

Got geothermal?

Its Place in a Changing Energy Market

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Green energy you can rely on

EXHIBIT K – ENERGY
Document consists of 24 pages.
Entire Exhibit provided.
Meeting Date: 07-25-14

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Introduction to Ormat

Market leader with proven track record:

- Over four decades of experience
- Established renewable energy pure-play
- Technology leader with over 82 U.S. patents
- 1600 MW of constructed capacity
- Own and operate 595 MW of installed capacity
- Vertically integrated
- 500 employees in the U.S. + 600 overseas

NYSE	ORA
Share Price:	\$26.70
52wk Range:	\$22.15 - \$30.46
Avg. Vol. (3m):	63,652 shares
Market Cap:	\$1.21 B
FY12 Rev.:	\$514.4 M
HQ:	Reno, Nevada

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FY12 Rev: \$514.4 M

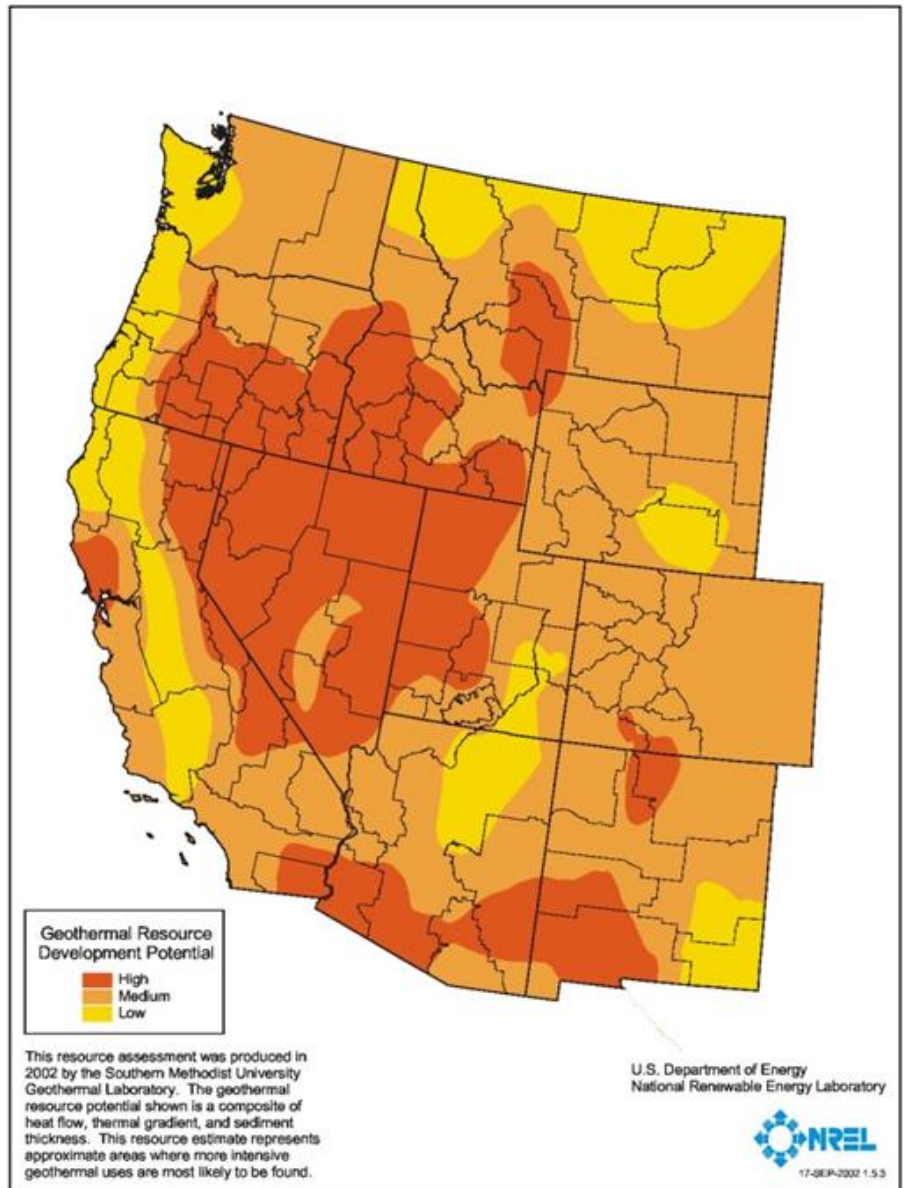
Part One

The Potential

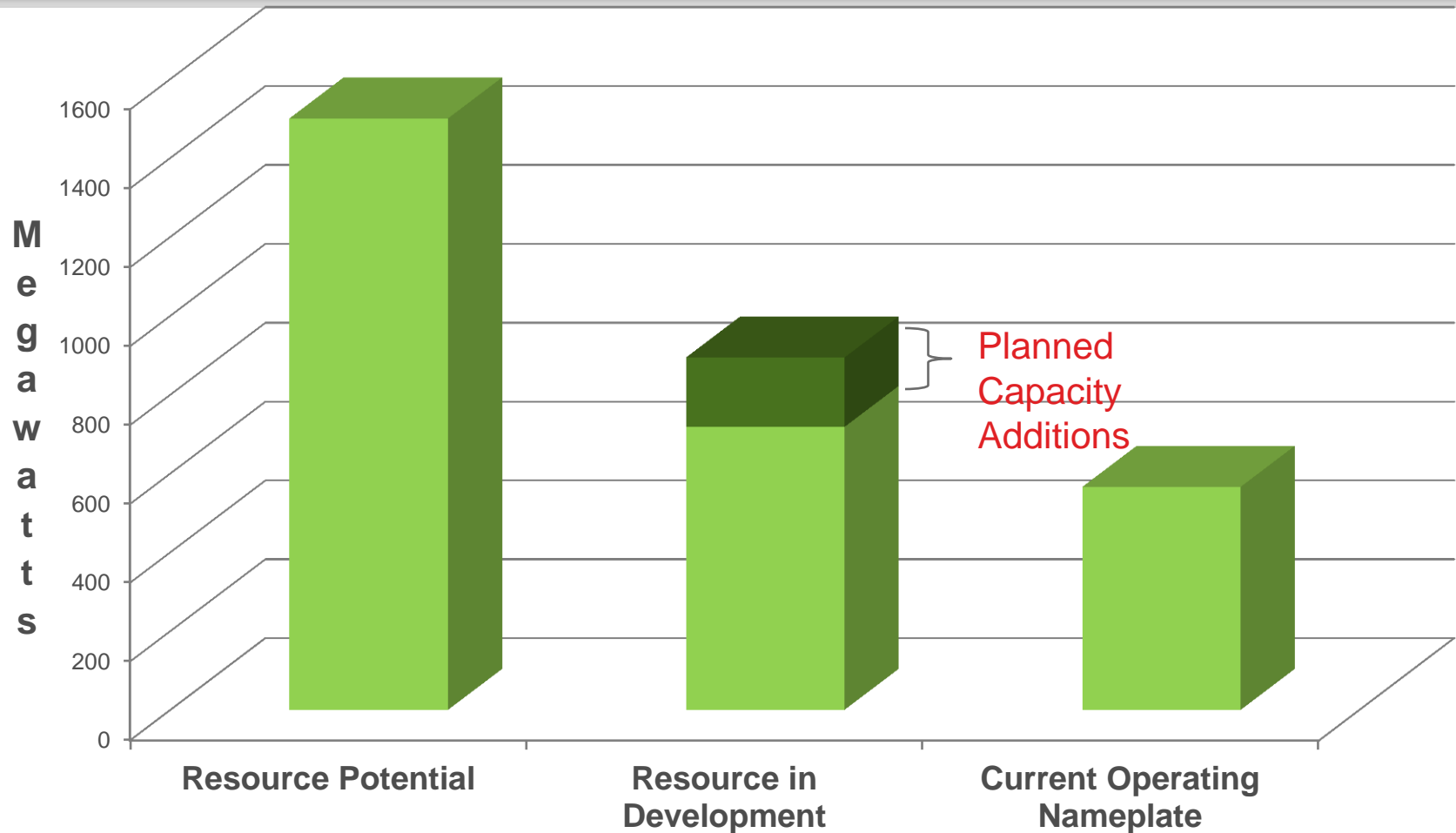


Nevada's Got Geothermal

- If Nevada were its own country, it would rank 8th in the world for nameplate geothermal capacity
- Currently there are 45 projects in exploration or development



