

December 30, 2015

To: Bureau of Land Management

Southern Nevada District Office  
Attn: Tim Smith, District Manager  
4701 North Torrey Pines Drive  
Las Vegas, NV 89130

**RE: Crescent Peak Wind Project Notice of Intent**

**INTRODUCTION AND PROJECT HISTORY**

In November 2006, a Right-of-Way Application for wind energy site testing and monitoring for about 34,500 acres located approximately 8–15 miles west of Searchlight, Nevada, was accepted by the Las Vegas Field Office of the Bureau of Land Management (BLM) and a serial case number (N-82789) was assigned. After an Environmental Assessment was performed for this proposed action, a “Type 2” Right-of-Way (ROW) N-82729 for wind energy site testing and monitoring was issued in February 2009, for wind testing and monitoring at up to 11 locations throughout the defined project testing area. The project was initiated by, and the initial grant holder was, Oak Creek Energy Systems (Oak Creek), a company that had successfully initiated the 1,550-megawatt (MW) Alta Wind Energy Center near Tehachapi, California, in 2001 (completed in 2014). After identifying that there was a good potential for wind energy in the project area in 2006, Oak Creek pursued the project, calling it the “Searchlight Wind Project” and, when the Type 3 development application for this project was accepted, it was held by Greater Searchlight Renewables, LLC. In 2012, upon request from BLM due to another project in the area owned by Duke Energy having a similar name, the project was renamed “Crescent Peak Wind” and the entity holding the ROW was renamed Crescent Peak Renewables, LLC.

In early 2014, due to an ongoing lack of certainty in the Federal Tax Policy for Wind Energy and a lack of development resources, Oak Creek made the decision to sell its ownership in the Crescent Peak Wind Project that was held by Crescent Peak Renewables, LLC (CPR). Thus, in March 2014, Crescent Peak Development, LLC (CPD) was formed by Ed Duggan and Hal Romanowitz, the two former executives from Oak Creek who had originally initiated both the 1,550-MW Alta Wind Energy Center that has already been constructed and the Crescent Peak Wind Project. CPD purchased a 100% interest in Crescent Peak Renewables, LLC.

Unfortunately, Mr. Romanowitz, who was a giant in wind energy project and transmission development, passed away after a brief illness in August 2014. However, partnering discussions had already been initiated with IOWN Renewable Energy, Inc. (IOWN), and an agreement for IOWN to purchase a majority of CPD with Mr. Duggan staying involved in the project was reached in early 2015.

IOWN is headed by Hans-Christian Schulze, who has extensive experience in wind project development in northern Europe. IOWN is based out of San Diego, California, and develops, funds, and manages renewable energy projects. By connecting project development expertise and funding with wind power, solar, and energy storage projects, IOWN form the bridge between the projects, the off-takers and the investors.

In March 2015, Mr. Schulze and Mr. Duggan met with Greg Helseth to discuss the project and our intent to move forward with permitting for site development. Through conversations with SWCA Environmental Consultants (SWCA) in late October, Mr. Helseth requested that prior to the end of 2015, a new SF-299 for project development be submitted so the BLM could issue a new case file number and then move into Notice of Intent (NOI) to initiate the National Environmental Policy Act (NEPA) process by the end of 2015. CPR began preparation of the new SF-299, updated Plan of Development, and a draft NOI for BLM’s review; however, in early November, Mr. Helseth informed us that the new SF-299 was still needed, but the NOI would be delayed approximately one year due to BLM project backlog. Therefore, CPR submitted a new

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SF-299 for project development on November 16, 2015, and an updated Plan of Development on December 31, 2015.

We understand the BLM's current backlog status; however, there are several reasons it is important to our project's success to begin the NEPA process as soon as possible. We respectfully request that you consider issuing the NOI in early 2016, based on the supporting information below.

## PROJECT STATUS

### Wind Resource Measurement

Five meteorological towers were installed by March 2009, and those towers have collected data since then and through 2015. In late 2010, an amendment to ROW N-82729 was approved that revised the locations and heights allowed for the meteorological towers and also allowed the addition of two Sonic Detection and Ranging (SoDAR) remote sensing units. In September 2013, the Type 2 wind project testing ROW was extended through December 2015. As of December 2015, there are meteorological towers installed at seven locations within the project area. Through several conversations with Mr. Helseth in late 2015, he indicated that the new application that was submitted and approved in November would allow for continued wind data collection from the existing meteorological towers through the project permitting period.

