



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

March 3, 2015

Michael Wartes
Superintendent
Canyon Independent School District
3301 N. 23rd St.
Canyon, Texas 79015

Dear Superintendent Wartes:

On December 17, 2014, the Comptroller issued written notice that Happy Whiteface Wind, LLC (the applicant) submitted a completed application (Application #1040) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on November 10, 2014, to the Canyon Independent 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 B; 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 requested a waiver 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 #1040.

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 B.

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

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.

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).

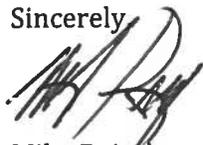
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed 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 Dec. 17, 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, Associate Deputy Comptroller, by email at robert.wood@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely



Mike Reissig
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of Happy Whiteface Wind, LLC (the project) applying to Canyon 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 Happy Whiteface Wind, LLC.

Summary Information for Canyon ISD, Happy Whiteface Wind, LLC, 2016	
Applicant	Happy Whiteface Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Wind
School District	Canyon ISD
2013-14 Enrollment in School District	9,420
County	Randall
Proposed Total Investment in District	\$210,000,000.00
Proposed Qualified Investment	\$210,000,000.00
Limitation Amount	\$80,000,000.00
Number of new qualifying jobs committed to by applicant*	5
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$727
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$727
Minimum annual wage committed to by applicant for qualified jobs	\$37,818
Minimum weekly wage required for non-qualifying jobs	\$760
Minimum annual wage required for non-qualifying jobs	\$39,507
Investment per Qualifying Job	\$42,000,000
Estimated M&O levy without any limit (15 years)	\$23,587,200
Estimated M&O levy with Limitation (15 years)	\$13,998,400
Estimated gross M&O tax benefit (15 years)	\$9,588,800
<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 Happy Whiteface Wind, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	175	203	378	\$6,618,150	\$15,381,850	\$22,000,000
2016	5	18	23	\$189,090	\$2,810,910	\$3,000,000
2017	5	(1)	4	\$189,090	\$1,810,910	\$2,000,000
2018	5	(7)	-2	\$189,090	\$810,910	\$1,000,000
2019	5	(21)	-16	\$189,090	-\$189,090	\$0
2020	5	(19)	-14	\$189,090	-\$189,090	\$0
2021	5	(25)	-20	\$189,090	-\$189,090	\$0
2022	5	(23)	-18	\$189,090	-\$1,189,090	-\$1,000,000
2023	5	(17)	-12	\$189,090	-\$1,189,090	-\$1,000,000
2024	5	(23)	-18	\$189,090	-\$1,189,090	-\$1,000,000
2025	5	(25)	-20	\$189,090	-\$2,189,090	-\$2,000,000
2026	5	(23)	-18	\$189,090	-\$2,189,090	-\$2,000,000
2027	5	(26)	-21	\$189,090	-\$2,189,090	-\$2,000,000
2028	5	(19)	-14	\$189,090	-\$2,189,090	-\$2,000,000
2029	5	(17)	-12	\$189,090	-\$2,189,090	-\$2,000,000
2030	5	(23)	-18	\$189,090	-\$2,189,090	-\$2,000,000

