



CERTIFICATION AND FINANCING PROPOSAL

ALAMO 4 SOLAR PARK IN BRACKETTVILLE, TEXAS

Revised: September 12, 2013

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EXECUTIVE SUMMARY

ALAMO 4 SOLAR PARK IN BRACKETTVILLE, TEXAS

- Project:** The project consists of the construction and operation of a 39.6 MW_{AC} photovoltaic solar park located in Brackettville, Texas (the "Project"). The electricity generated will be purchased by CPS Energy (CPS), pursuant to a long-term Power Purchase Agreement (PPA) signed with the Project company.
- Project Objective:** The Project will increase installed capacity of renewable energy resources, reducing the demand on traditional fossil fuel-based energy production and contributing to the displacement of greenhouse gas emissions and other pollutants from power generation using fossil fuels.
- Expected Project Outcomes:** The anticipated environmental and human health outcomes resulting from the installation of 39.6 MW_{AC} of new renewable energy generation capacity are:
- a) Approximately 86,674 MWh of electricity during the first year of operation, and
 - b) An expected displacement of approximately 52,965 metric tons/year of carbon dioxide, 91 metric tons/year of sulfur dioxide and 43 metric tons/year of nitrogen oxides.
- Sponsor:** OCI Solar Power, LLC (OCISP).
- Borrower:** Alamo 4, LLC ("Alamo 4").
- Loan Amount:** Up to US\$50.0 million.

CERTIFICATION AND FINANCING PROPOSAL

ALAMO 4 SOLAR PARK IN BRACKETTVILLE, TEXAS

1. ELIGIBILITY

Project Type

The Project falls in the category of clean and efficient energy.

Project Location

The Project site is located in Brackettville, Kinney County, Texas, approximately 25 miles north of the U.S.-Mexico border.

Project Sponsor and Legal Authority

The **private-sector project sponsor** is OCI Solar Power LLC (OCISP or the "Sponsor"), which will use a special-purpose company named Alamo 4, LLC (Alamo 4), for the implementation of the Project. Alamo 4 is a Delaware-based, limited-liability company incorporated on February 12, 2013. Its contact representative is Andrew Oh.

2. CERTIFICATION CRITERIA

2.1 TECHNICAL CRITERIA

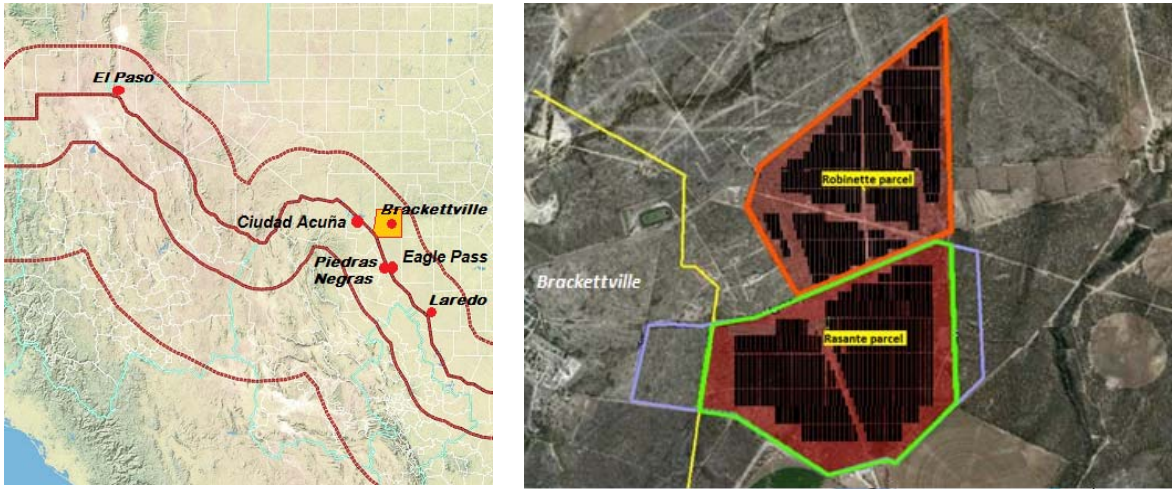
2.1.1. Project Description

Geographic Location

Kinney County is in south-central Texas in the region known as the Rio Grande Plains, and is bordered by Val Verde County and the Rio Grande River to the west and by Maverick County to the south. The county seat and largest town is Brackettville, located in the middle of the county approximately 29 miles east of Del Rio and 41 miles north of Eagle Pass, Texas. The Project site comprises two adjacent parcels totaling approximately 633 acres, located approximately two miles northeast of the city of Brackettville.

Figure 1, below, shows the approximate geographic location of the Project.

Figure 1
PROJECT VICINITY MAP



General Community Profile

The Electric Reliability Council of Texas (ERCOT) manages the flow of electric power to 23 million Texas customers, scheduling power on an electric grid connecting 40,500 miles of transmission lines and more than 550 generation units. The ERCOT grid covers several counties within the 100-km Texas border region, including Kinney, Starr, Jim Hogg, Zapata, Webb, Dimmit, Maverick, Zavala, Uvalde, Edwards, Val Verde, Crockett, Terrel, Brewster, Presidio, Jeff Davis and Culberson counties.¹

The Project will be constructed near Brackettville in Kinney County, Texas and will generate electricity equivalent to the annual consumption of approximately 5,200 households.² Kinney County and the surrounding areas will benefit in two ways: (i) via the community's consumption of the electricity generated by the Project and (ii) through the employment opportunities and additional taxes created by the construction and operation of the Project.

