COACHELLA
ENERGY STORAGE PARTNERS

January 10th, 2018
Confidential

Kevin Kelley
Imperial Irrigation District
333 E. Barioni Blvd.
Imperial, CA 92251

Dear Mr. Kelley:
In early 2017, IID issued an RFP requesting an expansion of the exiting Battery Energy Storage System (BESS). In March 2017, IID selected CESP to provide IID with the needed expansion at a fixed cost of $6.9 million. Under the RFP, IID requested that the commercial Operation date to be 12/31/2017. Once CESP was notified it was to be the winning bidder, and in good faith to meet the IID deadlines, CESP entered into the following commitments:

1. Initiated and nearly completing the detail engineering and technical analysis.
2. Paid $2.3 million deposit to Samsung to purchase the battery as it required 4 to 5 months of lead time.
3. Continue to pay insurance, licenses and staff
4. In total, CESP have spent $3.65 million.

CESP respectfully requests that IID notify us in writing whether the IID plans to continue with the expansion project. If the IID has elected not to continue with this project, we would like to send you invoices for the incurred costs to date along with the new batteries and detailed design. If the IID has elected to continue with the project and execute a contract with CESP, we would be happy to continue working with IID and deliver the expansion within six months of signing the expansion contract.

On a related manner, the exiting BESS operation and maintenance contract between IID and CESP will expire on March 31, 2018. Under the current CESP / IID BESS contract, CESP is to provide performance guarantees for 20 years. However, if the O&M contract is not extended, CESP is under no obligation to provide any guarantees past March 31, 2018. CESP sent an amended O&M contract to IID staff in the summer of 2017 and have agreed with IID on the terms and conditions. CESP even hired ex-GE employees that are extremely familiar with the plant and currently providing these O&M services to IID, however, the status of contract extension remains unknown. We urgently request that IID take immediate action otherwise CESP is under no obligation to provide any services, battery replenishment or performance guarantee for the existing BESS.

Lastly, CESP retained ZGlobal as the owner's engineer along with Chris Doyle as the Project Coordinator. Your prompt response to these issues would be greatly appreciated.

Sincerely,

Mike Abatti

CESP CEO

CC. James Hanks, IID president of the Board
Frank Oswalt – IID General Council
Tony Allegranza – IID Energy Manager
Jesse Montano – CESP Project Manager
Chris Doyle – CESP Project Coordinator