### Grid Interconnection and Power Purchase Agreement

By 2007, the project had secured a 1,500-MW Grid Queue position with the California Independent System Operator (CAISO) for the project to tie into existing transmission lines that pass through the project, and in 2009, a CAISO queue study was initiated for 1,500 MW of transmission capacity to accommodate the energy from this project and two other nearby planned projects. That study was revised in 2012 to only look at 500 MW from this project. In 2013, after the Valley Electric COOP (Valley Electric) joined the CAISO transmission network, additional paths for tying into the CAISO system were discussed with Valley Electric in order to explore alternative grid interconnection solutions to provide for more cost-effectiveness. We will be resuming discussions with Valley Electric and CAISO in early 2016. We also intend to investigate potential grid interconnection possibilities with NV Energy and LADWP during 2016.

Recent developments in 2015 in California and at the national level have enhanced the need for renewable energy projects and consequently increased the economic viability of the Crescent Peak Wind Project, as well as its potential for grid interconnection and a Power Purchase Agreement (PPA). The three most significant of those developments follow:

1. **Enactment of the Clean Power Plan by the U.S. Environmental Protection Agency (EPA):** In August 2015, the EPA issued its final Clean Power Plan which targets reducing CO2 emissions to a level that is 30% below 2005 levels by 2030. In Nevada and California, this will require substantial amounts of new renewable energy generation capacity to replace coal plants in Nevada, and natural gas-fueled power plants in California. The American Wind Energy Association has projected that 4,000 to 6,000 MW of new wind energy capacity will be needed in the western United States in order to meet this target.
2. **Mandate for 50% Renewables in California by 2030:** In October 2015, the Governor of California signed SB-350 which mandates that California increase its usage of renewable energy for electricity consumption in California from its level of about 25% in 2014 to 50% by 2030. The Crescent Peak Wind Project is strategically located near major transmission corridors into California and should be able to cost-effectively deliver energy into the CAISO grid.
3. **Federal Production Tax Credit (PTC) and Investment Tax Credit (ITC) for Wind Energy:** In December 2015, the United States Congress passed a 5-year extension of the Federal PTC and ITC for wind energy projects. President Obama is expected to sign this bill before the end of 2015. This

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bill provides the economic certainty needed to justify the large sums of money that must be spent for the multi-year environmental/permitting that is process required for a project that is the size of the Crescent Peak Wind Project. But there is also urgency created because the PTC and ITC will be reduced in later years of the extension period. Thus time is of essence.

These developments have created increased opportunities for PPAs. It is our expectation that, as the above policies and other complementary policies are implemented in 2016 and 2017, there will be expanded opportunities for a PPA or multiple PPAs to be obtained by the Crescent Peak Wind Project in both Nevada and California. We will aggressively participate in upcoming PPA solicitation processes with NV Energy, utilities in California, and with other large consumers of electricity. We note that the water shortage at the Hoover Dam due to ongoing drought conditions may create new opportunities for infill renewable energy to replace the hydro-energy that would normally be generated by the Hoover Dam and other nearby hydro facilities.

It should be noted that in past PPA solicitations, the status of the project permitting has been a major factor in scoring project viability by NV Energy and the large California utilities. In 2009, we believe we were unsuccessful in our attempts to obtain a PPA with both Southern California Edison and Pacific Gas and Electric due to the project not yet being in the permitting environmental review process. Thus, we feel it is very important that we are able to show that we are progressing in the permitting process when we respond to these solicitations.

## **Department of Defense Coordination**

Discussions were initiated in 2012 with the Department of Defense (DOD) to arrange for a curtailment plan and coordination between the military and the project to minimize mutual impacts. Our team has had extensive positive interactions with one of the leaders of the DOD team responsible for protecting the military missions in this area and we are confident we can work out a mutually acceptable agreement between CPR and DOD. We expect to move forward with those discussions in 2016, and to reach an agreement once the project design has been refined under the environmental impact statement (EIS) process.

## **Initial Site Studies**

In 2010, the project engaged SWCA to perform a wind project constraints analysis of the site, and that analysis was updated in June 2011. No fatal flaws were identified in the constraints studies. In 2011, SWCA met with the BLM, U.S. Fish and Wildlife Service, and Nevada Department of Wildlife to discuss avian and bat survey needs and finalize a survey protocol. In 2011, following the agreed-upon protocol, SWCA performed a Raptor Nest Survey within the ROW area and a radius of 10 miles around the ROW. No raptor nests were found within the project area, though some were found within 10 miles of the project. SWCA also conducted one season of migration surveys in 2011, with relatively low migration counts recorded.