According to the 2010 census, Kinney County had 3,598 residents. The median household income (MHI) reported for 2007-2011 in Kinney County was an annual average of US\$25,703, which is considerably lower than that of Texas (US\$50,920) and the U.S. (US\$52,762) during the same period. The main sources of employment, as a percentage of the work force, are: services (29.7%); natural resources, construction and maintenance (26.1%); sales and office (22.8%); management, business, science and arts (15.3%); production, transportation and material moving (6.1%).³

According to the U.S. Department of Labor, in April 2013, the unemployment rate in Kinney County was 7.6%, the same as the national average. The Project is expected to generate

¹ BECC estimated approximately 600,000 households located in the ERCOT service area within 100 km border region.

² Source: U.S. Department of Energy, Energy Efficiency and Renewable Energy, Energy consumption in Texas homes, <http://apps1.eere.energy.gov/states/residential.cfm/state=TX>.

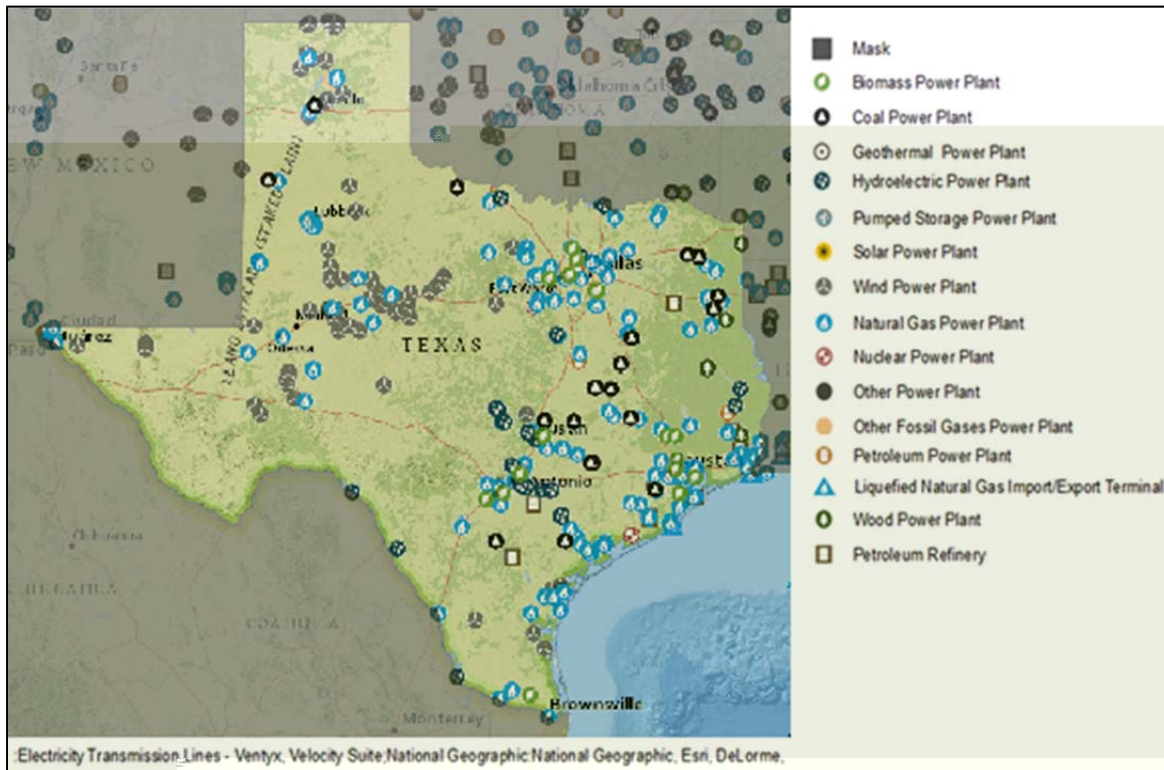
³ Source: U.S. Census Bureau, Kinney County Quick Facts 2011.

approximately 250 jobs during construction and approximately seven permanent jobs during operation.

Local Energy Profile

The U.S. Department of Energy (DOE) through the Energy Information Administration (EIA) provides a state-by-state reference for information and data covering energy production and demand. Figure 2 from the EIA website shows the location of Texas' power plants and energy sources.⁴

**Figure 2
TEXAS' ENERGY SOURCES**



Texas established a Renewable Portfolio Standard (RPS) as part of the state's electricity industry restructuring legislation, which was designed to increase the delivery of renewable electricity with associated environmental benefits to the people of Texas. The RPS initially mandated that electricity providers collectively generate 2,000 MW of additional renewable energy by 2009. In 2005, the Texas Legislature approved a much more aggressive RPS, increasing the state's total renewable energy mandate to 5,880 MW by 2015 and 10,000 MW in 2025.

⁴ Source: U.S. Department of Energy, Energy Information Administration, State Energy Profiles – Texas, 2012.

