



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

April 14, 2015

Gonzalo Salazar  
Superintendent  
Los Fresnos Consolidated Independent School District  
600 N. Mesquite St.  
Los Fresnos, Texas 78566

Dear Superintendent Salazar:

On January 16, 2015, the Comptroller issued written notice that San Roman Wind I, LLC (the applicant) submitted a completed application (Application #1051) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on December 9, 2014, to the Los Fresnos Consolidated 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 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 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 #1051.

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.

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<sup>1</sup> 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 Jan. 16, 2015 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](mailto: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 San Roman Wind I, LLC (the project) applying to Los Fresnos Consolidated 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 San Roman Wind I, LLC.

Applicant	San Roman Wind I, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Wind
School District	Los Fresnos CISD
2013-14 Enrollment in School District	10,649
County	Cameron
Proposed Total Investment in District	\$86,226,667
Proposed Qualified Investment	\$86,226,667
Limitation Amount	\$20,000,000
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	\$887
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$696
Minimum annual wage committed to by applicant for qualified jobs	\$46,103
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$43,113,334
Estimated M&O levy without any limit (15 years)	\$11,480,040
Estimated M&O levy with Limitation (15 years)	\$5,296,980
Estimated gross M&O tax benefit (15 years)	\$6,183,060
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

**Table 2** is the estimated statewide economic impact of San Roman Wind I, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	53	66	119	\$2,443,459	\$4,556,541	\$7,000,000
2016	2	12	14	\$92,206	\$907,794	\$1,000,000
2017	2	2	4	\$92,206	\$907,794	\$1,000,000
2018	2	2	4	\$92,206	-\$92,206	\$0
2019	2	(2)	0	\$92,206	-\$92,206	\$0
2020	2	(4)	-2	\$92,206	-\$92,206	\$0
2021	2	0	2	\$92,206	-\$92,206	\$0
2022	2	(4)	-2	\$92,206	-\$92,206	\$0
2023	2	2	4	\$92,206	-\$92,206	\$0
2024	2	4	6	\$92,206	\$907,794	\$1,000,000
2025	2	(6)	-4	\$92,206	-\$1,092,206	-\$1,000,000
2026	2	0	2	\$92,206	-\$92,206	\$0
2027	2	0	2	\$92,206	-\$92,206	\$0
2028	2	0	2	\$92,206	-\$92,206	\$0
2029	2	0	2	\$92,206	-\$92,206	\$0
2030	2	(4)	-2	\$92,206	-\$92,206	\$0
2031	2	(2)	0	\$92,206	-\$92,206	\$0

