

**BEFORE THE NEVADA ENERGY ACTING DIRECTOR
NEVADA RENEWABLE ENERGY AND
ENERGY EFFICIENCY AUTHORITY**

In the Matter of the Application of:)	
)	Application Filing No. 11-0413ST
TONAPAH SOLAR ENERGY, LLC)	
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FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

A hearing was held before the Director of the Nevada State Office of Energy (NSOE) on August 4, 2011 regarding Application Filing Number 11-0413ST. At the hearing, applicant TONOPAH SOLAR ENERGY, LLC (Tonopah Solar) was represented by Scott Scherer of Holland & Hart LLP. The Director was advised by Cassandra Joseph of the Attorney General’s Office. Based upon Tonopah Solar’s application and evidence presented at the hearing, the Director makes the following findings of fact, conclusions of law, and order in this matter.

FINDINGS OF FACT

1. At the hearing of the matter, Tonopah Solar presented the testimony of Robert Howe, Project Director for Tonopah Solar Energy, LLC. The Director admitted into evidence as Exhibit 1 a packet that contained nine subparts: (A) Notice of Public Hearing, dated July 18, 2011; (B) Tonopah Solar’s Pre-Application filed with the Nevada Energy Director on January 28, 2011; (C) Tonopah Solar’s Application (redacted) as filed with the Nevada State Office of Energy on April 21, 2011; (D) Energy Related Tax Incentive Fiscal Note as required by NRS 701A.375-1(a) by the Budget Division of the State of Nevada Department of Administration, received on July 5, 2011; (E) Fiscal Impact Renewable Energy Partial Abatement of Sales/Use and Property Taxes as required by NRS 701A. 375-1(b) by the State of Nevada Department of Taxation, received on June 30, 2011; (F) Prefiled Testimony of Robert J. Howe; (G) Nye

County's Intent to Participate correspondence; (H) Tonopah Solar's current Nevada business license; (I) Resume of Robert J. Howe. At the hearing, all of the subparts of Exhibit 1 were admitted into evidence. In addition, the oral testimony of Mr. Howe on behalf of Tonopah Solar and Ms. Joni Eastley on behalf of Nye County was heard. Based upon the testimony of the witnesses and the evidence presented, the Director finds the following to be the facts in this matter.

2. Tonopah Solar is a wholly owned subsidiary of SolarReserve. Tonopah Solar is a Delaware limited liability company with a current Certificate of Registration of Foreign Limited Liability Company from the Nevada Secretary of State.

3. On January 28, 2011, Tonopah Solar submitted its Pre-application in this matter.

4. On April 21, 2011, Tonopah Solar submitted its Application seeking partial abatement of sales and use taxes for the construction and operation of a concentrated solar thermal facility called Crescent Dunes Solar Energy Project that would be located on approximately 2,095 acres of land in Nye County, Nevada (Application Filing Number (AFN) 11-0413ST). The Application described a utility scale solar thermal power plant that would generate 125 megawatts (MW) nameplate that would be sold to NV Energy for a period of 25 years pursuant to a power purchase agreement. The application also described a transmission line that would run approximately 7.6 miles from the facility to the nearest tie-in point, and the transmission line would run across land owned by the federal Bureau of Land Management (BLM).

5. At the hearing, Mr. Howe testified that Tonopah Solar was properly licensed and qualified to do business in Nevada; that Tonopah Solar had applied for all required state and local licenses and permits, expected to obtain all required state and local licenses and permits prior to commencing construction and intended to maintain all of the required licenses and permits to construct and operate the Crescent Dunes Solar Energy facility; that Tonopah Solar

had all necessary approvals for the Tonopah facility; that Tonopah Solar had obtained a limited notice to proceed from BLM that was expected to convert to a final permit upon the closing of financing in September 2011; that the Crescent Dunes Solar Energy facility would have a nameplate rating of 125 MW and was anticipated to produce 110 MW net; that Tonopah Solar had entered into a 25-year power purchase agreement with NV Energy by which NV Energy would purchase all the power produced by the Crescent Dunes Solar Energy facility; that the Crescent Dunes Solar Energy facility was anticipated to be completed and operational sometime between the fourth quarter of 2013 and the second quarter of 2014; that the capital investment of the project will be approximately \$900,000,000.00; that the project would create forty-five full-time operational jobs which would pay an average of approximately \$30.00 per hour; and that the project included the construction and installation of a 7.6 mile transmission line by which the facility would be connected to the power distribution grid; that the project would create 199 full-time construction jobs during the second quarter of construction; that employees working on the construction of the facility, excluding management and administrative employees, would receive an average hourly wage of \$35.00 per hour; and that both the construction and operational employees would be provided health insurance benefits meeting the requirements of NRS 701.365(1)(e)(4). In addition, Tonopah Solar provided evidence to the Director that it received its UEPA Permit to Construct from the Public Utilities Commission on August 5, 2011.