Nevada's got lots more Geothermal



Matek, Benjamin. 2014. "2014 Annual U.S. & Global Geothermal Power Production Report." Washington, DC: Geothermal Energy Association (GEA). Accessed April 28, 2014. <http://geo-energy.org/events/2014%20Annual%20US%20&%20Global%20Geothermal%20Power%20Production%20Report%20Final.pdf>

Klein, Christopher, et al. 2004. "New Geothermal Site Identification and Qualification." Geothermex for CEC (PIER)

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Ormat's Decade of Development- Nevada Spotlight

Desert Peak II
13.7 MW, Online in 2006

Galena I, Steamboat Complex
16 MW, Online in 2006

Galena II, Steamboat Complex
7 MW, Online in 2007

Galena III, Steamboat Complex
15 MW, Online in 2008



Jersey Valley Geothermal Power Plant
12 MW, 2 plants total, Online 2010

Tuscarora Geothermal Power Plant
18 MW, Online in 2011
Developed in Category 1 sage grouse habitat

McGinness Hills Geothermal Power Plant
38 MW, Online in 2012
Developed in Category 1 sage grouse habitat

Don A. Campbell Geothermal Power Plant
16 MW, Online in 2013
First renewable energy provider to produce power in Nevada and sell the California using NV Energy's One Nevada Transmission Line

In Construction
McGinness Hills II Geothermal Power Plant
30 MW, Online mid-2015

Part Two

The Jobs



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Got Jobs?

- A Job Engine- more so than any other renewable
 - 1 MW of geothermal power
 - = .7 full-time employees
 - = 2.976 direct and in-direct jobs¹

**WHERE ARE THE
JOBS?**

¹ http://geo-energy.org/pdf/reports/GreenJobs_Through_Geothermal_Energy_Final_Oct2010.pdf
GEA publication

The Economic Engine -Geothermal in Nevada

Direct economic impact to local community for a 30 MW geothermal plant

- **Drilling: \$21.4 million/107 new jobs**
- **Construction: \$33.7 million/420 new jobs**
- **Operations: \$5.2 million annual/29 new jobs**
- **Property taxes: \$500,000 annual**
- **Full-time skilled jobs at the power plant: 15-20**