Source: CPA, REMI, San Roman Wind I, 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>	Los Fresnos CISD I&S Tax Levy	Los Fresnos CISD M&O Tax Levy	Los Fresnos CISD M&O and I&S Tax Levies	Cameron County Tax Levy	City of Brownsville Tax Levy	Southmost College Tax Levy	Cameron County ESD #1 Tax Levy	Cameron County Drainage District #1 Tax Levy	Laguna Madre Water District Tax Levy	Estimated Total Property Taxes	
2016	\$86,226,667	\$86,226,667	0.02000	\$17,245	\$1,008,852	\$1,026,097	\$331,361	\$604,115	\$140,493	\$86,227	\$25,609	\$69,688	\$2,283,592	
2017	\$83,253,333	\$83,253,333	0.02000	\$16,651	\$974,064	\$990,715	\$319,935	\$583,284	\$135,649	\$83,253	\$24,726	\$67,285	\$2,204,847	
2018	\$80,280,000	\$80,280,000	0.02000	\$16,056	\$939,276	\$955,332	\$308,509	\$562,452	\$130,804	\$80,280	\$23,843	\$64,882	\$2,126,103	
2019	\$77,306,667	\$77,306,667	0.02000	\$15,461	\$904,488	\$919,949	\$297,083	\$541,621	\$125,960	\$77,307	\$22,960	\$62,479	\$2,047,358	
2020	\$74,333,333	\$74,333,333	0.02000	\$14,867	\$869,700	\$884,567	\$285,656	\$520,789	\$121,115	\$74,333	\$22,077	\$60,076	\$1,968,614	
2021	\$71,360,000	\$71,360,000	0.02000	\$14,272	\$834,912	\$849,184	\$274,230	\$499,957	\$116,270	\$71,360	\$21,194	\$57,673	\$1,889,869	
2022	\$68,386,667	\$68,386,667	0.02000	\$13,677	\$800,124	\$813,801	\$262,804	\$479,126	\$111,426	\$68,387	\$20,311	\$55,270	\$1,811,124	
2023	\$65,413,333	\$65,413,333	0.02000	\$13,083	\$765,336	\$778,419	\$251,378	\$458,294	\$106,581	\$65,413	\$19,428	\$52,867	\$1,732,380	
2024	\$62,440,000	\$62,440,000	0.02000	\$12,488	\$730,548	\$743,036	\$239,951	\$437,463	\$101,737	\$62,440	\$18,545	\$50,464	\$1,653,635	
2025	\$59,466,667	\$59,466,667	0.02000	\$11,893	\$695,760	\$707,653	\$228,525	\$416,631	\$96,892	\$59,467	\$17,662	\$48,061	\$1,574,891	
2026	\$56,493,333	\$56,493,333	0.02000	\$11,299	\$660,972	\$672,271	\$217,099	\$395,800	\$92,047	\$56,493	\$16,779	\$45,658	\$1,496,146	
2027	\$53,520,000	\$53,520,000	0.02000	\$10,704	\$626,184	\$636,888	\$205,673	\$374,968	\$87,203	\$53,520	\$15,895	\$43,255	\$1,417,402	
2028	\$50,546,667	\$50,546,667	0.02000	\$10,109	\$591,396	\$601,505	\$194,246	\$354,137	\$82,358	\$50,547	\$15,012	\$40,852	\$1,338,657	
2029	\$47,573,333	\$47,573,333	0.02000	\$9,515	\$556,608	\$566,123	\$182,820	\$333,305	\$77,514	\$47,573	\$14,129	\$38,449	\$1,259,913	
2030	\$44,600,000	\$44,600,000	0.02000	\$8,920	\$521,820	\$530,740	\$171,394	\$312,473	\$72,669	\$44,600	\$13,246	\$36,046	\$1,181,168	
						<b>Total</b>	\$11,676,280	\$3,770,663	\$6,874,415	\$1,598,718	\$981,200	\$291,416	\$793,006	\$25,985,699

Source: CPA, San Roman Wind I, LLC

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

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Cameron County, the City of Brownsville, Southmost College, Cameron County ESD #1, Cameron County Drainage District #1 and the Laguna Madre Water 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.