6. At the hearing, Ms. Eastley testified that Nye County was aware that Tonopah Solar would be applying for tax abatements; that Nye County had entered into an agreement with Tonopah Solar which required that at least 90% of the full-time construction employees for the Crescent Dunes Solar Energy facility be Nevada residents; and that Tonopah Solar had been a pleasure to work with regarding the Crescent Dunes Solar Energy facility project.

7. The Director took notice that the statewide average hourly rate as determined by the Department of Employment, Training, and Rehabilitation (hereinafter “DETR”) for fiscal year 2011 was \$19.93. Thus 110% of the wage for fiscal year 2011 was \$21.92, and 150% of the wage for fiscal year 2011 was \$29.90.

8. The Fiscal Impact statement produced by the Department of Taxation shows the following estimated figures regarding the sales and uses taxes related to the Crescent Dunes Solar Energy facility:

Total Amount Abated (Year 1)	\$4,699,999.94
Total Amount Abated (Year 2)	\$17,899,999.97
Total Amount Abated (Years 3)	\$3,399,999.93
TOTAL AMOUNT ABATED	\$25,999,999.84

Total Amount Abated by Local Government (Year 1)	\$2,611,111.08
Total Amount Abated by Local Government (Year 2)	\$9,944,444.43
Total Amount Abated by Local Government (Year 3)	\$1,888,888.85
TOTAL AMOUNT ABATED BY LOCAL GOVERNMENT	\$14,444,444.36

Total Local School Support Tax Gain	\$15,022,222.12
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9. The Fiscal Impact statement produced by the Department of Taxation shows the following estimated figures regarding the property taxes related to the Crescent Dunes Solar Energy facility:

Total Property Taxes Due Over Abatement Period	\$169,666,288.00
Total Property Taxes Abated Over Abatement Period	\$93,316,458.00
Total Taxes to Local Government Over Abatement Period	\$41,992,407.00
Total Taxes to Renewable Energy Fund Over Abatement Period	\$34,357,423.00
Total Taxes to Local Government and Renewable Energy Fund Over Abatement Period	\$76,349,830.00

10. The Fiscal Note produced by the Budget Division shows that the State General Fund will be impacted for a total of \$11,555,555.48 in sales and use taxes abated over the period of the abatement (2011 through 2014).

11. Synthesizing the figures in evidence in this matter, the total estimated benefit pursuant to NRS 701A.365(1)(f) to the state and local governments in Nevada is \$364,083,889 and the total estimated amount of property taxes and sales and use taxes abated in this matter is \$119,316,457.84. Thus, the benefits to the state and local governments in Nevada exceed the total amount of abated taxes. The estimated benefits and amounts abated over the applicable periods of abatement are calculated as follows:

Financial Benefits

Capital Investment in Nevada	\$139,115,037.00
Total School Support Tax Over Abatement Period	\$15,022,222.12
Total Property Taxes to Local Government and Renewable Energy Fund Over Abatement Period	\$76,349,830.00
Construction Payroll in Nevada	\$72,000,000.00
Operational Payroll in Nevada:	\$69,596,800.00
TOTAL BENEFITS OVER ABATEMENT PERIODS	\$372,083,889.00

Amounts Abated

Total Sales and Use Taxes Abated (3 Years)	\$25,999,999.84
Total Property Taxes Abated (20 Years)	\$93,316,458.00
TOTAL TAXES ABATED	\$119,316,457.84

12. That all of the evidence discussed in the preceding paragraphs was supported by the substantial, reliable, and probative evidence taken from the record as a whole in this matter.

CONCLUSIONS OF LAW

1. The Director has the jurisdiction and authority to adjudicate this matter because the Application is within the scope of NRS 701A.300 through 701A.390 and the Director is required by law to hold the hearing in this matter pursuant to NRS 701A.360(5).