Source: CPA, REMI, Happy Whiteface Wind, 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 ¹	Canyon ISD I&S Tax Levy	Canyon ISD M&O Tax Levy	Canyon ISD M&O and I&S Tax Levies	Randall County Tax Levy	So. Randall Hospital Dist. Tax Levy	High Plains Water District Tax Levy	Noxious Weed District Tax Levy	Estimated Total Property Taxes
2016	\$210,000,000	\$210,000,000		\$394,800	\$2,184,000	\$2,578,800	\$824,061	\$0	\$17,010	\$0	\$3,419,871
2017	\$201,600,000	\$201,600,000		\$379,008	\$2,096,640	\$2,475,648	\$791,099	\$0	\$16,330	\$0	\$3,283,076
2018	\$193,200,000	\$193,200,000		\$363,216	\$2,009,280	\$2,372,496	\$758,136	\$0	\$15,649	\$0	\$3,146,281
2019	\$184,800,000	\$184,800,000		\$347,424	\$1,921,920	\$2,269,344	\$725,174	\$0	\$14,969	\$0	\$3,009,486
2020	\$176,400,000	\$176,400,000		\$331,632	\$1,834,560	\$2,166,192	\$692,211	\$0	\$14,288	\$0	\$2,872,692
2021	\$168,000,000	\$168,000,000		\$315,840	\$1,747,200	\$2,063,040	\$659,249	\$0	\$13,608	\$0	\$2,735,897
2022	\$159,600,000	\$159,600,000		\$300,048	\$1,659,840	\$1,959,888	\$626,286	\$0	\$12,928	\$0	\$2,599,102
2023	\$151,200,000	\$151,200,000		\$284,256	\$1,572,480	\$1,856,736	\$593,324	\$0	\$12,247	\$0	\$2,462,307
2024	\$142,800,000	\$142,800,000		\$268,464	\$1,485,120	\$1,753,584	\$560,361	\$0	\$11,567	\$0	\$2,325,512
2025	\$134,400,000	\$134,400,000		\$252,672	\$1,397,760	\$1,650,432	\$527,399	\$0	\$10,886	\$0	\$2,188,717
2026	\$126,000,000	\$126,000,000		\$236,880	\$1,310,400	\$1,547,280	\$494,437	\$0	\$10,206	\$0	\$2,051,923
2027	\$117,600,000	\$117,600,000		\$221,088	\$1,223,040	\$1,444,128	\$461,474	\$0	\$9,526	\$0	\$1,915,128
2028	\$109,200,000	\$109,200,000		\$205,296	\$1,135,680	\$1,340,976	\$428,512	\$0	\$8,845	\$0	\$1,778,333
2029	\$100,800,000	\$100,800,000		\$189,504	\$1,048,320	\$1,237,824	\$395,549	\$0	\$8,165	\$0	\$1,641,538
2030	\$92,400,000	\$92,400,000		\$173,712	\$960,960	\$1,134,672	\$362,587	\$0	\$7,484	\$0	\$1,504,743
					Total	\$27,851,040	\$8,899,859	\$0	\$183,708		\$36,934,607

Source: CPA, Happy Whiteface Wind, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Randall County, 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 abatement with the county.