The state RPS requirement is apportioned among competitive retail entities based on their market share of retail sales. In a related action, the Public Utility Commission of Texas (PUCT) established a Renewable Energy Credit (REC) trading program that allows for the purchase of RECs to achieve the mandated RPS requirement. The purpose of the REC Program is to:

- Encourage the development, construction, and operation of new renewable energy resources in Texas,
- Protect and enhance the quality of the environment in Texas through increased use of renewable resources, and
- Ensure that all customers have access to providers of energy generated by renewable energy resources.

The electricity produced by the Project will be sold to CPS Energy, the nation's largest municipally-owned energy utility which provides both natural gas and electric services to the city of San Antonio, TX and adjacent areas. As a regulated municipal utility, CPS is not subject to the state RPS. Nonetheless, as part of its Integrated Resource Plan, CPS has instituted an aggressive company goal of achieving 1,500 MW or 20% of its total generation capacity from renewable energy by 2020.⁵ At the end of 2012, 13% of the energy that CPS provided customers came from wind, solar and landfill gas. OCISP and CPS have signed a PPA for the development of a 400-MW solar power generation project to be built in five stages and be fully operational by the end of 2016. As part of the 400-MW project, Alamo 4 will help increase CPS' renewable energy mix to approximately 13.4%.

CPS is the largest publicly-owned purchaser of wind power in the U.S., with more than 1,059 MW of generation capacity currently contracted from wind farms in the West Texas plains and on the Texas coast. A recipient of the Department of Energy's 2011 Public Power Wind Award for leadership in promoting wind energy development, CPS is also becoming a national leader in the purchase of solar energy. Table 1 shows CPS' in-state generation capacity by fuel source compared to Texas' total installed generation mix.

⁵ Source: CPS Energy, Corporate Sustainability Report 2010.

Table 1
ENERGY GENERATION CAPACITY PORTFOLIO COMPARISON

Energy Resources	CPS Energy ^{iv} (2012)	TX Mix ^v (2011)
Natural gas	38.60%	63.07%
Coal	32.50%	21.23%
Nuclear	15.90%	4.54%
Wind	12.70%	9.49%
Solar	0.20%	0.04%
Biogas	0.10%	N/A ^{vi}
Hydroelectric	-	0.63%
Petroleum	-	0.19%
Other gases ⁱ	-	0.28%
Other renewables ⁱⁱ	-	0.32%
Other ⁱⁱⁱ	-	0.21%
Total	100.00%	100.00%

ⁱ Other gases include blast furnace gas, propane gas, and other manufactured and waste gases derived from fossil fuels.

ⁱⁱ Other Renewables includes wood, black liquor, other wood waste, municipal solid waste, landfill gas, sludge waste, agriculture byproducts, other biomass and geothermal.

ⁱⁱⁱ Other includes batteries, chemicals, hydrogen, pitch, purchased steam, sulfur, tire-derived fuels and miscellaneous technologies.

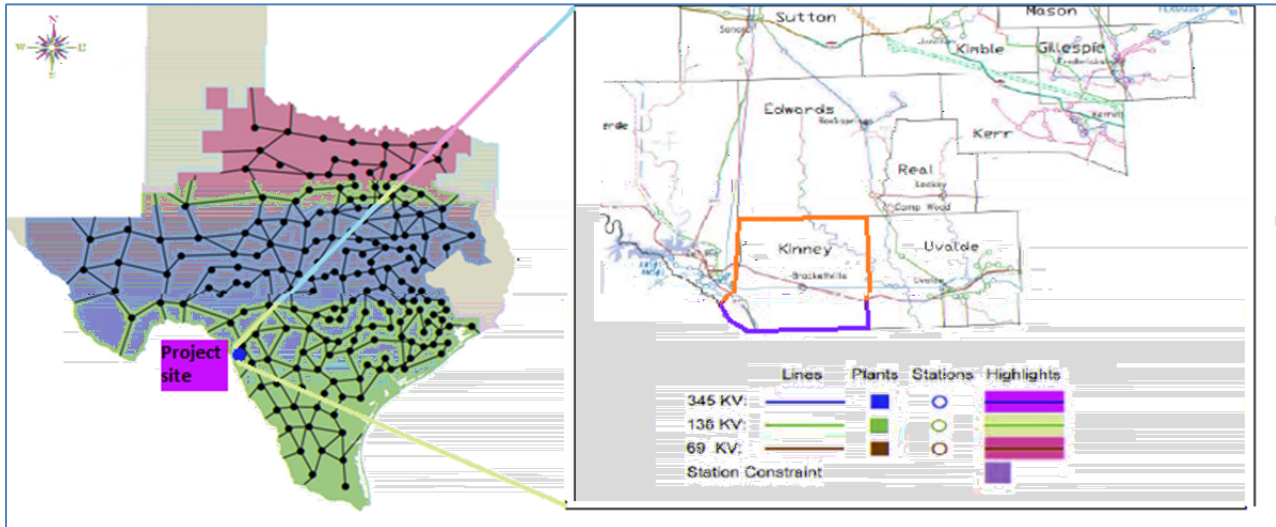
^{iv} Source: CPS Energy, 2011-2012 Annual Report.

