



July 18, 2008

Mr. Vic Holanda, Director  
San Luis Obispo Planning and Building Department  
County Government Center  
San Luis Obispo, CA 93408

Dear Mr. Holanda,

Topaz Solar Farms LLC (the "Applicant") is pleased to submit to the San Luis Obispo County Planning and Building Department (the "Department") the attached Conditional Use Permit (CUP) application for OptiSolar's proposed 550 Megawatt (MW) Topaz Solar Farm in eastern San Luis Obispo County (the "Project"). We look forward to working with the Department on the California Environmental Quality Act ("CEQA") Environmental Impact Report review process, and anticipate that this application will enable the initiation of the EIR work in a timely manner.

The Project will be located on previously disturbed, private land in the California Valley area in eastern San Luis Obispo County, California (the "County"). The Project will be owned by Topaz Solar Farms LLC, a wholly owned subsidiary of OptiSolar Inc. ("OptiSolar").

OptiSolar is a California-based manufacturer of thin-film amorphous silicon PV panels and a developer of large-scale solar projects that utilize these panels. The Project will make use of this proven technology, which is readily scaleable to the Project's size. OptiSolar has developed a breakthrough manufacturing technology to drive down the cost of its modules to offer reliable solar power at a price cost-competitive with other forms of non-renewable power generation.

OptiSolar's staff is highly experienced in developing energy projects in California, and therefore familiar with permitting processes and typical compliance requirements of the State of California and federal agencies. The Project's staff has met with relevant public agencies and community stakeholders early in the Project's development process in order to begin addressing potential issues associated with the Project.

The Project will be constructed on contiguous parcels historically used for dry farming agriculture. Much of the Project site currently offers only marginal agricultural production and is classified as non-prime agricultural land. The approximately 6,200-acre Project site along Bitterwater Road is, in most places, at least a mile and a half north of Highway 58. The Project is approximately 10 miles north of the Carrizo Plain National Monument, at its closest point.

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The Project site's marginal agricultural productivity is highlighted by the loss of the bulk of its crops over the last few years to drought and spring freezes. The marginal economic nature of agriculture in the area suggests that the financial benefits of the Project to the participating landowners could help to preserve long-term agricultural use elsewhere in the area. The economic benefits of the Project to the surrounding community may help discourage the parceling and sale of other agricultural land in the area.

This Project will support California in meeting the Renewable Portfolio Standard ("RPS") mandate, which requires each of California's investor-owned utilities to supply 20 percent of its total electricity through renewable energy generation by the year 2010. California has also established a goal of receiving 33 percent of its electricity supply from renewable energy by 2020.

In addition, the Project will contribute toward the achievement of San Luis Obispo County goals, including Policy 37, which states that "the development of sustainable energy sources and renewable energy projects shall be encouraged," and Policy 39, which seeks to "encourage and support the development of solar power systems as commercial energy enterprises where visual and environmental impacts can be mitigated" (General Plan, Energy Element). As solar electricity generation is an important component of each of the policies described above, this Project may represent the highest value and best use of the land.

The proposed Project incorporates a variety of environmentally-friendly features into the power generation system and Project design, including the following:

- The Project's direct conversion of sunlight to electricity through the photovoltaic effect does not require water to generate electricity;
- Key design features of the Project maximize system simplicity, minimize visual obtrusiveness (panel heights do not exceed three feet), and enable potential compatibility with key wildlife species in the area;
- Ground coverage from the solar panels and all other Project facilities will be only about 40 percent over the entire Project site;
- Avoidance of key environmentally sensitive areas;
- On-site and off-site mitigations are proposed to reduce wildlife impacts from the Project;
- Buffer zones are incorporated into the Project design to lessen visual impacts from adjacent roads and highways;
- The Project does not use excavated foundations for the solar panels, but secures them with at-grade concrete ballasts;
- The Project's use of previously disturbed non-prime agricultural land lessens impacts on wildlife habitat;
- OptiSolar's PV panels do not contain any toxic materials; and

- The Project would offset potential emissions of greenhouse gases that contribute to climate change and other pollutants such as nitrogen dioxide from fossil fuel-fire power plants.

The construction of the Project will begin once all applicable approvals and permits have been obtained. It will take approximately three years from the commencement of the construction process to complete the Project. The Project will be in operation for at least 30 years, with the possibility of a subsequent repowering of the Project for additional years of operation.

In 2006, OptiSolar embarked on a search for a suitable site to construct a utility-scale PV project in Central California. The Project site described in the attached application offers the best balance between environmental sensitivity, electrical grid system integration, high solar production potential, and agricultural land use of all the sites evaluated in this process.

