

November 19, 2014

Tom Zale Field Manager Bureau of Land Management El Centro Field Office 1661 S 4th Street El Centro, CA 92243

Re: Tule Wind Energy Project ROW Grant Amendment Request

Dear Mr. Zale:

Tule Wind LLC (Tule), a wholly owned subsidiary of Iberdrola Renewables, LLC, has a right-of-way (ROW) grant, serial number CACA-049698, with the Bureau of Land Management (BLM) for the Tule Wind Project, located in San Diego County, California. The original ROW grant was issued on March 7, 2012, and subsequently amended and executed on June 25, 2014. The most recent ROW grant stipulates under Section 5(e) that Tule Wind shall, "obtain a Notice to Proceed (NTP) from the BLM no later than December 31, 2014. The holder shall start construction on the initial phase of development within 90 days of the BLM's issuance of a NTP." For the reasons stated below and as discussed by representatives of Iberdrola Renewables and the BLM's State Office in Sacramento on October 15, 2014, Tule hereby requests an amendment to the ROW grant that will extend the BLM NTP milestone to December 31, 2016, based on the following justifications.

Federal and State Policies

Granting the requested extension fulfills numerous federal and state policies.

<u>Federal Policy Background</u>. The National Energy Policy of 2001 and the Energy Policy Act of 2005 (Public Law 109-58, August 8, 2005) encourage the development of renewable energy resources, including wind energy. Section 211 of the Energy Policy Act established a goal that the BLM would approve 10,000 megawatts of non-hydropower renewable energy projects on the public lands by 2015. The development of wind energy will be an important contribution to that goal.

<u>BLM Energy and Mineral Policy</u>. In 2008, BLM adopted its Energy and Mineral Policy, signed by the Director on August 26, 2008, which recognizes that the public lands are an important source of the Nation's renewable energy resources, including wind energy.



<u>BLM Instructional Memorandum (IM)</u>. In 2009, BLM adopted IM No. 2009-043 as the agency's Wind Development Policy implementing federal renewable energy goals. This policy clarifies the BLM Wind Energy Development policies and best management practices provided in the Wind Energy Development Programmatic Environmental Impact Statement of June 2005.

Secretarial Order 3283. On January 16, 2009, the Secretary of the Department of the Interior (DOI) signed this order for Enhancing Renewable Energy Development on the Public Lands. The Order facilitates the DOI's efforts to achieve the goal Congress established in Section 211 of the Energy Policy Act of 2005 to approve non-hydropower renewable energy projects on public lands with a generation capacity of at least 10,000 MW of electricity by 2015. Based on these federal policies, the BLM is obligated to consider the proposal expeditiously to accommodate the potential increase in power generation that, if approved, would begin on or before 2013.

<u>Secretarial Order 3285</u>. On March 11, 2009, the Secretary of the DOI signed this Order regarding Renewable Energy Development. Order 3285 establishes development of renewable energy as a priority for the DOI and establishes a Departmental Task Force on Energy and Climate Change.

<u>California Renewable Portfolio Standard (RPS)</u>. The California legislature passed Senate Bill (SB) 1078 in 2002, establishing a RPS requiring utilities to obtain 20% of their electricity from renewable energy sources by 2020. The legislature later passed California SB 107 in 2006, which accelerated date by which to achieve the RPS goals from 2020 to 2010. The governor of California issued Executive Order S-21-09 in 2009, increasing the 2020 RPS goal to 33%. In 2011, the governor signed SB X1-2 which codifies the 33% by 2020 RPS goal.

The President of the U.S. recently commented on the importance and progress toward renewable energy in this Message from the White House:

Building on the progress of the first term, this Administration continues to take new action to drive clean, American-made energy. Through initiatives such as public-private partnerships and renewable energy projects on public lands, we are on track to meet our goals of installing 100 megawatts of renewable capacity across federally subsidized housing by 2020, permitting 10 gigawatts of renewable projects on public lands by 2020, deploying 3 gigawatts of renewable energy on military installations by 2025, and doubling wind and solar electricity generation in the United States by 2025.

http://www.whitehouse.gov/energy/securing-american-energy

ROW Grant CACA-049698



Section 5(e) of the ROW grant explicitly authorizes the BLM to grant extensions, "The holder will be provided an opportunity to ...submit a written request to the Authorized Officer for an extension of the timelines in the approved Plan of Development." Further, the ROW fee structure accounts for a phase-in before full rent is owed, allowing the holder three years to satisfy pre-conditions, complete the numerous business and engineering activities required over multiple years to start physical construction, and make the decisions required to commence physical construction before full rent is due.