^v Source: U.S. Energy Information Administration, State Profile and Energy Estimates

^{vi} Not available. According to Energy Information Administration, updated information will be released in September 2013.

CPS is part of the ERCOT power grid, which provides service to approximately 75% of the land area in Texas, including all of the Texas border region, except for El Paso County. ERCOT operates under a “nodal market” scheme based on 4,000 points of interconnection where energy is supplied by generators or utilized by retailers. Figure 3 shows the ERCOT service area and transmission lines.

Figure 3
ERCOT SERVICE AREA AND TRANSMISSION LINES



In 2012, the installed capacity available from renewable sources in ERCOT represented 14% of the generation sources available, while fossil-fuel-based installed capacity accounted for 86%. The electricity generated from renewable resources in Texas increased 7% in 2012, compared to 2011. In that 12-month period, solar energy reported a 265% increase in production; whereas wind energy reported a 5% increase, with an installed capacity of 10,407 MW.⁶ This change in generation mix reflects the growing trend towards a greater use of renewable energy and less dependence on traditional fossil fuel-based energy production.

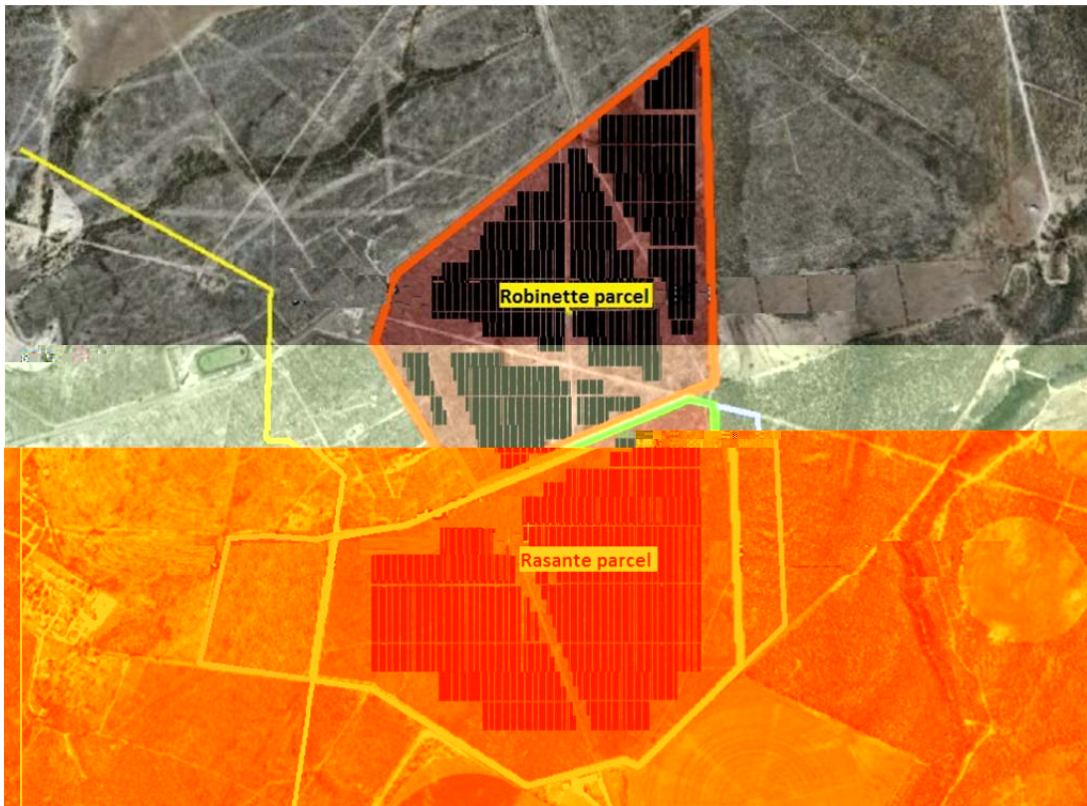
Project Scope and Design

The scope of the Project is to design, build, and operate a 39.6 MW_{AC} photovoltaic solar park. CPS will purchase the electricity produced by the Project pursuant to a 25-year PPA. The Project will be constructed on two contiguous parcels totaling 633 acres (see Figure 4) and will be interconnected, through an existing transmission line on the northern side of the property, to the Brackettville substation located adjacent to the northwest corner of the site.

The Brackettville substation is part of the West Load Zone located within ERCOT’s West Weather Zone. Once ERCOT receives the electricity generated, the energy delivered will be credited to CPS. As a result, the electricity generated will be used in the west region of ERCOT’s grid, well within NADB and BECC’s border jurisdiction. Since ERCOT serves as the central balancing authority for most of Texas, it is feasible to credit CPS’ actual electricity consumption in the San Antonio area with the electricity generated by the Project, even though the consumption will likely take place in Kinney County and surrounding areas.

⁶ Source: ERCOT press release: http://www.ercot.com/news/press_releases/show/26445.

**Figure 4
 PROJECT SITE LAYOUT**



The Project is expected to begin construction in September 2013, with COD being reached no later than July 2014. Table 2 presents the status of key tasks.

