

Officials scramble to get Palen solar project OK'd by target date

Delays could affect project financing

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BrightSource Energy's Palen solar project could fall further behind an end-of-the-year target for final approval, which could in turn make it harder for the company to nail down the private financing it needs to put two 750-foot solar towers and thousands of reflecting mirrors on public land east of the Coachella Valley.

Financing concerns, not the company's contracts to sell power from the project to Pacific Gas & Electric, are the drivers behind the company's goal to have the 500-megawatt Palen permitted by the end of year and online by June 2016, said Scott Galati, BrightSource's attorney, speaking at a public hearing on the project Monday in Sacramento.

"Our goal is to become commercial in June of 2016 because that is what the lenders will be requiring in order to qualify for the investment tax credit that expires the end of 2016," Galati said. "We have to come online six months before expiration; the banks want the buffer."

Galati was referring to the 30 percent federal investment tax credit for renewable energy



Workers install heliostats (software controlled directional mirrors) on the Ivanpah solar thermal power system in August. The Palen facility will use similar technology. / Jay Calderon, The Desert Sun

projects, a key financial incentive for investors, now set to expire Dec. 31, 2016. Some solar industry executives would like to see the credit extended beyond that date or made permanent.

Getting the state and federal approvals needed to meet that deadline was the focus at Monday's public hearing, where California Energy Commission staff asked that the release of a final environmental impact report on the project be pushed back from Aug. 23 to Sept. 6.

Staff also said they are waiting for a key air quality report from the South Coast Air Quality Management District, which could further delay the air quality and public health sections of the impact report till late September.

But even with such extensions, environmental groups argued that evaluation of the project is moving too fast.

"We would object to the final staff assessment coming out in pieces and not being issued in a coherent whole,"

said Lisa Belenky, an attorney for the Center for Biological Diversity. “We’re concerned about the project being looked at in piecemeal way. The FSA needs to have a coherent view; we need all the information.”

At the end of the status conference, commission officials went into a closed session to hammer out a new approval schedule for the project, but said the any decisions on a final schedule would not be issued Monday.

Several additional steps in the permitting process have to take place between the final environmental report and a commission vote on the project, including an evidentiary hearing, a meeting before that hearing and the filing of statements and rebuttals by staff, BrightSource and stakeholders such as the environmental groups and Native American tribes.

BrightSource bought the 500-megawatt solar thermal project last year from bankrupt Solar Trust of America, which planned and won state approval for the plant using solar thermal troughs rather than the solar-tower technology BrightSource uses.

Each of Palen’s 750-foot towers would be surrounded by 85,000 mirrors that would reflect sunlight onto a boiler at the top of the towers, which would in turn heat liquids to create steam used to run a turbine.

BrightSource has two contracts to sell power from the project to Pacific Gas & Electric, company officials have said previously.

Both the Energy Commission and U.S. Bureau of Land Management are repermitting the project. The BLM issued its own draft environment impact report on the project July 30, starting a 90-day public comment period.