years in analyzing and preparing the Proposed Project for the County's consideration. At this stage of the process, it would not be feasible to abandon the investment already made in the Proposed Project in favor of starting over to pursue the DG Alternative.

Second, economies of scale and timing considerations would make it commercially infeasible for the applicants to implement the DG Alternative. By definition, a DG project is less than 20 MW, and many are less than 3 MW in size. (California Public Utilities Commission (CPUC), Biennial Report on Impacts of Distributed Generation (May 2013).) In order to develop electricity generation on a similar scale to the Proposed Project's 168.5 MW objective, the applicants would need to undergo a process of obtaining site control, filing and studying the transmission and/or distribution electrical interconnection process, performing environmental analysis and land use permitting, and possibly withstanding legal challenge for a large number of DG projects throughout San Diego County. Based on our professional judgment and experience with siting

and acquiring permitting for solar facilities in San Diego County, it would be infeasible to perform all the necessary siting, permitting, and environmental review necessary to site even a small number of distributed generation projects prior to 2020. For example, Soitec's acquisition, interconnection process, environmental review, permitting, and construction effort for its 6.5 MW Desert Green project has been in progress since 2011 and is just now under construction with anticipated completion in the near future. Another solar energy developer, Sol Orchard, had a similar experience developing a 7.5 MW solar project in the community of Ramona. Sol Orchard's timeline followed a similar trajectory to Desert Green for environmental review and permitting, but Sol Orchard's Ramona project was subjected to subsequent CEQA litigation that delayed implementation of the project by a number of months.

The expiration of the federal investment tax credit (ITC) program is another important consideration. (See <http://energy.gov/savings/business-energy-investment-tax-credit-itc>.) The ITC program provides a 30 percent tax credit to renewable energy projects that are in commercial operation before January 1, 2017. The ITC program is an important financial incentive for distributed generation projects, many of which would not be economically feasible without the ITC. The ITC provides a vital after-tax subsidy that serves to offset the significant up-front capital cost of any project, and also reduces the average payback period for the investment, which lowers risk and incentivizes capital investment.

Based on our professional judgment and experience with siting and acquiring permitting for solar facilities in the San Diego region, it would be infeasible to perform all the necessary siting, permitting, and environmental review necessary to site even a small number of distributed generation projects prior to the ITC deadline. In fact, San Diego Gas & Electric (SDG&E) has sought since 2010 to implement up to 26 MW of utility-owned solar PV generation under its CPUC-approved Solar Energy Project. As of February 2014, however, SDG&E had 8.8 MW under development and reported to the CPUC that it had abandoned further projects because they were unlikely to meet an April 2016 deadline for commercial operations, due to unexpectedly lengthy permitting processes. (CPUC, SDG&E Annual Compliance Report on Solar Energy Project (Feb. 2014), http://www.cpuc.ca.gov/NR/rdonlyres/428F0F2F-1275-4441-9FAE-EC690AAF57AC/0/Section910Report_2014_FINAL.pdf.)

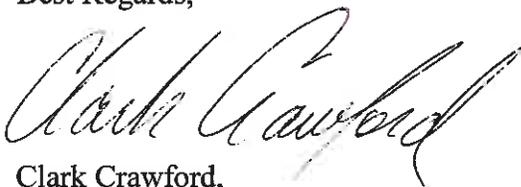
Third, it is Soitec's business to deploy concentrator photovoltaic (CPV) technology, not solar photovoltaic (PV) systems. CPV technology uses Fresnel lenses to concentrate direct sunlight onto solar cells and convert sunlight into electricity. (<http://www.soitec.com/en/technologies/concentrix/>.) CPV technology is best suited for hot and sunny regions with high direct normal irradiance (DNI), like the Boulevard area. (<http://www.soitec.com/en/technologies/concentrix/questions-and-answers/>.) Rooftop applications cannot support CPV systems due to their size and shape. (*Id.*) Accordingly, Soitec would not implement the DG Alternative by deploying PV systems broadly throughout San Diego County, including on existing rooftops, because doing so is not feasible using CPV technology and would directly conflict with Soitec's business.

Fourth, on May 1, 2013, the Tierra del Sol and Rugged solar farm projects were certified as a California Environmental Leadership Development Project by Governor Brown and the State Legislature under Assembly Bill 900 (AB 900), the Jobs and Economic Improvement Through

Environmental Leadership Act of 2011. (Governor's Certification Granting Judicial Streamlining for the Soitec Solar Project in San Diego County (May 2012), *available at* <http://www.sdcountry.ca.gov/pds/ceqa/Soitec-Documents/Record-Documents/2012-04-00-State-of-California-Governors-Certification-Granting-Judicial-Streamlining-for-Soitec-Solar-Projec.pdf>.) Designation as an "environmental leadership" project under AB 900 is limited to a narrow class of projects, and comes with significant litigation streamlining benefits. Together, both projects are only the third such project statewide to receive this prestigious designation. (*Id.*) The economic benefits the Tierra del Sol and Rugged solar farms will bring to San Diego include a minimum capital investment approaching \$400,000,000, as well as creation of high-wage, highly skilled jobs that pay prevailing wages and living wages and provide construction jobs and permanent jobs for Californians. While the applicants have committed to such goals as part of the projects, they would not be in a position to make the same commitments for a host of DG projects in the DG Alternative.

Thank you very much for your attention to this matter. If you have any questions about the contents of this letter, please contact Patrick Brown at Patrick.Brown@soitec.com or by phone at 619-733-2649.

Best Regards,

A handwritten signature in black ink, appearing to read "Clark Crawford". The signature is fluid and cursive, with a large initial "C".

Clark Crawford,
VP Sales & Business Development North America