**Table 2
 PROJECTS MILESTONES**

Key Milestones	Status
Project's site lease/purchase option agreement	Completed
Environmental assessment	Completed
PPA with CPS	Completed
Interconnection agreement	In progress
Engineering, procurement and construction (EPC) contract	In progress
Independent engineer report	In progress
Construction permits	Not applicable*
Commercial Operation Date	July 2014

* On September 9, 2013, the Sponsor was informed by the County that construction permits are not required for the Project.

NADB's procurement policies require that private-sector borrowers use appropriate procurement methods to ensure a sound selection of goods, works and services at fair market prices and that

their capital investments are made in a cost-effective manner. As part of its due diligence process, NADB will review compliance with this policy.

2.1.2. Technical Feasibility

Selected Technology

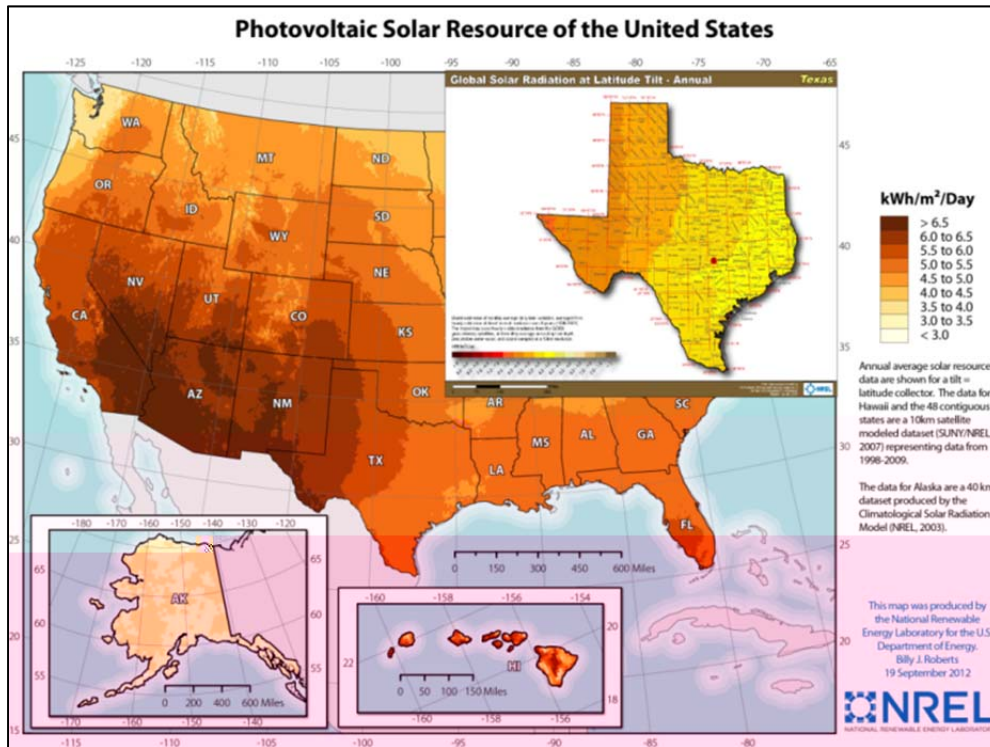
After an extensive screening process, the Sponsor evaluated several options for the primary components for the Project (solar modules, inverters and tracker systems) from manufacturers with proven track records of performance and warranties that provide appropriate protection to the Project. Below is a description of the main components of the Project:

- **Modules**: 300W polycrystalline photovoltaic modules will be installed and mounted on a dual-axis tracking system.
- **Inverters**: The inverters selected for the Projects will be rated at 550 kW of AC output.
- **Interconnection**: The point of interconnection (POI) is directly located at the Brackettville substation adjacent to the northwest corner of the site.
- **Monitoring and control system**: A SCADA system will be used to monitor remotely, track, and document the performance of the PV system relative to its predicted output.

Solar Resource Assessment

According to the National Renewable Energy Laboratory (NREL), the photovoltaic solar resource in the area of Brackettville ranges from 5.0 to 5.5 kWh/m²/day (see Figure 5).

Figure 5
SOLAR RESOURCE POTENTIAL



The Project's energy production was calculated using Photovoltaic System (PVSyst) software, published by the University of Geneva, Switzerland. A 39.6-MW_{AC} solar plant performance model was developed with the PVSyst. Based on the results of this model, it is estimated that the Project will generate approximately 86,674 MWh of electricity in the first year of operation. Performance losses due to direct current to alternating current conversion, dust, inverter losses and shading were taken into consideration. The energy generation estimate will be vetted by an independent engineer.

2.1.3. Land Acquisition and Right-of-way Requirements

The Project site comprises two adjacent parcels. The northern parcel covers approximately 283 acres and is about one mile northeast of Brackettville. The southern parcel is approximately 350 acres and located directly south of the northern parcel. Current site activities include cattle and goat ranching on the northern parcel, and predominantly hunting on the southern parcel. The Sponsor has a lease agreement for the northern parcel and a purchase agreement for the southern parcel.

Kinney County has advised the sponsor that there are no construction permits required for the Project. Based on this clarification, no permits are pending for the Project.