In this case, BLM should allow the ROW holder additional time to receive the administrative approvals from the County of San Diego for the portion of the project located in the County's jurisdiction. Because Tule Wind is the first wind project within the County of San Diego's jurisdiction, the permitting process has taken longer compared to other Californian counties, where wind development is more prevalent and there is more experience with the permitting process. Obtaining the authorization to proceed with construction on the County portion of the project is necessary to construct suitable access to the BLM ROW property. Because of the configuration of the project, Tule Wind must initiate construction on the portion of the project in the County in order to gain access for construction of the wind project on the ROW. Tule must satisfy numerous pre-construction conditions contained in the separate County Major Use Permit before it may commence physical construction on the entirety of the project. The BLM's ROW should not expire because a County administrative process is not yet complete.

The BLM manages public land for multiple use and to achieve the highest and best use of the land. By issuing the Record of Decision and approving the wind project, BLM has determined that a wind energy project is one of the highest and best uses on the associated land, thereby fulfilling the Department of the Interior's mandate to support renewable energy. Because the wind project occupies less than approximately 2% of the ROW, the project exemplifies multiple use of public land. Iberdrola has worked diligently for over 10 years to achieve the necessary permits and meet project milestones. It would be counterproductiveto revoke Tule's permit and assume another wind energy developer would be able to expedite a project in this area in a better fashion, and rather would likely cause significant further delays.

Tule Wind is also asking for additional time to complete the numerous business and engineering activities that must precede commencement of physical construction, and to address outstanding litigation.

Business and Legal Matters

Crucial among the factors justifying a deadline extension are business matters and decisions necessary to prudently continue development of the Tule Wind Project. A vital component of Tule is the construction and operation of the SDG&E East County Substation (ECO). The development of ECO has experienced numerous delays, which has impacted the overall Tule schedule. Therefore, Tule is currently in the process of amending its Large Generator Interconnection Agreement with the California Independent System Operator and San Diego Gas



& Electric to extend the milestones for interconnection (see Attachment A), which are consistent with the milestones Tule is proposing to the BLM.

Another business factor involves the time needed to finalize the sale of the project output. Tule continues to seek a Power Purchase Agreement (PPA). Execution of PPAs with public utilities and investor-owned utilities are contingent upon subsequent approval by their Boards and the California Public Utilities Commission respectively, which typically takes a year to conclude.

Other important business and legal concerns involve ROW title insurance and due diligence work required to finalize the design and commence physical construction; these are not complete. The title company is awaiting information and responses from the BLM that is not available from other sources. It is essential to establish legal land control and understand all encumbrances that affect the project lands (including non-BLM land) before starting physical construction.

Lastly, on March 13, 2013 a lawsuit was filed by The Protect our Communities Foundation, Backcountry Against Dumps, and Donna Tisdale against the United Stated Bureau of Land Management and the United Stated Department of the Interior for Declaratory and Injunctive Relief regarding the Tule Wind Project. Oral arguments were heard in court on March 3, 2014. The Court issued a decision on March 25, 2014. Subsequently, the Plaintiff's filed an appeal on July 30, 2014. The appeal process is expected to take at least 12 months. A decision would be issued sometime after that date, mid-2015. Although developers reserve the right to construct atrisk, the pending litigation introduces additional uncertainty for both Tule and the BLM.

Ongoing BLM requirements

Tule has been diligently working with the BLM El Centro Field Office staff to meet the conditions outlined in the ROW grant. In addition to the 110 stipulations included in the County Major Use Permit that must be completed prior to obtaining the County NTP, the BLM ROW grant also contains 110 conditions that Tule must complete prior to obtaining the BLM NTP. As part of those conditions, approximately 24 project-specific plans are required by the BLM. Tule has been collaboratively working with the El Centro Field Office to finalize those plans, as evident by BLM submittal tracking spreadsheet (see Attachment B).

In mid-2013 Tule was informed that an Integrated Pest Management Environmental Assessment (EA) would be required to manage noxious weeds during construction and operation of the project, in addition to the Final Environmental Impact Statement, dated October 2011, that was prepared for the project. Tule subsequently submitted a draft Integrated Pest Management EA in December 2013. Tule received BLM's comments on the EA in September 2014. Tule reviewed these comments with BLM and has revised the EA accordingly; which was resubmitted to BLM on November 14, 2014. Tule has been informed by Greg Miller, BLM Renewable Energy Coordination Office Project Manager, that a Decision Record for the Integrated Pest Management EA should be final prior to issuance of the BLM NTP.