Part Three

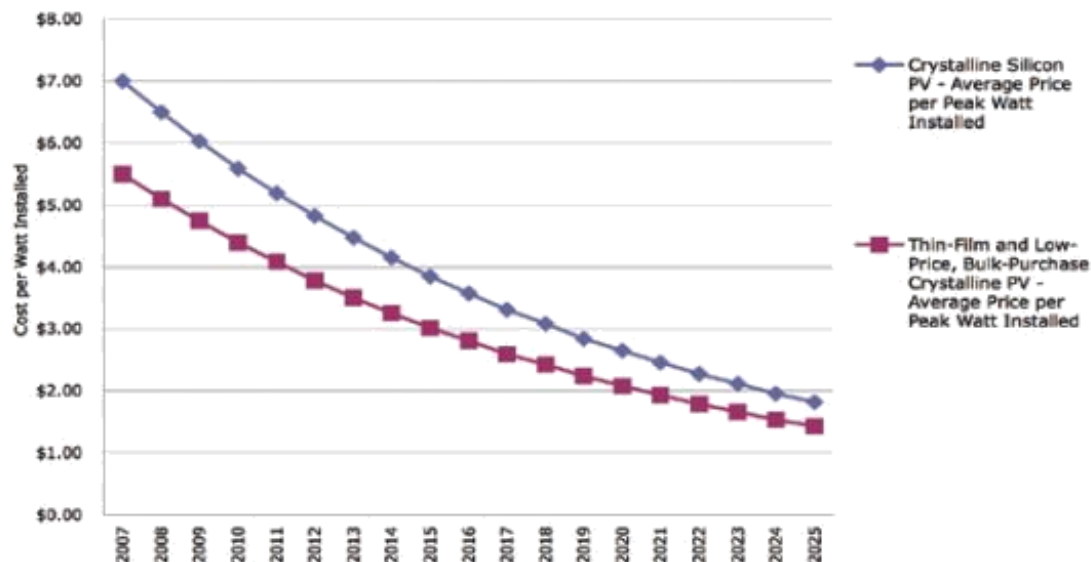
The Landscape



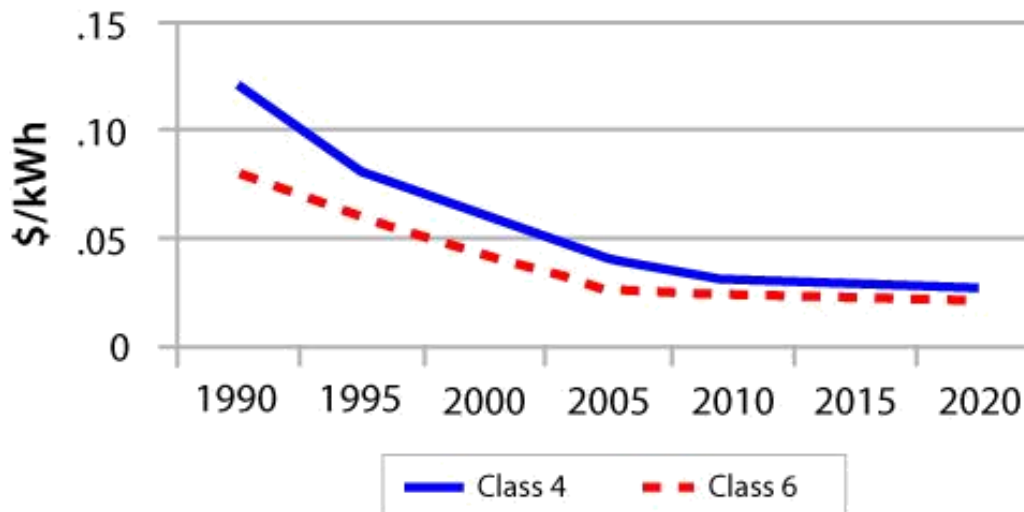
Changing Energy Landscape -Nevada

- COAL
 - New EPA regulations
 - Senate Bill 123
 - Requires NV Energy to retire 800 MW of coal by 2019
 - Requires NV Energy to procure 350 MW of renewables (100 MW each year starting in 2014)
 - Ties renewable valuation to economic development and jobs
- Current Compliance
 - Utility currently meeting RPS and demand for renewables tapped out until 2018
- Future Needs
 - Senate Bill 252: Revises how renewable energy credits are counted by eliminating credits for out-of-state energy credits, energy efficiency and station usage

