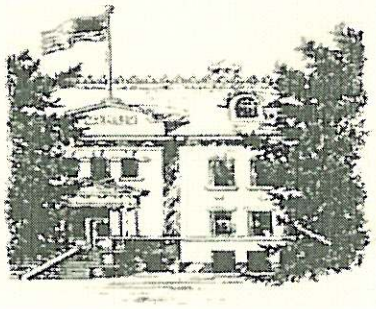
SAGUACHE COUNTY GOVERNMENT
501 Fourth Street
Phone: (719) 655-2231 P. O. Box 655 Fax: (719) 655-2635
Saguache, Colorado 81149



October 12, 2010

Adam Green
Solar Reserve
2425 Olympic Blvd., Suite 500 East
Santa Monica, CA 90404

Dear Mr. Green,

Pursuant to Saguache County Regulations for Site Selection and Construction of Major Facilities of a Public Utility, 13-304(1), Saguache County has reviewed the Preliminary Application for the Saguache Solar Energy Project. The attached review includes a discussion of major problems and concerns that, in addition to all requirements of 13-304(2), must be addressed in the final application. Although the review raises a number of concerns, at this time the County believes that the project is generally feasible, assuming all concerns can be adequately addressed.

If after reviewing the attached report you decide to proceed with the final permit application, please notify us in writing within thirty (30) days of your receipt of this letter. We will then arrange a meeting to discuss and clarify, if necessary, the preliminary review and requirements for final application. Please feel free to contact Wendi Maez with any questions or concerns.

Sincerely,

Sam Pace

Sam Pace, Chairman
Saguache County Board of County Commissioners

Saguache County Commissioners

Mike Spearman **Sam Pace, Chairman** **Linda Joseph**

SOLAR RESERVE- SAGUCHE SOLAR ENERGY PROJECT

Preliminary 1041 Permit Application

Review

October 7, 2010

Site Plan:

Please prepare a representative site plan that indicates the general arrangement of roads, heliostats, towers and base facilities within the site. Given the size and scale of the project we are not requesting a full site plan, but rather an overall view and representative sections that will allow us to evaluate impacts to neighboring properties and environmental resources.

Visual Impact:

The visual impact of the project is an issue identified by area residents as one that will be very difficult to mitigate and will result in a change to the existing character of the area. The final application will require a map of the area within view of the project and a map of access and travel routes, public areas and residential areas that will have a view of the project. Full consideration of Sec. 8.3.3 of the Solar Energy Facilities Guidelines should be provided. Given the large scale nature of the project and the relatively flat topography and open nature of the area, it is likely that the project will be visible from many points within the valley. In addition to mapping delineating the area within view of the project, the applicant will be required to provide visual simulations from neighboring properties and several points identified by the county as critical views. These will include neighboring properties and roads, a night view and several points at higher elevations (foothills, east and west). The analysis should include the proposed towers, proposed substation and service complex in the analysis. Potential and provisions for future reclamation of the site must be considered.

Light Pollution/Glint and Glare

A related issue to visual impact is the impact of light pollution and glint/glare. The final application should include details as to any night lighting proposed of both the tower and overall site. A comprehensive glint/glare study should be completed by a qualified firm to insure a complete understanding of the proposed visual impact.

Wildlife Impacts (with special consideration for migrating and nesting birds, Sandhill Cranes, bats and pronghorn). The Colorado Division of Wildlife and the US Fish and Wildlife Service have expressed concerns for the unique nature of this project due to new technology and its unknown potential for wildlife impact. In addition to the information required by County code and information requested in comment letters from the CDOW and USFW, the applicant should propose a baseline study, monitoring and mitigation plan for wildlife that can be modified as impacts become apparent.

Safety and Emergency Response

The final application should include a safety and emergency response plan that includes both internal measures and coordination with existing emergency responders. Specific attention should be given to explosion risks and measures to prevent catastrophes.

Tower Height (Air National Guard)

In addition to visual issues and wildlife impact, individuals have raised concerns with flight patterns from the Air National Guard and Center Airstrip. The final submittal should include provisions for FAA compliance and coordination with the Air National Guard.