For the reasons stated herein, Tule hereby respectfully requests an amendment to the ROW Grant, specifically Section 5(e), allowing for an additional two years for Tule to obtain the BLM NTP. If such additional time is granted, the BLM NTP would then be required prior to December 31, 2016.

Please feel free to contact me at (760) 445-3081 with any questions.

Best regards,

K. Harley McDonald

1/HUWhed

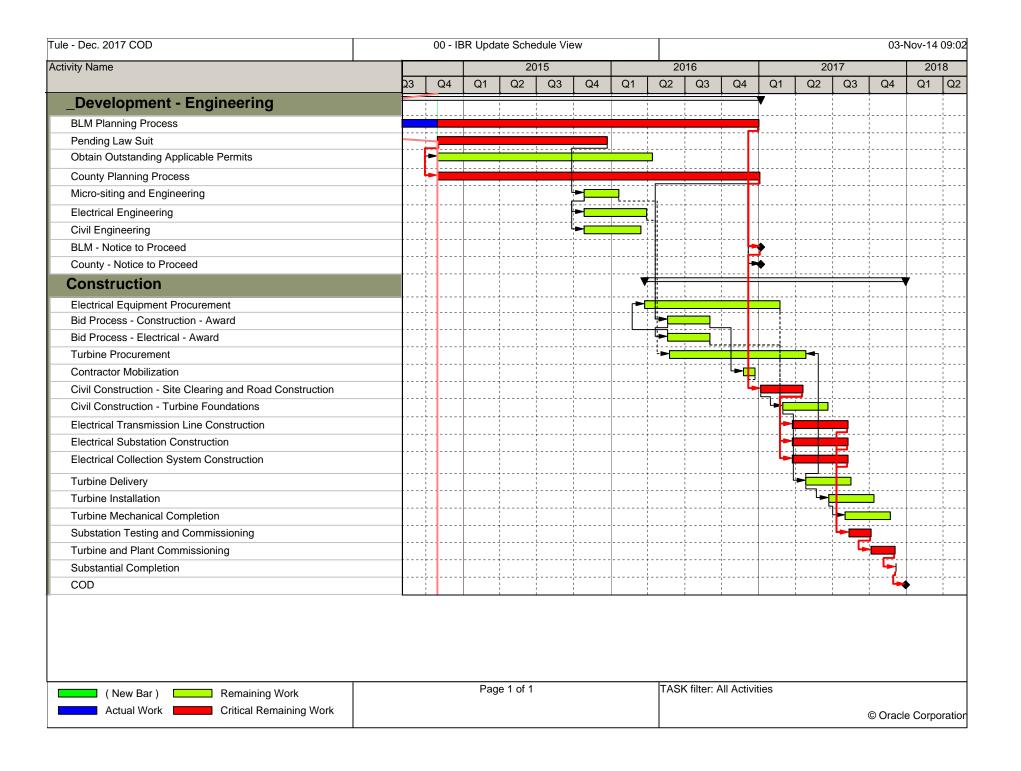
Senior Business Developer

Enclosures: Attachment A, Attachment B

Cc: Peter Godfrey, BLM Project Manager

Jim Kenna, BLM State Director

Jesse Gronner, Iberdrola Renewables, LLC



Iberdrola Tule Wind Project
Mitigation Measure and Right-of-Way (ROW) Stipulation Required Plan Review Tracking Table Q1, Q2, and Q3

Last Updated: 11/5/14

Plans or	Status of
Documents	PreConstruction
	Requirements
3	Complete
4	Under BLM Review
15	Pending Submittal/Re-
	Submittal
2	Under Dudek Review
0	Other Agency Review/
	N/A
24	Total