Solar Cost of Energy

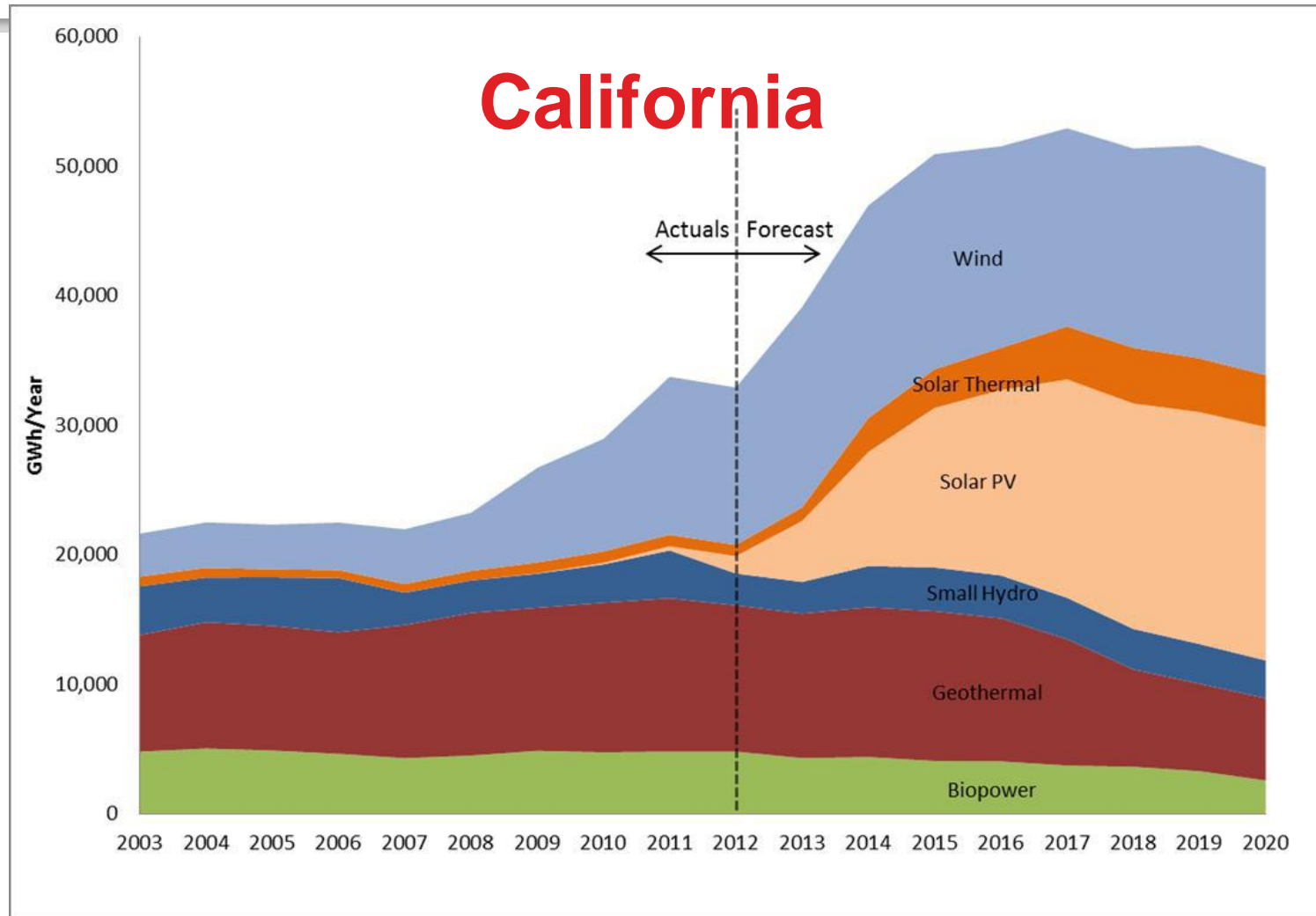


Wind Cost of Energy



DOE EERE http://www1.eere.energy.gov/tribalenergy/guide/costs_wind_turbines.html

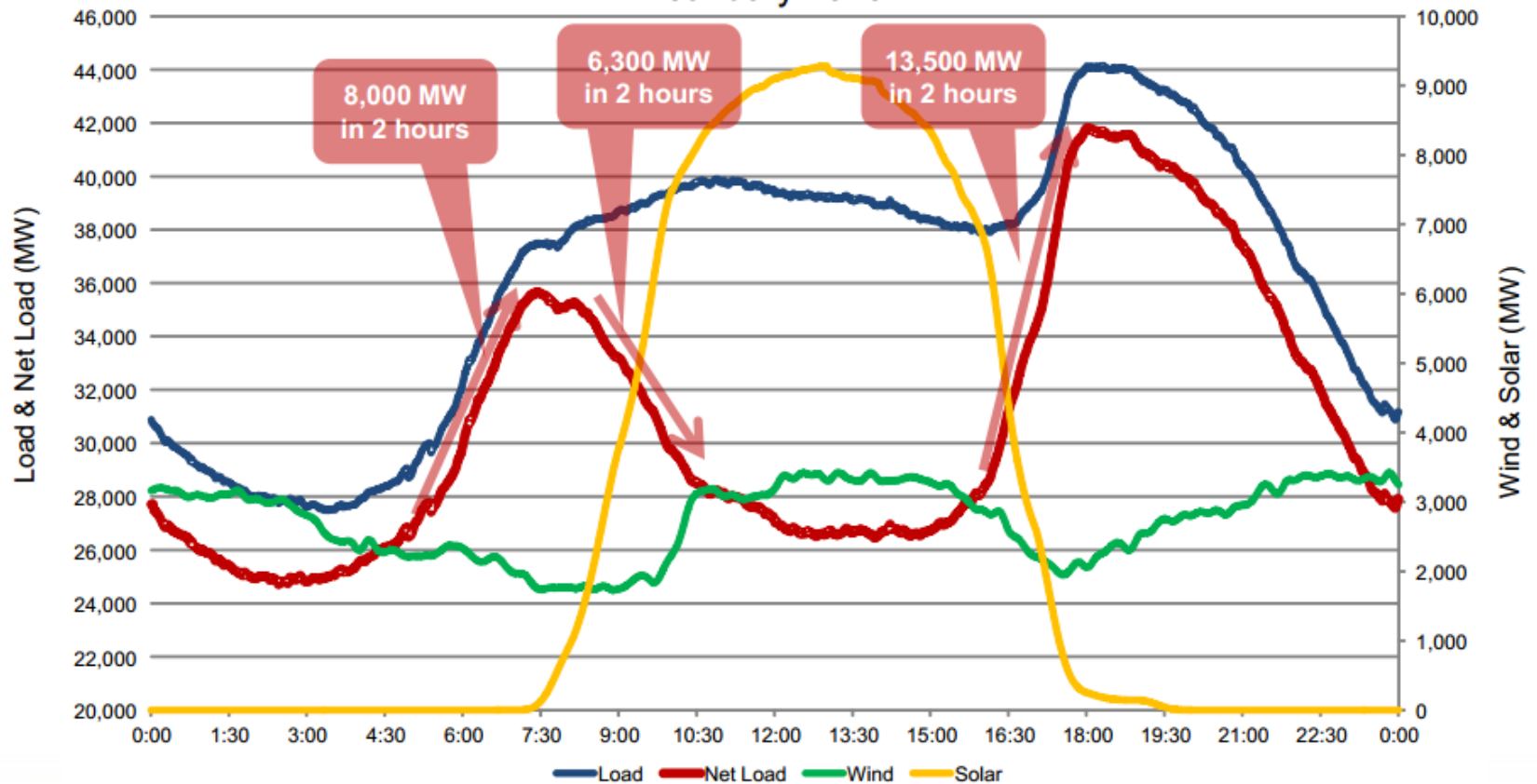
Massive Growth of Wind and Solar PV



Source: CPUC Quarterly RPS Report for Q3 & Q4 2012

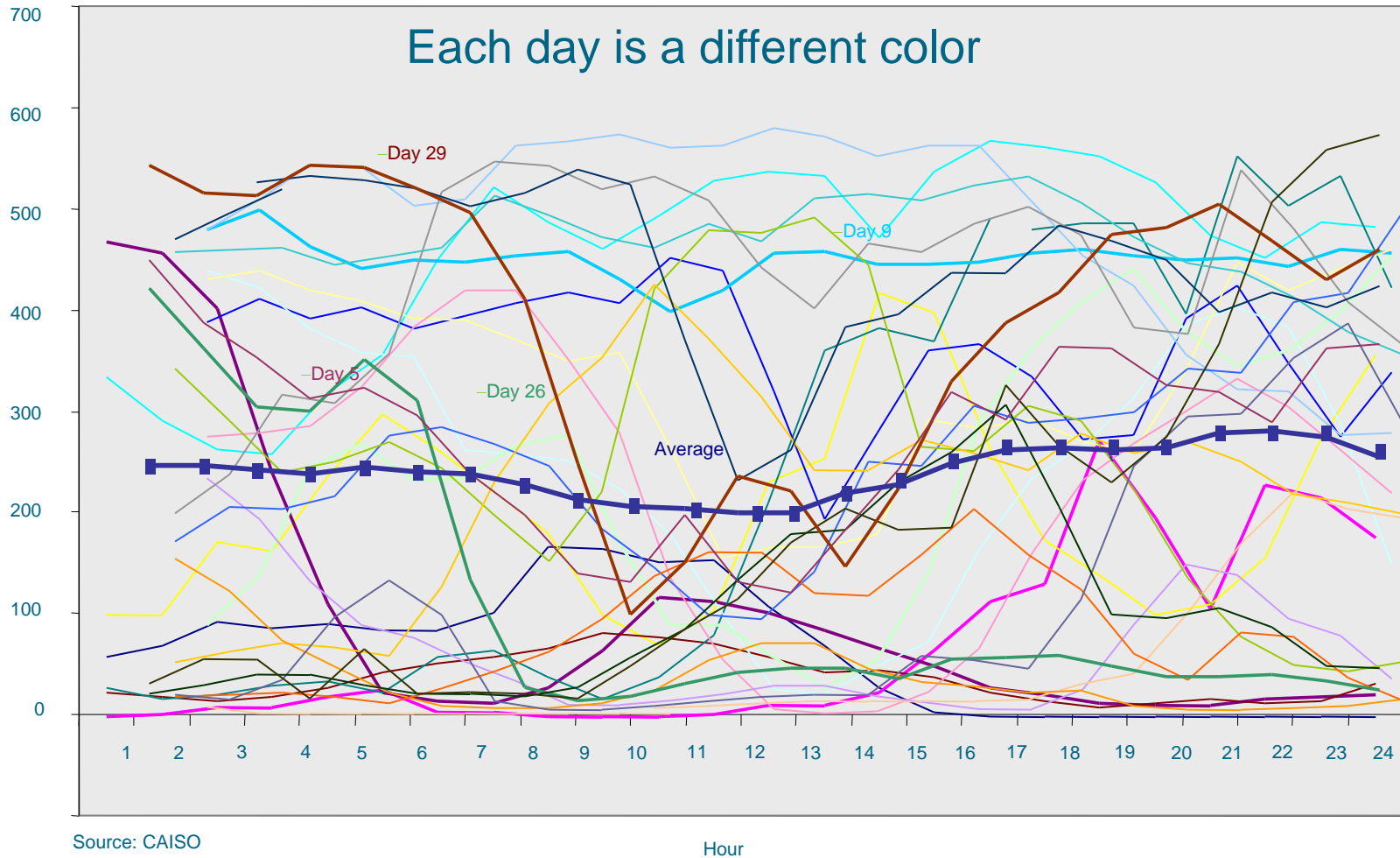
Elephant and Camel

CAISO Load, Wind & Solar Profiles – High Load Case
January 2020

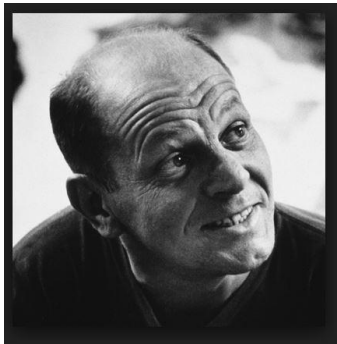