2.1.4. Management and Operations

Over the past 20 years, OCISP has demonstrated its expertise in designing and selecting the best technology for projects based on local conditions and the requirements of both the community and the utility. As part of its strategy, OCISP has created partnerships with local communities to build photovoltaic solar projects that generate green energy, employment, and energy independence. OCISP has developed and operated photovoltaic solar parks ranging in size from 2 to 41 MW throughout the United States, including the Alamo 1 Solar Park in Texas. Currently, OCISP has about 500 MW of solar photovoltaic projects under development nationwide, of which 400 MW are expected to be installed in Texas for CPS.

Solar photovoltaic systems are highly reliable and require minimal maintenance. The Sponsor will provide a comprehensive operation and maintenance (O&M) program for the Project through an O&M contract. The O&M contractor will provide services in accordance with an operations and maintenance agreement that shall include, *inter alia*, the following:

- Providing all materials and services necessary for solar facility maintenance;
- Performing routine and non-routine maintenance on the solar facility during and after the EPC warranty period;
- Washing solar panels periodically;
- Managing onsite vegetation by typical landscape maintenance techniques;
- Monitoring the operations of the Project via the computer monitoring system;
- Complying with all regulatory obligations;
- Developing operation and safety plans; and
- Maintaining all Project information and facility data, including providing reports to stakeholders.

The Sponsor is expected to finalize an operation and maintenance agreement in September 2013.

2.2 ENVIRONMENTAL CRITERIA

2.2.1. Compliance with Applicable Environmental Laws and Regulations

Applicable Laws and Regulations

Consistent with best management practices in the industry, the Sponsor voluntarily conducted an analysis of applicable federal, state and county laws and regulations to be considered for the implementation of the Project. Specifically, the Sponsor analyzed the applicability of the following laws and regulations:

- Clean Water Act (CWA). This law establishes the basic structure for regulating discharges of pollutants into the waters of the United States and regulating quality standards for surface waters.

- **National Historic Preservation Act (NHPA)**. The legislation is intended to preserve historical and archaeological sites and requires federal agencies with jurisdiction over a specific site to take into account the effects of a project on any cultural resources at the site that are listed or eligible for listing on the National Register of Historic Places (NRHP). The NHPA also requires that the same federal agencies afford the State Historic Preservation Office (SHPO), any potentially affected Native American tribe, and the Advisory Council on Historic Preservation an opportunity to comment on a project. This is known as the Section 106 Review (16 USC 470).
- **Antiquities Code of Texas**. The code was enacted in 1969 to protect archeological sites and historic buildings on public land. The code requires state agencies and counties to notify the Texas Historical Commission (THC) of ground-disturbing activity on public land.
- **Endangered Species Act of 1973**. The law was enacted to protect animal and plant species from extinction by preserving the ecosystems in which they survive and by providing programs for their conservation. Section 9 of the act prohibits the take of threatened and endangered species; "take" is defined as "harass, harm, pursue, shoot, wound, kill, trap, capture, or collect, or attempt to engage in any such conduct." In general, the U.S. Fish and Wildlife Service (USFWS) considers modification of regularly occupied endangered species habitat to constitute harm and, therefore, be a violation of the act.
- **Migratory Bird Treaty Act of 1918**. The legislation was first enacted in 1916 in order to implement the convention for the protection of migratory birds. Under the act, taking, killing or possessing migratory birds is unlawful. The responsibilities of federal agencies to protect migratory birds are set forth in Executive Order 13186. USFWS is the lead agency for migratory birds.

To clarify the requirements for the Project related to these laws and regulation, the Sponsor performed basic environmental condition studies and conducted consultations with relevant agencies, including with the U.S. Army Corps of Engineers (USACE) to evaluate the applicability of Section 404 of the Clean Water Act; with the State Historic Preservation Office to consider sensitive resources on the site appropriately; and with USFWS to evaluate mitigation requirements for the potential presence of endangered species. The study findings and agency responses are described below.

Environmental Studies and Compliance Activities

The Sponsor conducted the following environmental studies to evaluate the potential impacts of implementing the Project, as well as the mitigation measures that may be required as a result:

- **Environmental Site Assessment Phase I (ESA Phase 1)**. ESA Phase 1 was performed in accordance with the American Society for Testing and Materials (ASTM) E 1527-05 guidance document, Standard Practice for Environmental Site Assessments. The purpose of the ESA was to determine if recognized environmental conditions (REC) are present at

the site.⁷ Tasks involved in the ESA included a review of records, on-site reconnaissance and interviews. **No evidence of the likely presence of a *recognized environmental condition* was revealed.**

- ***Biological resources survey.*** The purpose of the survey was to identify biological resources and water bodies in the area, as well as to note the likely presence of federally endangered species. **No sightings of endangered species occurred during the survey. Based on the previous findings, the USFWS granted a concurrence in May 2013.**
- ***Class I Desktop Cultural Resource Review.*** The purpose of the records search was to identify cultural resource surveys in the area, as well as to note the presence of recorded historic and prehistoric period sites. The search revealed that there were no recorded sites identified in the Project area, but a few recorded sites were identified within two miles. **Based on the previous information prepared and submitted to the Texas Historical Commission (THC), a concurrence was granted in June 2013.**
- ***Phase I Archaeological Reconnaissance Survey.*** The field investigation identified a recordable archaeological area within the Project site, where scattered findings were reported and include fragments of amethyst bottle glass, a metal can fragment, whiteware, decorated whiteware, and glazed and decorated earthenware shreds. **No significant cultural resources were identified during the survey. No further studies of the Project site were recommended.**
- ***Delineation of U.S. Waters.*** Based on the information presented to the U.S. Army Corps of Engineers (USACE), no waters of the United States are expected to occur within the Project site. **A corresponding concurrence letter was issued by the USACE in May 2013, which determined that the Project would not involve activities subject to the requirements of Section 404 or Section 10 of the Clean Water Act.**

Pending Environmental Tasks and Authorizations

No formal environmental authorizations are pending.

