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Ormat: 50 Years in Geothermal

Market leader with proven track record in the geothermal sector

Our mission is to become a leading global renewable energy provider

50 Years of experience

595 $million Revenue in 2015

Own & Operate

707 MW

1,060 Employees

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Own and Operate 707 MW in 19 Sites Worldwide

Kenya 139 MW
- Olkaria III Plants 1-4 139

Guatemala 43 MW
- Amatitlan 20
- Zunil 23

Guadeloupe 10 MW
- Bouillante 10

United States 515 MW
- Nevada (6 sites) 243
- California (4 sites) 181
- Hawaii 38
- North & South Dakota, Minnesota, Colorado Montana & Colorado (REG) (10 power plants) 53
Business Segment Overview

The only vertically integrated player with a balanced business model

Electricity

• Owns & operates 707 MW
• Sells firm & flexible electricity
• Fully contracted

Products

• Technology leadership
• Supplies power plants of geothermal, REG\(^2\) and other units to 3\(^{rd}\) parties
• Provides EPC services

\(^1\) Five years average (2010-2014)
\(^2\) REG - recovered energy generation
Global Installed Capacity by Technology Type(%)

- Steam: 83%
- Binary: 17%
- Other: 56%

2015 Actual Installed Capacity by Technology Type (MW)

- Steam: 148 MW
- Binary: 208 MW

Low-mid temperature geothermal binary market is led by Ormat

Global Installed Capacity by Technology Type(%)

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Liquid-dominated

Resource Temperature (°F)

100 200 300 400 500 600

Steam-dominated

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Geothermal: How it Works

Air-Cooled Binary Geothermal Power Plant

- Condenser
- Generator
- Turbine
- Injection Valve
- Bypass Valve
- Vaporizer
- Preheater
- Motive Fluid Pump
- Injection Pump
- Injection Well
- Production Well
- Heat Flow Control Valve
- Production Pump
- Cooled Geothermal Fluid
- Hot Geothermal Fluid

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Cost of Geothermal is Going Down

- Cost of new Ormat geothermal projects is $4,000-$4,500/kW
- Levelized PPA prices dropped from >$100/MWh to ~$80/MWh
- Trend is continuing
  - Cost reduction: exploration, development, power plant CAPEX, O&M
- Provides a range of operational benefits which will be needed in high renewable penetration scenarios
Value of Geothermal Technology is Going Up

• Provides resource diversity
• Ancillary benefits:
  • Real-time economic dispatch and flexible ramping reserves
  • Regulation up and down within a wide range
  • Spinning reserve and frequency response reserve
  • Voltage regulation
• Highest economic benefits
  • Typical 30 MW geothermal project:
    • 29 full time O&M jobs
    • $5 million / year to local economy
How Geothermal Energy Can Help California

- Geothermal provides firm, reliable energy around the clock
  - Availability is 95% or higher
- Geothermal plants are flexible
  - Can be dispatched based on a customers needs
  - Provides energy when its needed the most
- Contributes to lower emissions
  - Geothermal is emissions free
  - Retire older baseload plants that burn fossil fuels
- Geothermal is cost effective
  - Less curtailment costs
  - Less integration costs
  - Less transmission costs
Geothermal Provides Energy When its Needed the Most

Source: CAISO
Curtailment Costs Current PPA Prices Adjusted by E3 Utility Study Curtailment Rates

- Cost of a $77/MWh geothermal PPA is actually lower than a $40/MWh solar PPA, when adjusted for curtailment
Binary Geothermal Technology is Flexible

- Dispatchable resource provides a range of operational benefits:
  - Fast ramping for a range of services:
    - Multiple cycles / day
    - 30% of nameplate / minute
  - Most current and future operational services could be supplied with precise operational control:
    - Real-time economic dispatch and flexible ramping reserves
    - Regulation up and down within a wide range
    - Spinning reserve and frequency response reserve
    - Voltage regulation
    - Qualifies as flexible capacity under current CPUC rules
CAISO flexible capacity requirements for IOU RA procurement, 2016-2017

Sources: CAISO flexible resource adequacy assessments, 2016 and 2017; www.caiso.com
Dispatchable Geothermal Case Study: 38 MW Puna Geothermal Venture

- Big Island, Hawaii
- 6 energy converters
- Automatic Generator Control (AGC) remotely and automatically controlled by HELCO System Operator
- Dispatch: 22 MW ~ 38 MW
- Ramp rate up or down: 2 MW/min.
- Spinning reserve at all times: 3 MW
Baseload Geothermal Provides Sustained Capacity Value

- As solar PV penetration increases, incremental solar capacity ratings and value decline (in the absence of mitigating measures); geothermal ratings remain stable

Source: illustration based on results in Mills and Wiser, *Changes in the Economic Value of Variable Generation at High Penetration Levels*, LBNL, 2012; value shown is based on avoided CT in long-term supply equilibrium
Where are Geothermal Resources Located?

- Imperial Valley: 500–1,000 MW
- Eastern Sierra: 150–300 MW
- Southeast Oregon: 150–300 MW
- Northern Nevada: 500–1,000 MW

Importing Geothermal to California

Don A. Campbell, Mineral County, NV
- 20.5 MW since Dec 2013
- Serves Los Angeles (12 MW) and Burbank (4 MW)
- First IPP to use NV Energy’s new One Nevada Transmission Line

Don A. Campbell 2, Mineral County, NV
- 20.5 MW since October 2015
- 100% LADWP
Resource Diversity is Key to California’s Energy Future

- Multiple independent studies show the benefit of a diverse portfolio with a meaningful geothermal component, e.g.
- These studies have not examined additional benefits of flexible geothermal operation
- A balanced energy portfolio will contain solar, wind, and geothermal resources
Thank You

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