Got Intermittants? The Integration Dilemma

MW



Got Intermittants? The Integration Dilemma



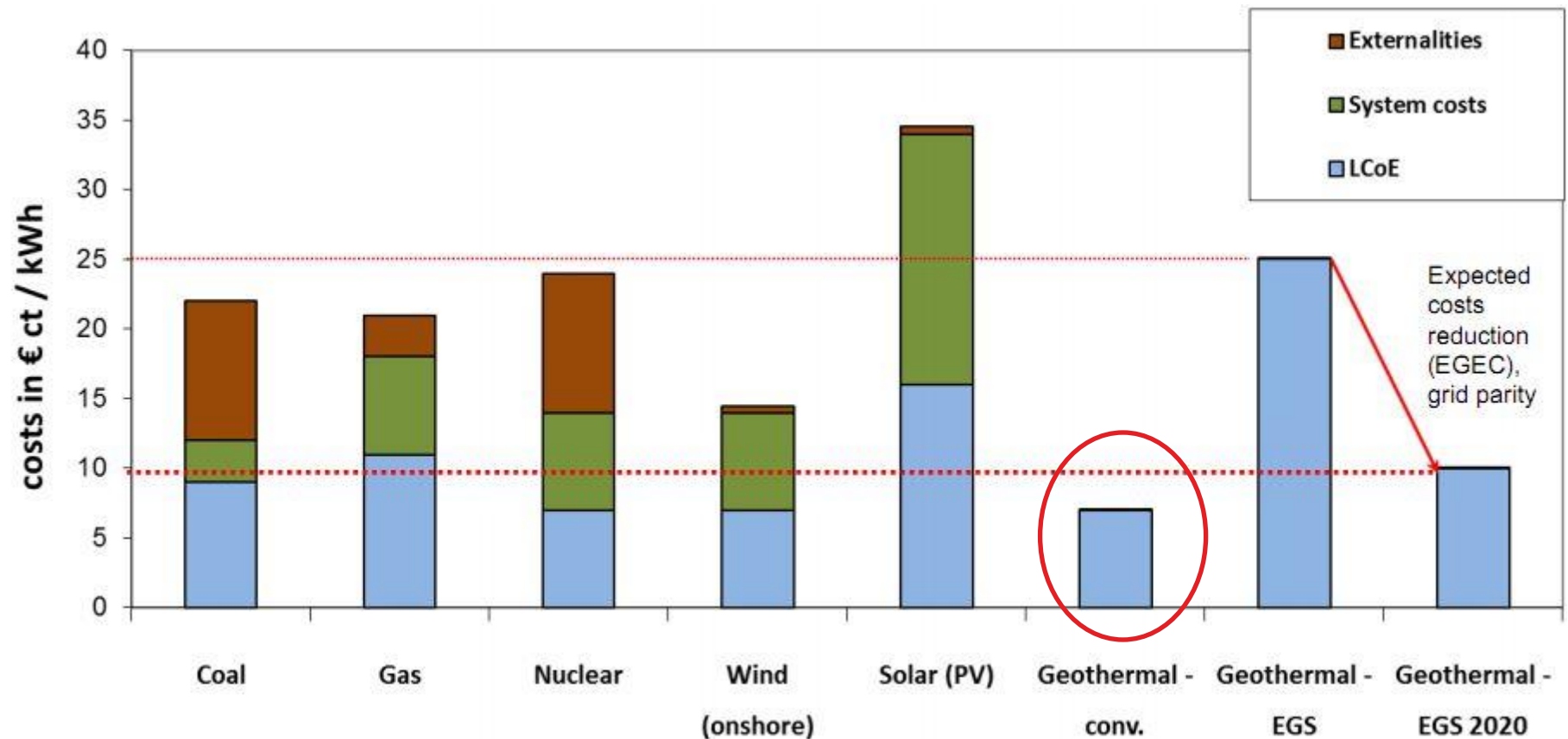
Source: Jackson Pollock

Part Four

The Value



Procurement Valuation Considerations



Procurement Valuation Considerations: Costs of integration

Integration Studies				
Company/ Organization	Type of Study	Penetration Level	Integration Cost	Study Date
			(\$/MWh)	
PGE	Wind	850 MW	11.04	2011
PacifiCorp	Wind	1372 MW	8.85	2010
PacifiCorp	Wind	1833 MW	9.7	2010
APS	Wind	10%	4.08	2007
NV Energy	Solar PV	150 MW	3	2011
NV Energy	Solar PV	1042	8	2011
Excel	Wind	2000	3.4	2011
PG&E	Wind	1000	2.5	2009
PG&E	Wind	5000	13	2009

Firm and Flexible

- Firm (base-load) provides
 - Capacity
 - Voltage regulation
 - Inertia (frequency regulation)
- Flexible
 - Can be dispatched
 - High ramp rates
 - Ramped up and down multiple times per day
 - Ramp rates of 15% to 30% of nominal power per minute

Part Five

The Future



Policy Considerations

Critical Drivers for Nevada

- Access to resource (leasing and permitting)
- Transmission
- Market (PPA's)
 - RPS demand is flat
 - SB123 is a game changer
 - Competition should be on a level playing field
- How do we continue to diversify portfolio beyond renewable markets?



Take Aways

- Establish valuation mechanism for geothermal's ancillary and flexibility attributes
- Value resource diversity
- Geothermal is firmly flexible and a valuable piece of our energy puzzle