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

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Canyon ISD I&S Tax Levy	Canyon ISD M&O Tax Levy	Canyon ISD M&O and I&S Tax Levies	Randall County Tax Levy	So. Randall Hospital Dist. Tax Levy	Middle Randall Groundwater District Tax Levy	Noxious Weed District Tax Levy	Estimated Total Property Taxes
			0.1880	0.1880	1.0400		0.3924	0.0000	0.0081	0.0000	
2016	\$210,000,000	\$80,000,000		\$394,800	\$832,000	\$1,226,800	\$0	\$0	\$17,010	\$0	\$1,243,810
2017	\$201,600,000	\$80,000,000		\$379,008	\$832,000	\$1,211,008	\$0	\$0	\$16,330	\$0	\$1,227,338
2018	\$193,200,000	\$80,000,000		\$363,216	\$832,000	\$1,195,216	\$0	\$0	\$15,649	\$0	\$1,210,865
2019	\$184,800,000	\$80,000,000		\$347,424	\$832,000	\$1,179,424	\$0	\$0	\$14,969	\$0	\$1,194,393
2020	\$176,400,000	\$80,000,000		\$331,632	\$832,000	\$1,163,632	\$0	\$0	\$14,288	\$0	\$1,177,920
2021	\$168,000,000	\$80,000,000		\$315,840	\$832,000	\$1,147,840	\$0	\$0	\$13,608	\$0	\$1,161,448
2022	\$159,600,000	\$80,000,000		\$300,048	\$832,000	\$1,132,048	\$0	\$0	\$12,928	\$0	\$1,144,976
2023	\$151,200,000	\$80,000,000		\$284,256	\$832,000	\$1,116,256	\$0	\$0	\$12,247	\$0	\$1,128,503
2024	\$142,800,000	\$80,000,000		\$268,464	\$832,000	\$1,100,464	\$0	\$0	\$11,567	\$0	\$1,112,031
2025	\$134,400,000	\$80,000,000		\$252,672	\$832,000	\$1,084,672	\$0	\$0	\$10,886	\$0	\$1,095,558
2026	\$126,000,000	\$126,000,000		\$236,880	\$1,310,400	\$1,547,280	\$494,437	\$0	\$10,206	\$0	\$2,051,923
2027	\$117,600,000	\$117,600,000		\$221,088	\$1,223,040	\$1,444,128	\$461,474	\$0	\$9,526	\$0	\$1,915,128
2028	\$109,200,000	\$109,200,000		\$205,296	\$1,135,680	\$1,340,976	\$428,512	\$0	\$8,845	\$0	\$1,778,333
2029	\$100,800,000	\$100,800,000		\$189,504	\$1,048,320	\$1,237,824	\$395,549	\$0	\$8,165	\$0	\$1,641,538
2030	\$92,400,000	\$92,400,000		\$173,712	\$960,960	\$1,134,672	\$362,587	\$0	\$7,484	\$0	\$1,504,743
						Total	\$18,262,240	\$2,142,559	\$0	\$183,708	\$20,588,507
						Diff	\$9,588,800	\$6,757,300	\$0	\$0	\$16,346,100

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Happy Whiteface Wind, LLC

¹Tax 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 Happy Whiteface Wind, LLC (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 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)
Limitation Pre-Years	2013	\$0	\$0	\$0	\$0
	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2016	\$832,000	\$832,000	\$1,352,000	\$1,352,000
	2017	\$832,000	\$1,664,000	\$1,264,640	\$2,616,640
	2018	\$832,000	\$2,496,000	\$1,177,280	\$3,793,920
	2019	\$832,000	\$3,328,000	\$1,089,920	\$4,883,840
	2020	\$832,000	\$4,160,000	\$1,002,560	\$5,886,400
	2021	\$832,000	\$4,992,000	\$915,200	\$6,801,600
	2022	\$832,000	\$5,824,000	\$827,840	\$7,629,440
	2023	\$832,000	\$6,656,000	\$740,480	\$8,369,920
	2024	\$832,000	\$7,488,000	\$653,120	\$9,023,040
	2025	\$832,000	\$8,320,000	\$565,760	\$9,588,800
Maintain Viable Presence (5 Years)	2026	\$1,310,400	\$9,630,400	\$0	\$9,588,800
	2027	\$1,223,040	\$10,853,440	\$0	\$9,588,800
	2028	\$1,135,680	\$11,989,120	\$0	\$9,588,800
	2029	\$1,048,320	\$13,037,440	\$0	\$9,588,800
	2030	\$960,960	\$13,998,400	\$0	\$9,588,800
Additional Years as Required by 313.026(c)(1) (10 Years)	2031	\$873,600	\$14,872,000	\$0	\$9,588,800
	2032	\$786,240	\$15,658,240	\$0	\$9,588,800
	2033	\$698,880	\$16,357,120	\$0	\$9,588,800
	2034	\$611,520	\$16,968,640	\$0	\$9,588,800
	2035	\$611,520	\$17,580,160	\$0	\$9,588,800
	2036	\$611,520	\$18,191,680	\$0	\$9,588,800
	2037	\$611,520	\$18,803,200	\$0	\$9,588,800
	2038	\$611,520	\$19,414,720	\$0	\$9,588,800
	2039	\$611,520	\$20,026,240	\$0	\$9,588,800
	2040	\$611,520	\$20,637,760	\$0	\$9,588,800