The search began by evaluating the availability of electric transmission capacity throughout Pacific Gas and Electric Company (PG&E)'s service territory. Many potential locations for the interconnection of solar projects would require lengthy new power lines and expensive system upgrades in order to integrate the new capacity into the transmission system. However, PG&E's Midway to Morro Bay transmission line, on which the Project is located, provides a unique opportunity to interconnect the Project at a point on the system with available electric transmission capacity. Much of the land near the Midway to Morro Bay line in Kern County east of Interstate 5 is in highly productive agricultural use, and is divided into relatively small parcels. Many potential sites in Kern County also contain underground mineral resources that continue to support oil and gas production, including surface drilling operations. These factors posed substantial challenges to OptiSolar's search for a site for a large contiguous solar PV project site. As the search moved west along the Midway to Morro Bay line into San Luis Obispo County, OptiSolar took care to avoid the valuable environmental resources existing in the Lokern Preserve and the Carrizo Plain National Monument. OptiSolar never considered any of the highly sensitive areas between the western edge of the Carrisa Plain and the Pacific coast.

Given these limitations on Project siting, it was not possible to find large parcels of contiguous land that was not either environmentally-sensitive or under California Land Conservation Act of 1965 ("Williamson Act") contracts. OptiSolar chose to select a Project site that avoided native grasslands and pristine environmentally-sensitive areas, but was partially encumbered by Williamson Act contracts. The northern 60 percent of the Project site is currently under Williamson Act contracts.

As the construction of the Project can be phased in over several years, we are seeking approval for the CUP for the full 550 MW Project site, including the land under Williamson Act contracts. We propose to construct the first 210 MW of the Project solely on property not subject to Williamson Act contracts once all applicable permits are obtained. Meanwhile, the non-renewal process will be initiated in September, 2008 for Project land currently under Williamson Act contracts. Construction of this portion of the Project site would be expected to begin following the completion of the installation of the first 210 MW of the Project. Based on current schedules for the Project's development and construction process, approximately four to five years are expected to pass before the commencement of any construction on land under Williamson Act contracts. In addition, we will work with the County and the State Department of Conservation

to develop an acceptable mitigation approach for the loss of five to six years of Williamson Act contracts on approximately six sections of land. We will comply with all County and State regulations associated with permitted uses on properties under Williamson Act contract.

We have been gathering extensive biological information from Department-approved biologists to better understand and characterize the natural environment on and around the Project site. This biological information has made it possible to begin to incorporate measures that will help to assure that the Project will avoid any significant environmental impacts. We have initiated discussions with the U.S. Fish and Wildlife Agency and the California Department of Fish and Game regarding wildlife issues on the Project site. In addition, we have engaged wildlife biologists to conduct full-scale protocol surveys in the Spring and Summer of 2008 to better understand the various wildlife species that are present on the Project site, and to explore the potential mitigation options that can be considered in the greater California Valley area. The data from these surveys is provided to the Department in the enclosed "Preliminary Biological Report for Topaz Solar Farm" for use in the preparation of the Project's EIR.

Only one federal or state listed wildlife species has been identified on the Project site by these biological surveys: the San Joaquin Kit Fox. The full protocol botanical surveys performed to date on the Project site also found one rare plant species, the Lost Hills Crownscale, listed on the California Native Plant Society's List 1B. This plant is only located in a very limited wetland habitat area, and we will avoid this plant in the design and construction of the Project. We will comply with all species monitoring and reporting requirements documented in the Project EIR.

The bulk of the Project equipment will consist of OptiSolar's low-profile PV panels, secured by at-grade concrete ballasts. The Project will also have a Substation site of approximately five acres, located adjacent to PG&E's existing high-voltage transmission lines in order to minimize visual impact. The Substation site will include an Operations and Maintenance (O&M) facility for parts storage, security, and Project monitoring. The O&M facility will most likely consist of two double-wide trailers located on a graded area.

The attached CUP application provides more detail about the Project. We have particularly sought to address issues related to the biological and visual impacts of the Project in its design and in the CUP application. The Project's Preliminary Biological Report, visual simulation results, and Preliminary Geotechnical Report have been included in the CUP application. In addition, a "Waiver of Significant Impact Determination" is enclosed in Section VII of this CUP Package to help enable the timely initiation of the EIR.

We appreciate the opportunity to submit this application to the Department. Please feel free to contact me at (510) 401-5721 or by email at [whoffman@optisolar.com](mailto:whoffman@optisolar.com) if you have questions about this Project. You may also contact Kathryn Arbeit, the Project's Manager, at (510) 401-5817 or by email at [karbeit@optisolar.com](mailto:karbeit@optisolar.com).

Very truly yours,

Wayne Hoffman, Director of Business Development  
Enclosures