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 <sup>1</sup>	Los Fresnos CISD I&S Tax Levy	Los Fresnos CISD M&O Tax Levy	Los Fresnos CISD M&O and I&S Tax Levies	Cameron County Tax Levy	City of Brownsville Tax Levy	Southmost College Tax Levy	Cameron County ESD #1 Tax Levy	Cameron County Drainage District #1 Tax Levy	Laguna Madre Water District Tax Levy	Estimated Total Property Taxes	
			0.02000	1.1700			0.3843	0.7006	0.1629	0.1000	0.0297	0.0808		
2016	\$86,226,667	\$20,000,000		\$17,245	\$234,000	\$251,245	\$331,361	\$604,115	\$140,493	\$86,227	\$25,609	\$69,688	\$1,508,740	
2017	\$83,253,333	\$20,000,000		\$16,651	\$234,000	\$250,651	\$319,935	\$583,284	\$135,649	\$83,253	\$24,726	\$67,285	\$1,464,783	
2018	\$80,280,000	\$20,000,000		\$16,056	\$234,000	\$250,056	\$308,509	\$562,452	\$130,804	\$80,280	\$23,843	\$64,882	\$1,420,827	
2019	\$77,306,667	\$20,000,000		\$15,461	\$234,000	\$249,461	\$297,083	\$541,621	\$125,960	\$77,307	\$22,960	\$62,479	\$1,376,870	
2020	\$74,333,333	\$20,000,000		\$14,867	\$234,000	\$248,867	\$285,656	\$520,789	\$121,115	\$74,333	\$22,077	\$60,076	\$1,332,914	
2021	\$71,360,000	\$20,000,000		\$14,272	\$234,000	\$248,272	\$274,230	\$499,957	\$116,270	\$71,360	\$21,194	\$57,673	\$1,288,957	
2022	\$68,386,667	\$20,000,000		\$13,677	\$234,000	\$247,677	\$262,804	\$479,126	\$111,426	\$68,387	\$20,311	\$55,270	\$1,245,000	
2023	\$65,413,333	\$20,000,000		\$13,083	\$234,000	\$247,083	\$251,378	\$458,294	\$106,581	\$65,413	\$19,428	\$52,867	\$1,201,044	
2024	\$62,440,000	\$20,000,000		\$12,488	\$234,000	\$246,488	\$239,951	\$437,463	\$101,737	\$62,440	\$18,545	\$50,464	\$1,157,087	
2025	\$59,466,667	\$20,000,000		\$11,893	\$234,000	\$245,893	\$228,525	\$416,631	\$96,892	\$59,467	\$17,662	\$48,061	\$1,113,131	
2026	\$56,493,333	\$56,493,333		\$11,299	\$660,972	\$672,271	\$217,099	\$395,800	\$92,047	\$56,493	\$16,779	\$45,658	\$1,496,146	
2027	\$53,520,000	\$53,520,000		\$10,704	\$626,184	\$636,888	\$205,673	\$374,968	\$87,203	\$53,520	\$15,895	\$43,255	\$1,417,402	
2028	\$50,546,667	\$50,546,667		\$10,109	\$591,396	\$601,505	\$194,246	\$354,137	\$82,358	\$50,547	\$15,012	\$40,852	\$1,338,657	
2029	\$47,573,333	\$47,573,333		\$9,515	\$556,608	\$566,123	\$182,820	\$333,305	\$77,514	\$47,573	\$14,129	\$38,449	\$1,259,913	
2030	\$44,600,000	\$44,600,000		\$8,920	\$521,820	\$530,740	\$171,394	\$312,473	\$72,669	\$44,600	\$13,246	\$36,046	\$1,181,168	
						Total	\$5,493,220	\$3,770,663	\$6,874,415	\$1,598,718	\$981,200	\$291,416	\$793,006	\$19,802,639
						Diff	\$6,183,060	\$0	\$0	\$0	\$0	\$0	\$0	\$6,183,060

Source: CPA, San Roman Wind I, 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 San Roman Wind I, 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)
<b>Limitation Pre-Years</b>	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2017	\$234,000	\$234,000	\$774,852	\$774,852
	2018	\$234,000	\$468,000	\$740,064	\$1,514,916
	2019	\$234,000	\$702,000	\$705,276	\$2,220,192
	2020	\$234,000	\$936,000	\$670,488	\$2,890,680
	2021	\$234,000	\$1,170,000	\$635,700	\$3,526,380
	2022	\$234,000	\$1,404,000	\$600,912	\$4,127,292
	2023	\$234,000	\$1,638,000	\$566,124	\$4,693,416
	2024	\$234,000	\$1,872,000	\$531,336	\$5,224,752
	2025	\$234,000	\$2,106,000	\$496,548	\$5,721,300
	2026	\$234,000	\$2,340,000	\$461,760	\$6,183,060
<b>Maintain Viable Presence (5 Years)</b>	2027	\$660,972	\$3,000,972	\$0	\$6,183,060
	2028	\$626,184	\$3,627,156	\$0	\$6,183,060
	2029	\$591,396	\$4,218,552	\$0	\$6,183,060
	2030	\$556,608	\$4,775,160	\$0	\$6,183,060
	2031	\$521,820	\$5,296,980	\$0	\$6,183,060
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2032	\$487,032	\$5,784,012	\$0	\$6,183,060
	2033	\$452,244	\$6,236,256	\$0	\$6,183,060
	2034	\$417,456	\$6,653,712	\$0	\$6,183,060
	2035	\$382,668	\$7,036,380	\$0	\$6,183,060
	2036	\$347,880	\$7,384,260	\$0	\$6,183,060
	2037	\$313,092	\$7,697,352	\$0	\$6,183,060
	2038	\$278,304	\$7,975,656	\$0	\$6,183,060
	2039	\$243,516	\$8,219,172	\$0	\$6,183,060
	2040	\$208,728	\$8,427,900	\$0	\$6,183,060
	2041	\$173,940	\$8,601,840	\$0	\$6,183,060
		<b>\$8,601,840</b>	is greater than	<b>\$6,183,060</b>	