\$20,637,760

 is greater than

\$9,588,800

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

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, Happy Whiteface Wind, LLC

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 is **able to determine** that the limitation on appraised value is a determining factor in the Happy Whiteface Wind, 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:

- There are newspaper articles going back to 2007 that describe this project.
- There are document that show that company representatives have been seeking agreements and determinations with the Southwest Power Pool and the Public Utility Commission of Texas for this project going back to 2009 and 2010 respectively.
- A January 2015 newspaper article indicated that Randall County has given a 10-year, 100 percent property tax abatement to this project.
- The same article, referenced above, states that the project is still roughly 20 percent short of financing this project. It also states that abatement requests have been submitted to Canyon ISD and the South Randall County Hospital District, but have not been acted upon.
- The applicant stated in the application that the project would be unable to generate sufficient net income to attract sponsor equity investment without the limitation on appraised value. Capital costs make this third-party investment mandatory to fund the project.

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
- c) Additional information provided by the Applicant or located by the Comptroller

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 type="checkbox"/> Land has no existing improvements	<input checked="" 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, contracts or letters of intent 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 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. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. 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

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." 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**

Attachment 5

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

Chapter 313.026(e) states “the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2).” If you answered “yes” to any of the questions in Section 8, attach supporting information in Tab 5.

Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?

Happy Whiteface Wind, LLC was formed in 2013.

In support of its creation, the participating members, Chermac Energy Corporation, executed documents necessary to form the entity, including an Operating Agreement and a Development Agreement. Chermac Energy Corporation also entered into the following representative agreements and contracts that will be assigned to Happy Whiteface Wind, LLC:

- Grants of Easement covering approximately 11,500 acres with 4 landowners.
- Environmental and archeological studies with Enercon
- Atmospheric studies for project area with Comsearch.
- Engineering and Surveying with XCEL Land Services.

Does the applicant have current business activities at the location where the proposed project will occur?

The business activities that the agreements and contracts listed above represent will determine with greater certainty and granularity the feasibility of completing development of an economic renewable energy project in the Canyon ISD.

These contracts and initial investments are preliminary in nature as Chermac and Happy Whiteface have determined that a value limitation agreement with Canyon ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the wind energy project.

Is the applicant evaluating other locations not in Texas for the proposed project?

Chermac's management team is uniquely qualified to develop and construct wind and other energy projects throughout the United States. It has been responsible for the development of approximately 614 MWs, or approximately 1%, of the U.S.' installed wind energy capacity. Based on this experience the management team evaluates all potential projects for feasibility, financeability, and the economic returns they represent in comparison to other project opportunities across the country.

The Happy Whiteface Project is currently in such a period of assessment to determine whether the identified site in Canyon ISD represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable.

A 313 Limitation of Appraised Value Agreement is a key tax incentive agreement necessary to ensure the Project is on a level playing field with other wind projects with similar incentives and with alternative forms of generation that receive their own forms of economic support. Without the requested limitation, the Project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associated returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the projected capital costs of approximately \$210M needed to purchase wind turbines and other infrastructure and to fund the construction and closing costs of the facility.

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?

The information provided in this Attachment and throughout the application has been assembled to provide the reviewer with the best possible data on which to make an assessment and determination of the critical nature of the limitation on appraised value to the feasibility of the Happy Whiteface Project.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



Companies outline details of wind power projects

Posted: Sunday, March 25, 2007
Kevin Welch
kevin.welch@amarillo.com

A blizzard of paper blew into Austin on Wednesday and Thursday as wind power companies filed details on their plans in the Panhandle.

The filings came right on the Public Utilities Commission deadline for companies to produce reports of their financial commitment to wind projects they have proposed, said Terry Hadley, spokesman for the PUC.

Including the whopper report by Airtricity for a \$1.75 billion project in Gray and Carson counties, 11 companies put forth their commitments.

From the eight companies that include details of land deals, at least 477,000 acres, or 745 square miles, are leased for the right to use them for wind farms or are the subject of negotiations.

