



November 12, 2014

Steve White  
Superintendent  
Alpine Independent School District  
704 W. Sul Ross Ave.  
Alpine, Texas 79830

Dear Superintendent White:

On Sept. 16, 2014, the Comptroller issued written notice that SolaireHolman 1 LLC (the applicant) submitted a completed application (Application #1025) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in June 2014, to the Alpine School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

**Determination required by 313.025(h)**

- Sec. 313.024(a)      Applicant is subject to tax imposed by Chapter 171.  
Sec. 313.024(b)      Applicant is proposing to use the property for an eligible project.  
Sec. 313.024(d)      Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.  
Sec. 313.024(d-2)    Not applicable to Application #1025.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

**Certificate decision required by 313.025(d)**

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of Sept. 16, 2014, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood

### Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of SolaireHolman 1 LLC (the project) applying to Alpine Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

**Table 1** is a summary of investment, employment and tax impact of SolaireHolman 1 LLC.

Applicant	SolaireHolman 1 LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Solar
School District	Alpine
2012-13 Enrollment in School District	1,090
County	Brewster
Proposed Total Investment in District	\$160,000,000
Proposed Qualified Investment	\$160,000,000
Limitation Amount	\$15,000,000
Number of new qualifying jobs committed to by applicant*	2
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$712
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	700
Minimum annual wage committed to by applicant for qualified jobs	\$37,000
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$80,000,000
Estimated M&O levy without any limit (15 years)	\$12,456,607
Estimated M&O levy with Limitation (15 years)	\$3,686,187
Estimated gross M&O tax benefit (15 years)	\$8,770,421
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

**Table 2** is the estimated statewide economic impact of SolaireHolman 1 LLC(modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	200	181	381	\$7,506,800	\$13,367,223	\$20,874,023
2016	2	12	14	\$74,000	\$2,367,406	\$2,441,406
2017	2	12	14	\$74,000	\$2,123,266	\$2,197,266
2018	2	8	10	\$74,000	\$1,512,914	\$1,586,914
2019	2	6	8	\$74,000	\$902,563	\$976,563
2020	2	4	6	\$74,000	\$902,563	\$976,563
2021	2	4	6	\$74,000	\$780,492	\$854,492
2022	2	2	4	\$74,000	\$536,352	\$610,352
2023	2	4	6	\$74,000	\$536,352	\$610,352
2024	2	0	2	\$74,000	\$536,352	\$610,352
2025	2	6	8	\$74,000	\$414,281	\$488,281
2026	2	2	4	\$74,000	\$292,211	\$366,211
2027	2	4	6	\$74,000	\$170,141	\$244,141
2028	2	6	8	\$74,000	\$658,422	\$732,422
2029	2	0	2	\$74,000	\$414,281	\$488,281
2030	2	2	4	\$74,000	\$170,141	\$244,141