<b>Analysis Summary</b>	
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

Source: CPA, San Roman Wind I, 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 determines that the limitation on appraised value is a determining factor in the San Roman Wind I, 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:

- On September 26, 2013, a representative of the applicant appeared before the Cameron County Commissioners Court to request a property tax abatement from the county for the project.
- On November 10, 2014, a representative for the applicant gave a presentation to the Los Fresnos Board of Trustees about the proposed project.
- During January 2015, the applicant filed an ERCOT Standard Generation Interconnection Agreement with the Public Utility Commission of Texas, which was subsequently amended in February.
- According to confidential portions of the application, the applicant states that it is evaluating this project and several others in development around the state and throughout the country.
- The applicant also states that resources will only be deployed if this project is economically superior to others currently in the development stage, and the appraised value limitation is a crucial component.

### **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:
  - Land has no existing improvements  Land has existing improvements (*complete Section 13*)
  - Expansion of existing operation on the land (*complete Section 13*)  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

## Tab 5

### **Documentation to Assist in Determining if Limitation is a Determining Factor**

The applicant San Roman Wind I, LLC originated and developed this project under the auspices of Pioneer Green Energy (PGE). The applicant has recently been acquired by Acciona Energy USA Global LLC ("AEUG"), as part of its global portfolio of renewable energy development assets. AEUG has wind energy projects under development throughout North America, and is actively pursuing acquisition of additional development assets in Texas.

The applicant San Roman Wind I LLC continues to face a highly competitive business landscape. When making investment decisions, AEUG looks for project locations that feature state incentives for renewable energy projects; strong renewable energy portfolio standards; and robust power markets that are supportive of renewable energy generation. Within Texas, at least 20 other counties have wind farms proposed, under construction, or currently operating. At least one other wind farm has been proposed in Cameron County and has executed an Appraised Value Limitation Agreement with a nearby school district. Based on these observations, and when evaluated against other wind energy development projects in AEUG's portfolio, Cameron County emerges as a promising site for business investment.

The main determinant of a renewable energy project's success is its ability to generate electricity at competitive rates. The price of the electricity generated by a renewable energy project is a function of the expense required to develop, construct, and operate the project. Property tax payments are one of the project's largest expenses and will significantly impact the project's overall economics. The San Roman project will compete with renewable energy projects in Texas and other states, many of which will receive Appraised Value Limitations or other incentives. Securing the Chapter 313 appraised value limitation agreement with LFCISD will improve the project's economic viability and allow it to compete with renewable energy projects in Texas and other states.

AEUG's human and capital resources are limited and will be deployed to those projects that allow for the maximum return on investment. As such, the San Roman project will be evaluated against projects that are being developed, or considered for acquisition, by AEUG in other parts of Texas and in other states. AEUG will devote resources to the San Roman project only if it is economically superior to the other projects it is developing. The appraised value limitation will be a crucial component of that determination.

# **Supporting Information**

**Additional information  
provided by the Applicant or  
located by the Comptroller**



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PUBLIC UTILITY COMMISSION  
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AEP Texas  
AEP Texas Central Company  
400 West 15th Street, Suite 1520  
Austin, TX 78701  
AEPTexas.com

January 14, 2015

Filing Clerk  
Public Utility Commission of Texas  
1701 Congress Avenue  
P.O. Box 13326  
Austin, TX 78711-3326

Re: **[Docket No. 35077] —  
ERCOT Standard Generation Interconnection Agreement between AEP  
Texas Central Company and San Roman Wind I, LLC Filing Pursuant to  
Substantive Rule 25.195(e)**

To whom it may concern:

Enclosed for filing are four (4) copies of the ERCOT Standard Generation Interconnection Agreement, dated December 19, 2014, between AEP Texas Central Company ("TCC") and San Roman Wind I, LLC (the "Agreement"). TCC is subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") with respect to transmission rates and service, including generation interconnections. This Agreement has been filed for acceptance with FERC. TCC is also filing this Agreement with the PUCT for informational purposes. Because the Agreement contains deviations from the Commission-approved Standard Generation Interconnection Agreement (2007 version published by ERCOT) ("SGIA"), TCC has prepared this letter in accordance with Substantive Rule 25.195(e) identifying the deviations and requests that it be filed with the Agreement.