Outstanding Plans

Q1 Plans	7
Q2 Plans	6
Q3 Plans	11
Total	24

ROD/ ECCMP MM	ROW Stip	Plan, Documentation, or Other Deliverable	Deliverable (s)	BLM Review or Approval Required	Requirement Timing	Submittal Timing Detail (30/60/90)	Review Required	Agency POC	Current Status	Status Detail	Priority Category	Tule submittal deadline	BLM/Dudek review deadline	Notes
BIO-1D	13	Plan	Habitat Restoration Plan	Review and Approval of Restoration Specialist; Review and Approval of Plan Not Specified	Prior to Construction, Construction	-	Y	Simmons, Marsden, Godfrey	Pending Re-Submittal	3/1/12: Submitted to Agency for Review. 12/12/12: Agency submitted to Dudek for Review. 3/19/13: Submitted to BLM (Paul) via email. 5/13/13: BLM reviewed comments with Dudek. 5/17/13: Additional Agency Comments Received. 5/20/13:Submitted back to CH2 for review via Sharepoint.	High	Q1		Dudek 11.5.14 -lberdrola is actively working on revising the Habitat Restoration Plan.
BIO-2B	17	Documentation and Plan	Habitat Mitigation Plan that incorporates measures from Wetland Mitigation Plan/Habitat Restoration Plan	Habitat Compensation to be Approved by Agencies (Stipulation 14)	Prior to, During, and Post- Construction	-	Y	Simmons, Marsden, Trouette, Godfrey	Pending Re-Submittal	1/31/2013: Submitted to Dudek for review. Pending Agency Clarification. 3/21/13: BLM requests Dudek to review for plan consistency 4/17/13: Submitted to BLM for review. 5/13/13: BLM reviewed comments with Dudek. 5/16/13: Submitted back to CH2 for review via Sharepoint 5/13/14: Iberdrola submitted revised plan to BLM/Dudek for review. 6/10/14: BLM submitted comments 7/10/14: BLM submitted a revised Habitat Mitigation Plan 8.13.14: Habitat Mitigation Plan currently under review by the BLM. 10.8.14: Habitat Mitigation Plan currently under review by the BLM. 10.22.14: BLM has reviewed the revised Habitat Mitigation Plan submitted on July 10, 2014 and has no further comments.	High	Q1		Dudek 11.5.14: BLM has reviewed the revised Habitat Mitigation Plan submitted on July 10, 2014 and has no further comments.

BIO-5B	21	Plan, Documentation	SSP Compensation; Compensation Plan	Not Specified	Prior to Construction, Construction	-	N	Simmons, Marsden, Godfrey	See MM-BIO-1E.		High	Q1	Iberdrola 6.11.14: Habitat Mitigation Plan to fulfill the SSP Compensation Plan. Dudek 10.22.14. Dudek 11.5.14: BLM has reviewed the revised Habitat mitigation Plan submitted on July 10, 2014 and has no further comments. As noted above, the Habitat Mitigation Plan addresses SSP compensation.
PALEO-1B	69	Plan and Documentation	Paleontological Resources Inventory Paleontological Monitoring Treatment Plan	BLM Approval	Prior to Construction	-	Y	Simmons, Godfrey	Iberdrola Requests meeting with BLM re:comments provided in May 2013 8.13.14: Paleo Plan submitted in April, BLM approval. Creating Paleo Treatment Plan now (ASM and subcontractor from Natural History Museum). 9.19.14: Paleo Treatment Plan submitted by Iberdrola. 10.22.14: Paleo Treatment Plan submitted on 9.19.14 by Iberdrola. Dudek submitted comments to the BLM on 10.22.14.		High	Q1	Dudek 11.5.14: Paleo Treatment Plan submitted on 9.19.14 by Iberdrola. Dudek submitted comments to the BLM on 10.22.14.
AQ-1	92	Plan/Documentation	Dust Control Plan Documentation of SDAPCD filing and any relevant approvals from the District	Provide to Agencies	Prior to Construction	-	Y	Simmons, Trouette, Godfrey	Complete	1/10/13: Submitted to Dudek for review. 2/18/13: Submitted to BLM (Paul) via email 5/2/13: Updated Plan submitted to Dudek for Construction Documentation of SDAQ approval to be provided. 6/5/14: Revised plan submitted to BLM/Dudek for review. 8/13/14: Pending authorization from Iberdrola for Dudek to review the updated document. 9/10/14: Dudek provided comments to the BLM for review. 10/22/14: Dust control plan under review by the BLM.	High	Q1	Dudek 11.5.14: Dust control plan under review by the BLM.