Source: CPA, REMI, SolaireHolman 1 LLC

**Table 3** examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Alpine ISD I&S Levy	Alpine ISD M&O Levy	Alpine ISD M&O and I&S Tax Levies	Brewster County Tax Levy	Big Bend Hospital District Tax Levy	Estimated Total Property Taxes
				<b>0.0900</b>	<b>1.1700</b>		<b>0.382630</b>	<b>0.125000</b>	
2016	\$80,000,000	\$80,000,000		\$72,000	\$936,000	\$1,008,000	\$306,104	\$100,000	\$1,414,104
2017	\$160,000,000	\$160,000,000		\$144,000	\$1,872,000	\$2,016,000	\$612,208	\$200,000	\$2,828,208
2018	\$136,000,000	\$136,000,000		\$122,400	\$1,591,200	\$1,713,600	\$520,377	\$170,000	\$2,403,977
2019	\$115,600,000	\$115,600,000		\$104,040	\$1,352,520	\$1,456,560	\$442,320	\$144,500	\$2,043,380
2020	\$98,260,000	\$98,260,000		\$88,434	\$1,149,642	\$1,238,076	\$375,972	\$122,825	\$1,736,873
2021	\$83,521,000	\$83,521,000		\$75,169	\$977,196	\$1,052,365	\$319,576	\$104,401	\$1,476,342
2022	\$70,992,850	\$70,992,850		\$63,894	\$830,616	\$894,510	\$271,640	\$88,741	\$1,254,891
2023	\$60,343,923	\$60,343,923		\$54,310	\$706,024	\$760,333	\$230,894	\$75,430	\$1,066,657
2024	\$51,292,334	\$51,292,334		\$46,163	\$600,120	\$646,283	\$196,260	\$64,115	\$906,659
2025	\$43,598,484	\$43,598,484		\$39,239	\$510,102	\$549,341	\$166,821	\$54,498	\$770,660
2026	\$37,058,711	\$37,058,711		\$33,353	\$433,587	\$466,940	\$141,798	\$46,323	\$655,061
2027	\$32,000,000	\$32,000,000		\$28,800	\$374,400	\$403,200	\$122,442	\$40,000	\$565,642
2028	\$32,000,000	\$32,000,000		\$28,800	\$374,400	\$403,200	\$122,442	\$40,000	\$565,642
2029	\$32,000,000	\$32,000,000		\$28,800	\$374,400	\$403,200	\$122,442	\$40,000	\$565,642
2030	\$32,000,000	\$32,000,000		\$28,800	\$374,400	\$403,200	\$122,442	\$40,000	\$565,642
			<b>Total</b>	<b>\$958,201</b>	<b>\$12,456,607</b>	<b>\$13,414,808</b>	<b>\$4,073,736</b>	<b>\$1,330,834</b>	<b>\$18,819,379</b>

Source: CPA, SolaireHolman 1 LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Brewster County, and the hospital district, with all property tax incentives sought being granted using estimated market value from the

application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatements with the county and hospital district.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

<b>Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought</b>									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Alpine ISD I&S Levy	Alpine ISD M&O Levy	Alpine ISD M&O and I&S Tax Levies	Brewster County Tax Levy	Big Bend Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate <sup>1</sup>	<b>0.0900</b>	<b>1.1700</b>		<b>0.382630</b>	<b>0.125000</b>	
2016	\$80,000,000	\$15,000,000		\$72,000	\$175,500	\$247,500	\$61,221	\$20,000	\$328,721
2017	\$160,000,000	\$15,000,000		\$144,000	\$175,500	\$319,500	\$122,442	\$40,000	\$481,942
2018	\$136,000,000	\$15,000,000		\$122,400	\$175,500	\$297,900	\$104,075	\$34,000	\$435,975
2019	\$115,600,000	\$15,000,000		\$104,040	\$175,500	\$279,540	\$88,464	\$28,900	\$396,904
2020	\$98,260,000	\$15,000,000		\$88,434	\$175,500	\$263,934	\$75,194	\$24,565	\$363,693
2021	\$83,521,000	\$15,000,000		\$75,169	\$175,500	\$250,669	\$63,915	\$20,880	\$335,464
2022	\$70,992,850	\$15,000,000		\$63,894	\$175,500	\$239,394	\$54,328	\$17,748	\$311,470
2023	\$60,343,923	\$15,000,000		\$54,310	\$175,500	\$229,810	\$46,179	\$15,086	\$291,074
2024	\$51,292,334	\$15,000,000		\$46,163	\$175,500	\$221,663	\$39,252	\$12,823	\$273,738
2025	\$43,598,484	\$15,000,000		\$39,239	\$175,500	\$214,739	\$33,364	\$10,900	\$259,002
2026	\$37,058,711	\$37,058,711		\$33,353	\$433,587	\$466,940	\$141,798	\$46,323	\$655,061
2027	\$32,000,000	\$32,000,000		\$28,800	\$374,400	\$403,200	\$122,442	\$40,000	\$565,642
2028	\$32,000,000	\$32,000,000		\$28,800	\$374,400	\$403,200	\$122,442	\$40,000	\$565,642
2029	\$32,000,000	\$32,000,000		\$28,800	\$374,400	\$403,200	\$122,442	\$40,000	\$565,642
2030	\$32,000,000	\$32,000,000		\$28,800	\$374,400	\$403,200	\$122,442	\$40,000	\$565,642
			<b>Total</b>	<b>\$958,201</b>	<b>\$3,686,187</b>	<b>\$4,644,387</b>	<b>\$1,319,999</b>	<b>\$431,226</b>	<b>\$6,395,612</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$8,770,421</b>	<b>\$8,770,421</b>	<b>\$2,753,738</b>	<b>\$899,609</b>	<b>\$12,423,767</b>