## **Substantial Project Progress in 2015**

In anticipation of the promising developments described below, that will drive the need for renewable energy over the next 15 years, the project owners moved the Crescent Peak Wind Project forward in 2015.

- We have strengthened our team by adding IOWN to it, with their extensive experience and success in wind project development.
- Financing for the completion of the development has been secured with funds provided by one of the leading wind energy development companies in Northern Europe—Eolus Vind AB. Eolus is a public company listed on Nasdaq OMX Stock exchange in Stockholm, Sweden.
- 2-Year pre-construction avian and bat surveys that require a substantial financial commitment by the project have been initiated by SWCA Environmental Consultants.

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- The existing meteorological towers have been upgraded with state-of-the-art technology and all currently necessary, permitted towers have been installed.
- CPR participated in the Las Vegas Resource Management Plan (RMP) Update comment process.
- Development of a draft NOI and associated materials—Prior to notification of the NOI delay, Mr. Helseth and SWCA had begun discussing initiating the NEPA process including completion of the NOI (draft provided in Attachment 1) and coordinating the scoping process.

## **THE NEED FOR A NOTICE OF INTENT AND MINING SEGREGATION ORDER IN EARLY 2016**

CPR has submitted an SF-299 for a Type 3 ROW for the construction of a wind energy project that is urgently needed to help meet the goals of the EPA's Clean Power Plan and may help meet the region's growing need for renewable energy as described above. We have spent significant funds to get the project moving forward again in 2015, and we will be spending substantial funds in 2016 to conduct studies on the land that is not currently encumbered by mining claims within the project area.

In order to obtain the funding necessary to move the project forward and to complete it, we have in December 2015 signed an agreement with a publicly held company that will provide the necessary funding for the remainder of the development of the Crescent Peak Wind Project. As the funding company is publicly traded, and as a transaction of this art requires public disclosure, the project will also draw attention to it. Current anticipation by the investor funding the project is that we have an NOI filed by the years end—2015—or very soon thereafter (pending approval in Washington, D.C.) and the NEPA process underway in 2016.

Moreover, obtaining a PPA and interconnection agreement is paramount to project success. Our experience in Nevada and other western states has been that wind energy projects sited on BLM land get scored lower and/or taken less seriously by potential off-takers (NV Energy, Southern California Edison, VEA, etc.) at earlier stages in the development process due to permitting schedules and risk. Showing progress to potential off-takers by having the NOI issued and NEPA process started helps alleviate those concerns and is critical when competing for limited PPAs and obtaining interconnection.

Further, as we ramp up permitting activities on site, such as the bird and bat studies, new attention is drawn to the project. As the project becomes more publicly recognized there is an increased chance that mining claims will be filed by dissenting parties in an attempt to derail the project. Therefore, to ensure our time and funds for development are not wasted, it is critical that the available land be segregated from future mining claims; typically done as part of the NOI. We understand that even if the BLM decides to move forward with the NOI in early 2016, it can take several months to be issued. Therefore, we request the BLM issue a Notice of Realty Action (NORA) for mining segregation as early in 2016 as possible while the NOI is being finalized.

We understand from our conversations with Mr. Helseth that BLM is heavily committed to completing the Las Vegas RMP Update in 2016, and that BLM would like to defer preparation of the NOI for this project at this point in time. However, while we are sympathetic with BLM's staff resource issues, we feel it is critical that the NOI for this project be issued immediately for the reasons stated above.

We are certainly willing to work with BLM to minimize the work required by BLM related to the NOI and NEPA process in 2016, and we are also willing to agree to move forward on the NEPA process for this project at a reduced pace during the upcoming year. We are committed to allocating the necessary funds to ensure our contractor can support the BLM to the fullest extent. With that in mind we have put together a detailed project schedule limiting BLM's work on the project during 2016, but still moving the NOI forward now (see [Attachment 2](#)). We have also provided a draft of the NOI and associated materials as a first step to aid the BLM in submittal of the NOI.

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We hope you will consider moving forward with issuing the NOI. We are available for further discussions at your convenience.

Respectfully,



Hans-Christian Schulze  
Crescent Peak Renewables, LLC