BIO-3A	19	Plan	Noxious Weeds and Invasive Species Control Plan	Not Specified	Prior to Construction, Construction	_	Y	Simmons, Marsden, Trouette, Godfrey	In Progress	Pending EA processing. 8.13.14 - Currently under review by the BLM. 9.15.14 - BLM submitted comments to Iberdrola 10.8.14 - Currently under review by Iberdrola. Conference call scheduled for 10/17/14 at 2:00 pm.	High	Q1	Dudek 11.5.14: Conference call held on 10/17/14. Dudek circulated notes to Iberdrola on 10/20/14. On 11.3.14, Helix circulated an email to ensure that there is a common understanding regarding the cumulative analysis, direct, indirect, or residual effects in the EA, and the use of the term adverse.
CUL-1F	64	Documentation	1. Gate Designs for Newly Developed Access Roads 2. Documentation of Coordination with BLM AO at least 60 days prior to construction. 3. Documentation of all coordination with BLM submitted 30 days prior to construction.	Not Specified	Prior to Construction	30 days	Y	Simmons, Godfrey		2/14/14: BLM and Iberdrola held a meeting to discuss comments submitted by the BLM. 5/1/14: Iberdrola submitted revised Access Control Plan to BLM via email. 5/12/14: BLM submitted comments to Iberdrola. 6/5/14: Iberdrola/BLM/Dudek held conference call to discuss access control plan. 7/1/14: Iberdrola submitted an updated copy of the access control plan. 8.13.14: Pending authorization from Iberdrola for Dudek to review the updated document. 9.10.14: Dudek provided comments and submitted to BLM	High	Q1	Dudek 11.5.14: Currently under review by the BLM.

LU-1A	55	Plan	Construction Notification Plan	Review and Approval	Prior to Construction	45 days	Y	Simmons, Godfrey	Pending Re-Submittal	Submitted to BLM on 8/21/13 BLM submitted comments to Iberdrola on 1.21.14 6.11.14 - BLM submitted comments to	Medium	Q2	Dudek 11.5.14: All comments addressed and plan approved.
										Iberdrola 6.23.14 - Iberdrola submitted a revised access control plan 8.13.14 -All comments adressed and plan			
										approved.			
VIS-3B	43	Plan and Documentation	Construction Lighting Mitigation Plan; Letter of Conformance documenting approval from San Diego County	BLM Approval	Prior to ordering exterior lighting fixtures or components	-	Y	Simmons, Godfrey	Pending Re-Submittal	3/25/13:Submitted to Dudek for Review 4/3/13: Submitted to BLM for Review. 1/24/14: BLM submitted comments to Iberdrola 6/5/14: Submitted to BLM/Dudek. 8/13/14: Pending authorization from Iberdrola for Dudek to review the	Low	Q2	Dudek 11.5.14: Currently under review by the BLM.
										updated document. 9/10/14: Dudek provided comments to the BLM for review.			

HAZ-1A	78	Plan	Hazardous Materials Management Plan for Construction; Designate Field Representative	Not Specified	Prior to Construction	30 days	Y	Simmons, Godfrey	Pending Re-Submittal	4/16/13: Submitted to Dudek for review. In review. 5/14/13: Dudek Competed Review. 5/16/13: Submitted to BLM for review 1/24/14: Submitted to Ibedrola with BLM comments 9/19/14: Iberdrola submitted revised Haardous Materials Management Plan 10/7/14: Dudek requested authorization to proceed with review	Medium	Q2	Dudek 11.5.14 : Under review by Dudek.
HAZ-1C	80	Plan	Waste Management Plan	BLM Review San Diego County Review	Prior to Construction and Prior to Approval of Final Construction Plans	30 days	Y	Simmons, Godfrey	Pending Dudek Review	4/3/13: Submitted to Dudek for Review 5/14/13: Dudek Completed Review. 5/16/13: Submitted to BLM for review 1/24/14: Dudek to review 4/10/14: Comments submitted to Iberdrola 8/13/14: Pending Iberdrola re-submittal 9/18/14: Waste Management Plan resubmitted by Iberdrola 10/7/14: Dudek requested authorization to proceed with review.	Medium	Q2	Dudek 11.5.14 : Under review by Dudek.
HYD-1	93	Plan	Stormwater Pollution Prevention Plan (SWPPP)	Not Specified	Prior to Construction		Y	Simmons, Godfrey	Not yet submitted		Medium	Q2	Dudek 11.5.14: Has not been submitted by Iberdrola.

FF-7	110	Plan	Decommissioning Plan	Not Specified	Prior to Construction	-	Y	Simmons, Trouette, Godfrey	Decommissioning Plan: Pending Dudek Review	Decommissioning Plan: Submitted See ROW Grant Stip BIO-13 for updates on the Habitat Restoration Plan. 4/17/14: BLM submitted comments		Q2	Dudek 11.5.14: Iberdrola received comments from the BLM; Iberdrola working on incorporating edits.
VIS-3G VIS-3N	48/52	Plan	Surface Treatment Plan (excludes facilities now located on private land)	BLM Approval	Prior to ordering structures or start of construction (whichever comes first) Submit for review and approval 90 days prior to procurement of first structures to be color treated or construction of any ancillary facility components (whichever comes first)	90 days	Y	Simmons, Godfrey	Pending Re-Submittal	Submitted to BLM on 8/30/13 BLM submitted comments to Iberdrola on 1.24.14	Medium	Q3	Dudek 11.5.14: Pending resubmittal from Iberdrola.