Water Use/Rights:

Most comments regarding consumptive water use have been positive relative to the positive impact from the proposed use versus existing use of water. The final application should clearly identify the proposed source, document water rights and their dedicated use, and provide details of storage, treatment and disposal required. Additionally, information should be provided regarding the existing, annual amount of water used and potential water savings.

Hazardous, Wastewater, and Solid Waste Treatment, Storage and Disposal (Alkaline and Acid Cleaning, toxic metals, evaporative ponds)

The final application should identify hazardous materials to be used and stored on site. Include provisions for protection of groundwater from accidental spills or leakage and any emergency response needs. Identify the location of landfills permitted to accept such waste and proposed amounts to be generated on an annual basis. Describe proposed wastewater treatment processes in detail.

Groundwater Impacts

The final application should include a plan for monitoring existing groundwater quality to establish baseline data. Groundwater concerns expressed appear to be related to hazardous materials use, storage and disposal. Also see discussion above for additional requirements.

Economic Benefits (include techniques for training and hiring local, partnerships with local businesses and other methods for controlling leakage and keeping benefits in the County)

The applicants are required to provide an economic impact study of the proposed project at the final application stage. The study must include the impact of construction related activities, workforce impacts, need for impact fees and taxes. The economic study should analysis of the proposed property tax to be generated by taxing district. Please include an analysis of the impact of SB09-177 on the property tax to be generated. Consideration should also be given to techniques to insure local capture of economic benefits wherever possible. Please include a discussion on the potential effect of the project on property values of surrounding properties.

Wetland Impact

The final application should include, at a minimum, a letter from the NRCS regarding potential wetlands on site.

Noise

The final application should include a noise study conducted by a qualified acoustical engineer. The study should include an analysis of the proposed noise to be generated with demonstrated compliance with Colorado Noise Statute CRS 25-12-103 and the County Solar Guidelines.

Road and Highway Impact

The site is accessed from a network of existing County and private roads between Highways 285 and 17. A road impact study must be conducted to analyze the impact on both the County road system and the State Highway system both during construction and operations phases. Consideration must be given to required improvements, proposed mitigations and ongoing increased maintenance needs to the County. The report shall include an estimate of appropriate impact fees and designation of proposed access routes.

Stormwater/drainage

Impacts of site development on stormwater/drainage leaving the site must be addressed. Significant changes in quantity and drainage patterns leaving the site should be addressed and mitigated. Stormwater quality effects should also be addressed. Stormwater permitting during construction should be addressed. Although Colorado does not regulate detention or stormwater quality beyond construction, it should be a condition that all stormwater beyond historic flows be detained, and all runoff be treated for quality, per the Urban Drainage Stormwater manuals (produced by DRCOG).

Construction and Maintenance Impacts:

Consideration should be given to the temporary construction phase and maintenance phase workforce and whether they will be available locally and trained, or whether they must be housed locally on a temporary basis. If a temporary workforce is anticipated that is not available locally, the impacts of the workforce on schools, social services and local housing must be considered in the analysis.

Reclamation:

A reclamation plan should be provided that includes both interim reclamation following initial construction and final reclamation after site abandonment.

Bonds/security:

The final application should include a discussion of the proposed bonding mechanisms proposed to address construction related damages and public improvements and also reclamation.

Air Quality/Dust pollution:

The Code and Solar Facility Guidelines include detailed requirements to address air quality and dust pollution which should be addressed at the final application stage. The applicant should consider the potential for dust from both construction and disturbed sites after construction. Alternative approaches to magnesium chloride should be considered.

Heat/Climate Change

The final application should include a discussion of any heat that might be generated by the equipment that has the potential to affect the immediate area (both above and below the surface), and addressing atmospheric impacts in inversion conditions. Consideration should also be given to the microclimate impact effect of a large expanse of graveled area in a currently vegetated location. Address steam emissions if applicable.

Neighborhood Compatibility/buffering

The proposal will result in an industrial type use in the middle of an agricultural area. While it is often necessary to locate natural resource and utility uses in such areas, this does not negate the need for significant care in mitigating/buffering the existing neighbors. The final application should identify residences within ¼ mile of the property and give thorough consideration of the need for and proposed measures to buffer or mitigate neighboring properties. The buffering/mitigation plan should be provided in sufficient detail to reassure adjacent property owners that any and all adverse effects will be reasonably addressed.