Compliance Documentation

The following environmental compliance documentation is available for the Project:

- U.S. Army Corps of Engineers, Concurrence letter.
- U.S. Fish and Wildlife Service, Consultation letter with agency "No Action" response.
- Texas Historical Commission, Consultation letter with agency "Concur" response.

⁷ ASTM defines *recognized environmental conditions* as the "presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water of the property."

2.2.2. Environmental Effects/Impacts

There is a need for affordable and environmentally beneficial alternatives to conventional fossil fuel-derived energy resources. Renewable energy projects create an opportunity to generate electricity without the atmospheric emissions generated by fossil fuel-based plants. Sunlight is a source of renewable energy, which means it can be produced without the depletion of natural resources. It is a clean form of renewable energy and is currently used in many developed and developing nations to meet their demand for electricity. Solar power does not produce waste byproducts that require disposal or gas emissions that contribute to air pollution. It does not pollute or consume water for electricity production. Water may be used in small amounts for the cleaning of panels from time to time. Any water used for cleaning purposes will be disposed of at appropriate facilities and in accordance with environmental regulations. Solar energy projects provide an opportunity to displace greenhouse gases (GHG) and other pollutants produced by traditional fossil fuel-based energy generation, while providing local residents with a safe and reliable energy alternative.

Existing Conditions and Project Impact – Environment

Historically, the United States has depended to a great extent on fossil fuels for the generation of energy. These conventional sources of energy adversely affect the environment due to the harmful emissions produced in their generation processes, including GHG and other pollutants, such as sulfur dioxide (SO₂) and nitrogen oxides (NO_x).

Current electricity generation for Texas relies on a mix of energy technologies including: coal (36%), natural gas (45%), nuclear (10%), other renewables (7%) and others (2%). Based on nearly 435 million MWh of net power generation in Texas in 2011, 267 million metric tons of CO₂, 404,706 metric tons of SO₂, and 214,297 metric tons of NO_x were emitted.

**Table 3
 2011 TEXAS ELECTRIC POWER INDUSTRY GENERATION**

Energy Source	Total Generation (MWh)
Natural Gas	200,500,000
Coal	157,897,000
Nuclear	39,648,000
Petroleum	97,000
Hydroelectric	563,000
Other Gases ¹	3,390,000
Other Renewables ²	32,183,000
Other ³	319,000

¹Other gases include blast furnace gas, propane gas, and other manufactured and waste gases, derived from fossil fuels.

²Other Renewables includes biogenic municipal solid waste, wood, black liquor, other wood waste, landfill gas, sludge waste, agricultural byproducts, other biomass, geothermal, solar, photovoltaic energy, and wind

³Other includes non-biogenic municipal solid waste, batteries, chemicals, hydrogen, pitch, purchased steam, sulfur, tire-derived fuels, and miscellaneous technologies

Note: Totals may not equal sum of components because of independent rounding.

Source: U.S. Energy Information Administration.

The Project will help reduce the demand for fossil fuel-fired electricity, and since solar power generation has zero fuel cost, zero emissions and zero water use, it will displace harmful emissions related to the more traditional energy production processes. Over the next 25 years, the production of approximately 1,994,261 MWh of zero-carbon generation will help avoid the emission of more than 1,218,661 metric tons of CO₂ into the atmosphere. The anticipated environmental outcomes resulting from the installation of 39.6 MW_{AC} of new renewable energy generation capacity (or approximately 86,674 MWh of electricity in year 1) include an expected displacement of more than 52,965 metric tons/year of carbon dioxide, 91 metric tons/year of sulfur dioxide and approximately 43 metric tons/year of nitrogen oxides.

Mitigation of Risks

Activities related to Project implementation may cause temporary effects to the environment. The Sponsor will be managing these impacts according to best construction practices. The following specific mitigation activities will be employed to reduce any anticipated environmental effects:

- Storm Water Pollution Prevention Plan, which is required by the Texas Commission on Environmental Quality (TCEQ) for construction activities.
- Avian Protection Plan to adhere to the requirements of the Migratory Bird Treaty Act, which requires no taking of nests between March and August; therefore, major site work will be scheduled outside of the restricted period.
- Spill Prevention, Control, and Countermeasure Plan, in case aboveground storage tanks are required during construction.

Natural Resource Conservation

The Project will support natural resource conservation by reducing the demand on fossil fuels for energy production and associated improvements to air quality. The Project is anticipated to produce approximately 86,674 MWh of zero-carbon electricity in the first year of operation, equivalent to the annual energy consumption of approximately 5,200 households. In addition, clean technologies such as solar energy require no water for electricity production, whereas fossil fuel-fired generation is typically water intensive.