VIS-3M	51	Plan	Tree Replacement Plan to be Submitted with the Visual Screening/Landscape Plan (if Native or Ornamental Trees Are Removed)	Review and Approval	90 days prior to planned tree removal for review and comment	_	Y	Simmons, Godfrey	Pending Re-Submittal	Submitted to BLM on 8/30/13 BLM submitted comments to Iberdrola on 1.24.14	Medium	Q3	Dudek 11.5.14: Pending resubmittal from Iberdrola.
VIS-4A	53	Plan	Lighting Mitigation Plan	BLM Review and Approval	Submit for review and approval prior to ordering permanent exterior lighting fixtures or components	90 days	Y	Simmons, Godfrey	Pending Submittal		Medium	Q3	Dudek 11.5.14: Has not been submitted by Iberdrola.

CUL-1B	60	Plan	Long-term Management Plan (Cultural Resources) for Direct and Indirect Impacts	BLM direction	Prior to Construction	_	Y	Simmons, Godfrey	Not yet submitted	Refer to MOA tab for specific requirements	Low	Q3	Dudek 11.5.14: Has not been submitted by Iberdrola. Iberdrola would like to further discuss the timing of this plan as per the ROW Grant the plan applies to project operations and maintenance.
PALEO- 1A	68	Report	Inventory and Evaluate Paleontology in Final APE	Review and Approval	Prior to Construction	-	N	Simmons, Godfrey	In Progress			Q3	Dudek 11.5.14: Iberdrola/ASM is anticipated to begin this effort once the Paleo Treatment Plan is complete.
NOI-3	74	Plan or Documentation	Site Specific Noise Mitigation Plan	Not Specified	Prior to Construction	-	Y	Simmons, Godfrey	Not yet submitted		High	Q3	Dudek 11.5.14: Has not been submitted by Iberdrola.
HAZ-5A	84	Plan	SPCC	Reviewed and approved by the appropriate agency's engineering department and certified by a Registered Professional Engineer	Prior to Construction, Construction	-	N	Simmons, Godfrey	Pending Re-Submittal	5/16/13: Submitted to BLM for review. 1/24/14: BLM submitted comments to Iberdrola	Medium	Q3	Dudek 11.5.14: Iberdrola would like to discuss the timing of the SPCC with the BLM. The ROW Grant states: "Prior to the facility going online and becoming operational, Tule Wind LLC shall prepare an SPCC plan to address proper procedures for storage, handling, spill response, and disposal of hazardous materials for the ongoing operation of the project."

HAZ-5B	85	Plan	Hazardous Materials Business Plan	CalOSHA	Prior to Construction	-	N	Simmons, Godfrey	Pending Re-Submittal	4/16/13: Submitted to Dudek for review. In review. 5/14/13: Dudek Competed Review. 5/16/13: Submitted to BLM for review 1/24/14: Submitted to Ibedrola with BLM comments		Q3	Dudek 11.5.14: Iberdrola would like to discuss the timing of the HMBP with the BLM. The ROW Grant states: "Prior to the facility going online and becoming operational, Tule Wind LLC shall prepare an HMBP in accordance with all related requirements in California Health and Safety Code, Chapter 6.95, Articles 1 and 2."
HYD-4	96	Plan	Stormwater Management Plan	Not Specified	Prior to Construction		Y	Simmons, Ludwig, Godfrey	Not yet submitted		Medium	Q3	Dudek 11.5.14: Has not been submitted by Iberdrola.
GEO-1	99	Plan or Documentation	1. Erosion Control and Sediment Control Plan, OR Letter to BLM detailing how each element required within the ROW Grant Stipulation is incorporated into the SWPPP (with page references) 2. Documentation of construction near waterways (if yes, documentation of Reveg Plans, design and location of retention ponds, and grading plans submitted to CDFW and ACOE)	Provide to Agencies	Prior to Construction	60 days prior to submitting final designs	Y	Simmons, Trouette, Godfrey	Not yet submitted		Medium	Q3	Dudek 11.5.14: Has not been submitted by Iberdrola.