Source: CPA, SolaireHolman 1 LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

## Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that South Plains Wind Energy Project (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2016	\$175,500	\$175,500	\$760,500	\$760,500
	2017	\$175,500	\$351,000	\$1,696,500	\$2,457,000
	2018	\$175,500	\$526,500	\$1,415,700	\$3,872,700
	2019	\$175,500	\$702,000	\$1,177,020	\$5,049,720
	2020	\$175,500	\$877,500	\$974,142	\$6,023,862
	2021	\$175,500	\$1,053,000	\$801,696	\$6,825,558
	2022	\$175,500	\$1,228,500	\$655,116	\$7,480,674
	2023	\$175,500	\$1,404,000	\$530,524	\$8,011,198
	2024	\$175,500	\$1,579,500	\$424,620	\$8,435,818
	2025	\$175,500	\$1,755,000	\$334,602	\$8,770,421
<b>Maintain Viable Presence (5 Years)</b>	2026	\$433,587	\$2,188,587	\$0	\$8,770,421
	2027	\$374,400	\$2,562,987	\$0	\$8,770,421
	2028	\$374,400	\$2,937,387	\$0	\$8,770,421
	2029	\$374,400	\$3,311,787	\$0	\$8,770,421
	2030	\$374,400	\$3,686,187	\$0	\$8,770,421
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2031	\$374,400	\$4,060,587	\$0	\$8,770,421
	2032	\$374,400	\$4,434,987	\$0	\$8,770,421
	2033	\$374,400	\$4,809,387	\$0	\$8,770,421
	2034	\$374,400	\$5,183,787	\$0	\$8,770,421
	2035	\$374,400	\$5,558,187	\$0	\$8,770,421
	2036	\$374,400	\$5,932,587	\$0	\$8,770,421
	2037	\$374,400	\$6,306,987	\$0	\$8,770,421
	2038	\$374,400	\$6,681,387	\$0	\$8,770,421
	2039	\$374,400	\$7,055,787	\$0	\$8,770,421
	2040	\$374,400	\$7,430,187	\$0	\$8,770,421

**\$7,430,187**

is less than

**\$8,770,421**

### Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

No

NOTE: The analysis above only takes into account this project’s estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA SolaireHolman I LLC