Two, RES America Developments and Shell WindEnergy, blacked out all the figures in their reports that tell how many acres they have leased and how much money they have spent or will spend.

PPM Energy skirts the acreage issue, but includes some other details.

The Airtricity deals would produce 2,235 megawatts of power, about double what's generated at Xcel Energy's Harrington Unit. It has a total of about 70,000 acres leased.

"They are allowed to unless someone objects," Hadley said.

Mesa Power

A newly formed entity that took over wind power activities from Mesa Water, Mesa Power reported it plans to lease more acres than any others who reported their intentions. Mesa is negotiating with landowners for 200,000 acres. The land is in Roberts, Gray and Hemphill counties.

"These landowners are the same landowners from whom an affiliate of Mesa Power has obtained water rights," said Michael Boswell, an officer of Mesa Power, in his written testimony.

According to the report, Mesa has already spent more than \$200,000 pursuing wind projects.

"More importantly, Mesa Power has the full financial backing of its parent," Boswell said.

Mesa is part of BP Capital Management, an energy investment company led by Boone Pickens. According to Bloomberg.com, Pickens earned \$1.5 billion in 2005.

Mesa is negotiating with three wind development companies to move the project along.

Cielo Salt Fork

The company, a subsidiary of Cielo Wind which most recently put together the Wildorado Wind Farm, reports having lease and other types of agreements for 17,000 acres in Carson, Gray and Donley counties for three proposed projects. The total output of the projects could be 640 megawatts.

"To date, (BP), has expended millions of dollars so far on this project," according to its filing. The proposed projects stretch across the southeast quadrant of the Panhandle, an area east of a line from Borger to Hereford to south of Childress.

RES America Developments

This company is constructing a 60 megawatt project over 8,000 acres in Floyd County but intends to create others of undisclosed size and cost in Floyd and Briscoe counties.

Shell WindEnergy

Briscoe County is also the site of Shell's proposed project. The company is a wholly owned subsidiary of the oil company of the same name. Shell already owns part of and operates the wind farm at White Deer. The company reports it has 55 lease agreements but does not disclose the price, location or amount of acres.

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Wind farm to get 10-year tax break in Randall County

Posted: January 19, 2015 - 10:11pm

By **Kevin Welch**

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A week after punting on some kind of tax relief for a proposed wind farm, Randall County commissioners agreed Monday to let Chermac Energy pay about half of what it would in property taxes over 10 years.

They voted unanimously to give the wind farm a 100 percent tax abatement in exchange for Chermac paying \$3.4 million in place of taxes over those 10 years. The county has to send notification of the agreement to other taxing entities that cover the wind farm property for their information and then hold a final vote, said Assistant Criminal District Attorney Richard Gore, who advises the commissioners.

Chermac will pay \$2,000 per year for each megawatt of the Happy Whiteface wind farm's rated capacity of 156 megawatts.

The capacity is more than the actual production will be because it represents full production all day, every day. Production will likely be closer to 40 percent to 50 percent of the total capacity, according to industry estimates for the Texas Panhandle.

Chermac President Jamie McAlpine previously said he's about \$50 million short of financing the deal that could cost up to \$210 million, making the tax abatement important.

"It's not only financial, but public support that goes a long way when talking to equity people (about lending money)," he said Monday.

One challenge facing the Happy Whiteface wind farm is it's 14 miles from the transmission lines built specifically to take electricity to large metropolitan areas downstate. McAlpine said that adds about \$1 million per mile to construction costs, something not all projects face.

Randall County resident Beverly Dampf expressed concerns about foregoing tax money to boost growth in the county and the consequences of a decision to do so.

"How much growth do we want, and how quickly do we want it?" he said. "You don't want to stand three rows back to look into Palo Duro Canyon."

County Judge Ernie Houdashell said a challenge for Randall County is its lack of industry.

"About 72 percent of our tax base is houses," he said. "The homeowner is bearing the brunt of everything."

The wind farm is proposed for roughly 11,000 acres in southwest Randall County.

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