At Generator's request TCC has agreed to install Temporary Facilities at a temporary Point of Interconnection to permit Generator to begin Commercial Operation of its Plant prior to the Scheduled In-Service Date for the Permanent Facilities and permanent Point of Interconnection based upon Generator's agreement to pay TCC's costs of installation and removal of those Temporary Facilities as a contribution in aid of construction ("CIAC"). The following changes have been made to reflect the effects of this agreement:

- The following exhibits have been added to the list of exhibits in the Table of Contents:

518



# Board Report

Los Fresnos Consolidated Independent School District  
600 N. Mesquite St. · Los Fresnos, Texas 78566

Regular Board Meeting Nov. 10, 2014

## Board Hears Presentation from Pioneer Green Energy

Trustees heard a presentation by Sergio Treviño with Pioneer Green Energy, about the proposed San Roman Wind Farm.

The wind farm plans to erect up to 40 turbines less than 50 feet tall in an area between Laguna Vista and Bayview, within the boundaries of the Los Fresnos CISD.

"It is clean, renewable energy that uses little or no water," Treviño said. "One wind turbine can produce enough energy for about 30,000 homes."

Construction is expected to begin in Spring 2015, as the long-term permitting process is nearing conclusion.



**Presentation of Colors:** Students from the Los Fresnos High School Navy JROTC presented the colors to begin Monday's Board of Trustees meeting.

## Board Approves Nurse, 10 Teachers

The Los Fresnos CISD Board of Trustees approved the hiring of Maria Milagros Flores as Nurse at Resaca Middle School and 10 new teachers.

Teachers appointed were:

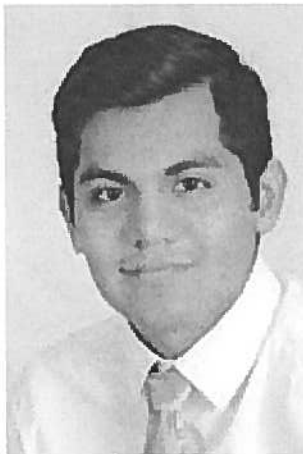
- Berlinda Euresti, Los Fresnos High School
- Steven Faulduto, Los Fresnos High School
- Nancy Benavidez, Los Fresnos United
- Gil Gomez, Los Fresnos United
- Carlos Lainez, Los Fresnos United
- Jesus Medina, Los Fresnos United
- Jennifer Hostetter, Laureles Elementary
- Jessica Alaniz, Los Fresnos Elementary
- Alicia Espinoza, Los Fresnos Elementary
- Erika Reyes, Los Fresnos Elementary



Berlinda Euresti



Nancy Benavidez



Jesus Medina

## Board Approves Completion of LFU Phase 2 Projects

The expansion of Los Fresnos United Ninth Grade campus moved forward with the approval of Phase 2 Projects at the school.

Phase 2, approved by trustees in May 2013, included construction of athletic locker rooms, a band hall, and parking areas to be located west of the existing campus.

The locker rooms, which include an athletic training room, are adjacent to the locker rooms in the current facility. The new band hall is located at the northwest corner of campus with an additional parking area built between the two new facilities. Also included in the project is an upgrade to the campus chiller plant.

The next phase of additions to LFU is under construction, and includes an expansion of classrooms on the west side of campus.

The Texas Safe Shelter Initiative gymnasium, which will also serve as a community safe room for area residents during emergencies such as hurricanes, is also under construction. The safe room will double as the LFU gymnasium when not in use as a safe room.

The shelter project was approval by the Federal Emergency Management Agency (FEMA).

# Wind farm company seeks tax break in Cameron County

BY TY JOHNSON THE BROWNSVILLE HERALD | Posted: Monday, September 30, 2013

6:00 am

Negotiations could begin soon to lure the county's first wind farm to set up shop between Bayview and Laguna Vista, now that the Cameron County Commissioners' Court has agreed to consider a county tax abatement for the company seeking to develop the property.