### Employment Indirect and Induced Tax Effects

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	200	181	381	\$7,506,800	\$13,367,223	\$20,874,023	\$1,190,186	-\$625,610	\$1,815,796
2016	2	12	14	\$74,000	\$2,367,406	\$2,441,406	\$160,217	\$267,029	-\$106,812
2017	2	12	14	\$74,000	\$2,123,266	\$2,197,266	\$221,252	\$251,770	-\$30,518
2018	2	8	10	\$74,000	\$1,512,914	\$1,586,914	\$183,105	\$251,770	-\$68,665
2019	2	6	8	\$74,000	\$902,563	\$976,563	\$175,476	\$236,511	-\$61,035
2020	2	4	6	\$74,000	\$902,563	\$976,563	\$167,847	\$228,882	-\$61,035
2021	2	4	6	\$74,000	\$780,492	\$854,492	\$152,588	\$190,735	-\$38,147
2022	2	2	4	\$74,000	\$536,352	\$610,352	\$91,553	\$160,217	-\$68,664
2023	2	4	6	\$74,000	\$536,352	\$610,352	\$106,812	\$129,700	-\$22,888
2024	2	0	2	\$74,000	\$536,352	\$610,352	\$129,700	\$129,700	\$0
2025	2	6	8	\$74,000	\$414,281	\$488,281	\$114,441	\$99,182	\$15,259
2026	2	2	4	\$74,000	\$292,211	\$366,211	\$99,182	\$76,294	\$22,888
2027	2	4	6	\$74,000	\$170,141	\$244,141	\$99,182	\$22,888	\$76,294
2028	2	6	8	\$74,000	\$658,422	\$732,422	\$114,441	\$0	\$114,441
2029	2	0	2	\$74,000	\$414,281	\$488,281	\$106,812	-\$7,629	\$114,441
2030	2	2	4	\$74,000	\$170,141	\$244,141	\$61,035	-\$61,035	\$122,070
2031	2	0	2	\$74,000	\$170,141	\$244,141	\$68,665	-\$99,182	\$167,847
2032	2	0	2	\$74,000	-\$318,141	-\$244,141	\$61,035	-\$99,182	\$160,217
2033	2	2	4	\$74,000	\$170,141	\$244,141	\$91,553	-\$144,958	\$236,511
2034	2	0	2	\$74,000	-\$318,141	-\$244,141	\$38,147	-\$152,588	\$190,735
2035	2	(4)	-2	\$74,000	-\$562,281	-\$488,281	\$7,629	-\$183,105	\$190,734
2036	2	(2)	0	\$74,000	-\$318,141	-\$244,141	-\$15,259	-\$251,770	\$236,511
2037	2	(8)	-6	\$74,000	-\$1,294,703	-\$1,220,703	-\$68,665	-\$282,288	\$213,623
2038	2	(8)	-6	\$74,000	-\$2,027,125	-\$1,953,125	-\$91,553	-\$320,435	\$228,882
2039	2	(10)	-8	\$74,000	-\$1,294,703	-\$1,220,703	-\$91,553	-\$396,729	\$305,176
2040	2	(10)	-8	\$74,000	-\$2,271,266	-\$2,197,266	-\$122,070	-\$450,134	\$328,064
<b>TOTAL</b>							<b>\$3,051,758</b>	<b>-\$1,029,967</b>	<b>\$4,081,725</b>
							<b>\$11,511,912</b>	is greater than	<b>\$8,770,421</b>

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

## **Attachment C – Limitation as a Determining Factor**

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

### **Methodology**

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

### **Determination**

The Comptroller has determined that the limitation on appraised value is a determining factor in the SolaireHolman 1 LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, it did not own the property upon which the project will be constructed, and thus the applicant is not geographically predisposed to the project site.
- Per the applicant, the applicant has made no investment to date on the project site.
- Per the applicant, no construction has commenced at the project site.
- The applicant’s parent company is an international company, has a number of similar projects in other states and countries, and appears to have a clear ability to build in other locations.

### **Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

# **Supporting Information**

**Section 8 of the Application for  
a Limitation on Appraised Value**

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

1. Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
2. The property will be used for one of the following activities:
  - (1) manufacturing  Yes  No
  - (2) research and development  Yes  No
  - (3) a clean coal project, as defined by Section 5.001, Water Code  Yes  No
  - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code  Yes  No
  - (5) renewable energy electric generation  Yes  No
  - (6) electric power generation using integrated gasification combined cycle technology  Yes  No
  - (7) nuclear electric power generation  Yes  No
  - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)  Yes  No
  - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051  Yes  No
3. Are you requesting that any of the land be classified as qualified investment?  Yes  No
4. Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
5. Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
6. Are you including property that is owned by a person other than the applicant?  Yes  No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?  Yes  No

**SECTION 7: Project Description**

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
 

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> Relocation within Texas

**SECTION 8: Limitation as Determining Factor**

1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
2. Has the applicant entered into any agreements or contracts for work to be performed related to the proposed project?  Yes  No
3. Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
4. Has the applicant made public statements in SEC filings or other official documents regarding its intentions regarding the proposed project location?  Yes  No
5. Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
7. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project?  Yes  No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

# **Supporting Information**

Attachments provided in Tab 5  
of the Application for a  
Limitation on Appraised Value

## TAB 5

*Documentation to assist in determining if limitation is a determining factor*

The applicant's parent company for this project is an international solar developer with the ability to locate projects of this type in other countries and states in the US with strong solar characteristics. The applicant is actively developing and constructing other projects throughout the US and internationally. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely.

Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets.

The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement becomes unfinanciable.