2. The substantial, reliable, and probative evidence in the record of this matter shows that Tonopah Solar's Application for the construction and operation of the Crescent Dunes Solar Energy facility satisfies the following statutory requisites:

(a) NRS 701A.320(1)(a) – The Crescent Dunes Solar Energy facility will use renewable energy as its primary source of energy, thus meeting the statutory standard.

(b) NRS 701A.320(1)(b) – The Crescent Dunes Solar Energy facility will generate 125 MW nameplate, thus exceeding the statutory standard.

(c) NRS 701A.320(2) – The Crescent Dunes Solar Energy facility is not located on residential property, thus meeting the statutory standard.

(d) NRS 701A.360(2) – The Crescent Dunes Solar Energy facility is not owned, operated, leased, or controlled by a government agency, thus meeting the statutory standard.

(e) NRS 701A.365(1)(a)(1) – The Crescent Dunes Solar Energy facility is anticipated to be operational for at least 25 years, thus exceeding the statutory standard.

(f) NRS 701A.365(1)(b) – The Crescent Dunes Solar Energy facility has all the necessary state and local permits and licenses to operate, thus meeting the statutory standard.

(g) NRS 701A.365(1)(c) - No funding for the Crescent Dunes Solar Energy facility is or will be provided by any governmental entity in this State for the acquisition, design or construction of the facility or for the acquisition of any land therefore, except any private activity bonds as defined in 26 U.S.C. §141, thus meeting the statutory standard.

(h) NRS 701A.365(1)(e)(1) – The construction of the Crescent Dunes Solar Energy facility will employ at least 199 full-time employees during the second quarter of construction. By separate agreement with Nye County, Tonopah Solar has committed that 90% of those employees will be Nevada residents, thus exceeding the statutory standard.

(i) NRS 701A.365(1)(e)(2) – The capital investment in the Crescent Dunes Solar Energy facility is estimated to be \$900,000,000.00, thus exceeding the statutory standard.

(j) NRS 701A.365(1)(e)(3) – The average hourly wage paid to the operational employees of the Crescent Dunes Solar Energy facility will be approximately \$30.00, which is more than 110% of the average hourly wage set by DETR of \$21.92, thus exceeding the statutory standard.

(k) NRS 701A.365(1)(e)(4) – The average hourly wage paid to the construction employees on the Crescent Dunes Solar Energy facility will be approximately \$35.00, which is more than 150% of the average hourly wage set by DETR of \$29.90, thus exceeding the statutory standard.

(l) NRS 701A.365(1)(e)(4)(I) and (II) – The health insurance provided to the construction employees on the Crescent Dunes Solar Energy facility was represented to allow for the coverage of the dependents of the employees and will meet or exceed the standards established by the Director, thus meeting the statutory standard.

(m) NRS 701A.365(1)(f) – The benefits that will result to this State from the employment by the facility of the residents of this State and from capital investments by the Crescent Dunes Solar Energy facility in this State exceeds the loss of tax revenue that will result from the abatement, thus meeting the statutory standard.

(n) NRS 701A.370(1)(a)(3) – The partial property tax abatement granted by this Order will not apply during any period in which the facility is receiving another abatement or

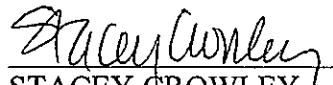
exemption from property taxes imposed pursuant to chapter 361 of NRS, other than any partial abatement provided pursuant to NRS 361.4722, thus meeting the statutory standard.

(o) NRS 701A.370(1)(b)(1)(III) – The partial sales and use tax abatement granted by this Order will not apply during any period in which the Crescent Dunes Solar Energy facility is receiving another abatement or exemption from local sales and use taxes, thus meeting the requirement of the statute.

ORDER

Based upon the foregoing, the Director orders that TONOPAH SOLAR ENERGY, LLC'S Application Filing No. 11-0413ST related to the construction and operation of the Crescent Dunes Solar Energy facility is hereby **GRANTED**. Tonopah Solar and the Director may execute an Abatement Agreement as soon as practicable that will satisfy the requisites of NRS 701A.300 through NRS 701A.390. Tonopah Solar's sales and use tax abatement will terminate three years from the effective date of the Abatement Agreement. Tonopah Solar's property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 24 day of August, 2011.



STACEY CROWLEY
Director
Nevada Office of Energy