No Action Alternative

The no action alternative to the development of renewable energy sources would result in greater demand for conventional fossil-fuel-based energy production, further depleting natural resources for the purposes of meeting an ever-growing demand for energy, as well as a lost opportunity to generate emission-free energy, such as that derived from solar energy.

Additionally, the Project will help meet Texas' RPS requirements, while satisfying increased demand for electricity. Should the Project not be implemented, the mix of renewables in CPS' portfolio would be delayed.

Existing Conditions and Project Impact – Health

Epidemiological research has shown that both chronic and acute exposure to harmful emissions associated with fossil-fuel-based energy production can lead to serious respiratory problems. It is estimated that, at the very least, prolonged exposure to excessive levels of pollutants can deteriorate the respiratory capacity of humans and greatly contribute to the increased incidence of cardiopulmonary diseases, such as asthma, heart ailments, and lung cancer.

By using clean renewable resources instead of conventional fossil fuel sources in power generation, the Project will positively impact the region by reducing pollutants and thus help to contain the severity of respiratory and other diseases aggravated or caused by air pollution. In addition, the reduction of GHG emissions is expected to mitigate climate effects that create more vulnerable conditions for human health.

Transboundary Effects

No negative transboundary impacts are anticipated as a result of the development of the Project; on the contrary, a beneficial effect is anticipated on the air quality due to the decreased demand on fossil-fuel-fired electrical plants in the region. Furthermore, the Project will aid in addressing the larger environmental concerns related to greenhouse gases and global warming targeted by international agendas.

Other Local Project Benefits

The Project is expected to generate approximately 250 jobs during construction and seven permanent jobs during operation.

2.3. FINANCIAL CRITERIA

The Project Sponsor has requested a loan from the North American Development Bank (NADB) to complete the financing of the Project. The proposed payment mechanism is consistent with the project structure normally seen in the U.S. renewable energy industry. The source of payment will be the revenue generated by the Project in accordance with the pricing established under the Power Purchase Agreement (PPA) signed with CPS for a term of 25 years. NADB loan will have no recourse beyond the Project Company, OCI Alamo 4 LLC (“Alamo 4”).

NADB performed a financial analysis of the source of payment, CPS; the proposed payment structure; and the Project’s cash flow projections over the 25-year term of the PPA. CPS’ financial ratios support its favorable credit ratings. CPS’s most recent senior debt issuances have been rated AA+ by Fitch, AA by S&P and Aa1 by Moody’s, reflecting a good credit quality.

The Projects’ expected revenue from the sale of electricity is estimated to be sufficient to: a) cover scheduled O&M expenses, b) fund any debt service reserve, c) pay the debt service on the senior loan, and d) comply with debt service coverage requirements.

In addition, NADB’s analysis verified that Alamo 4 has the legal authority to contract financing and pledge its revenue for the payment of financial obligations. Alamo 4 also has the legal and

financial capacity to operate and maintain the Project, and will contract the Project's O&M services with a firm with ample experience and expertise in these types of projects. NADB has verified that the projected O&M costs are in accordance with industry standards.

Considering the Project's characteristics and based on the financial and risk analyses performed, the proposed Project is considered to be financially feasible and presents an acceptable level of risk. Therefore, NADB proposes providing a market-rate loan for up to US\$50 million to OCI Alamo 4 LLC for the construction of the Project described herein.

3. PUBLIC ACCESS TO INFORMATION

3.1. PUBLIC CONSULTATION

BECC released the Draft Project Certification and Financing Proposal for a 30-day public comment period beginning August 12, 2013. The following documentation is available upon request for the project:

- U.S. Army Corps of Engineers, Concurrence letter
- U.S. Fish and Wildlife Service, Consultation letter with agency "No Action" response
- Texas Historical Commission, Consultation letter with agency "Concur" response

The public comment period ended on September 11, 2013, with no comments received.

3.2. OUTREACH ACTIVITIES

On January 11, 2012, San Antonio Mayor Julian Castro, CPS Energy Board Chair Derrick Howard, CPS President and CEO Doyle Beneby, and OCISP executives held a press conference to announce a 400 MW solar project to deliver clean, renewable energy to CPS. Alamo 4 represents the second stage of this 400 MW project. Several press releases were published related to the 400 MW project, which includes the Alamo 4 project.

BECC conducted a media search to identify potential public opinion about the Project. References to the Project were found on several Internet sites, including the *Clean Energy Authority*, *San Antonio Business Journal*, *Texas Observer*, *Star Telegram* and the Sponsor's website. The information highlights CPS' plans to have the largest municipally-owned photovoltaic project, specifically a 400 MW project through a partnership with OCISP that will eventually be the largest solar power project in Texas. No opposition to the Project was detected in the media search.

Examples of these articles can be found at the following links:

- *PR Newswire (January 11, 2012)* – "CPS Energy Attracts Global Manufacturers with Solar Project" (<http://www.prnewswire.com/news-releases/cps-energy-attracts-global-manufacturers-with-solar-project-137112828.html>).

- *Texas Observer (January 31, 2013)* – “Solar Power Could See Explosive Growth in Texas over Coming Decades” (<http://www.texasobserver.org/good-news-for-solar-power-in-texas/>).
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