The Commissioners' Court heard a presentation during its Sept. 26 meeting from Sergio Treviño, development manager at Pioneer Green Energy, who explained the preliminary scope of the plan while stressing that a competitive market means his company is considering many other locations for the farm, as well.

"This is an extremely competitive industry," Treviño told the court, making a case for a tax break from the county in exchange for the project.

The wind farm is expected to install as many as 50 wind turbines throughout the land roughly bordered by FM 350, FM 510 and Highway 100.

Construction is expected to bring about 350 jobs to the Rio Grande Valley while the wind farm operations will mean the creation of five to 10 full-time positions.

Commissioners expressed concerns about the farm's impact on migratory birds, however, as well as its possible effect on air traffic entering the county airport.

Precinct 1 Commissioner Sofia C. Benavides was particularly concerned about whether the farm would affect construction of the proposed second causeway, which seeks to create a northern connection from the mainland to South Padre Island.

"I would not want to jeopardize that," she said.

Treviño explained that the wind farm was miles away from the proposed causeway and that the spacing of the turbines "about one mile away from each other" would not affect a connecting road between the two causeway entrances, either.



Energy company seeks tax break



Precinct 3 Commissioner David Garza took aim at the project next, expressing concerns about the migratory patterns of birds, changes in the electromagnetic field and the need to increase the approach elevation of planes coming into the Port Isabel-Cameron County airport.

Garza cited the opinion of an official he said was a former employee of the Federal Aviation Authority.

Treviño pointed out that no one currently with the FAA had any concerns about the project, adding that no complaints were filed by any of those contacted about the proposal, which included pilots and others involved with aviation in the area.

He also said the U.S. Fish and Wildlife Service had not expressed concerns about environmental issues, citing statistics showing that of the 550 million birds reportedly killed each year, less than 1 percent died due to complications from wind farms.

For comparison, he noted that 10 percent of birds are killed by cats.

A similar wind energy project in Willacy County had not experienced problems, he said, along with other farms along the Gulf Coast, which is a hot spot for wind farms due to windy conditions.

Treviño said the embracing of wind energy could end up boosting the area's wildlife.

"The biggest threat that all animals face is climate change," he said, explaining that sea level rise could threaten habitats for animals of all species. "These types of projects will allow that to not happen."

But Garza was insistent that the airport concerns were legitimate, even as Treviño continued to note the FAA reported no concerns.

Garza said it was the consultant hired ahead of the FAA report by Treviño's company that noted that there would need to be changes made to pilot approaches to the airport.

When that emerged in discussions, Treviño said that the consultant had gone a step further and found a better approach, which would allow planes to fly at a lower altitude than current approaches, simply from another direction.

He said his company is willing to earmark part of the tax abatement savings to help the county airport fund its implementation of the new approach.

County Judge Carlos H. Cascos attempted to focus the discussion, explaining that the county has no ability to bar the wind farm from development, only to grant it the tax abatement.

"The abatement is just a financial incentive for you to come," he said.

Then Cascos circled around to the concerns Garza said others had shared with him.

“I don’t see how your company is going to mitigate these concerns,” Cascos said.

Treviño said the impacts were modest and that there were many avenues of mitigation.

“There are absolutely options,” he said.

Treviño also said that the land -- farmland and brush -- could continue to operate as it does now because each turbine takes up just less than one acre of property, meaning even 50 of the farms would take up less than 1 percent of the 4,000-acre lot.

He also said the land, appraised in 2013 to be worth \$1.6 million, would greatly increase in property value meaning increased tax revenues for the county when the abatement, which won’t make the company 100 percent exempt from taxes in the meantime, expires.

The maximum number of years the property taxes can be abated is 10.

Cascos made a motion on the matter and after several seconds of silence, asked that the matter be approved and that the county move forward with negotiation of tax abatement terms with San Roman Wind I, the limited liability corporation handling the wind farm project.

Precinct 2 Commissioner Ernie Hernandez seconded the motion, but amid the vote, Garza said he would abstain because he did not have enough information.

Cascos then retracted his motion and the court voted to table the motion, asking Treviño to return with additional information about the project.

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