



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

December 1, 2015

Jan Hunt
Superintendent
McCamey Independent School District
111 E. 11th St.
McCamey, Texas 79752

Dear Superintendent Hunt:

On September 10, 2015, the Comptroller issued written notice that PV-LoneStarSolar, LLC (the applicant) submitted a completed application (Application #1082) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on May 29, 2015, to the McCamey 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 for 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 #1082.

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.

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.

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).

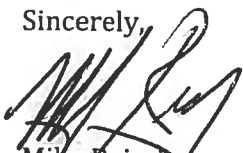
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed 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 September 10, 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 Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of PV-LoneStarSolar, LLC (the project) applying to McCamey 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 PV-LoneStarSolar, LLC.

Summary Information for McCamey ISD, PV-LoneStarSolar, LLC, 2017	
Applicant	PV-LoneStarSolar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Solar
School District	McCamey ISD
Estimated 2014-2015 Average Daily Attendance	535
County	Upton
Proposed Total Investment in District	\$189,598,069
Proposed Qualified Investment	\$177,200,000
Limitation Amount	\$25,000,000
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	\$1,041
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,041
Minimum annual wage committed to by applicant for qualified jobs	\$54,116
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$94,799,035
Estimated M&O levy without any limit (15 years)	\$13,637,312
Estimated M&O levy with Limitation (15 years)	\$4,442,880
Estimated gross M&O tax benefit (15 years)	\$9,194,432
* 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 PV-LoneStarSolar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	75	68	143	\$2,812,500	\$5,000,000	\$7,812,500
2016	150	137	287	\$5,625,000	\$11,220,703	\$16,845,703
2017	2	14	16	\$108,232	\$2,577,315	\$2,685,547
2018	2	4	6	\$108,232	\$1,600,752	\$1,708,984
2019	2	0	2	\$108,232	\$868,331	\$976,563
2020	2	(2)	0	\$108,232	\$624,190	\$732,422
2021	2	0	2	\$108,232	\$624,190	\$732,422
2022	2	(4)	-2	\$108,232	\$257,979	\$366,211
2023	2	(4)	-2	\$108,232	\$13,838	\$122,070
2024	2	(4)	-2	\$108,232	\$135,909	\$244,141
2025	2	2	4	\$108,232	\$13,838	\$122,070
2026	2	(2)	0	\$108,232	\$13,838	\$122,070
2027	2	(2)	0	\$108,232	\$135,909	\$244,141
2028	2	0	2	\$108,232	-\$108,232	\$0
2029	2	(4)	-2	\$108,232	-\$108,232	\$0
2030	2	(2)	0	\$108,232	-\$596,513	-\$488,281
2031	2	(4)	-2	\$108,232	-\$352,373	-\$244,141

Source: CPA, REMI, PV-LoneStarSolar, 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	McCamey ISD I&S Tax Levy	McCamey ISD M&O Tax Levy	McCamey ISD M&O and I&S Tax Levies	Upton County Tax Levy	McCamey Hospital Dist. Tax Levy	Upton County Water District Tax Levy	Upton County ESD #1 Tax Levy	Estimated Total Property Taxes
			0.0000		1.0400		0.2567	0.4966	0.0038	0.0108	
2017	\$177,200,000	\$177,200,000		\$0	\$1,842,880	\$1,842,880	\$454,872	\$879,975	\$6,734	\$19,138	\$3,203,599
2018	\$163,024,000	\$163,024,000		\$0	\$1,695,450	\$1,695,450	\$418,483	\$809,577	\$6,195	\$17,607	\$2,947,311
2019	\$148,848,000	\$148,848,000		\$0	\$1,548,019	\$1,548,019	\$382,093	\$739,179	\$5,656	\$16,076	\$2,691,023
2020	\$134,672,000	\$134,672,000		\$0	\$1,400,589	\$1,400,589	\$345,703	\$668,781	\$5,118	\$14,545	\$2,434,735
2021	\$120,496,000	\$120,496,000		\$0	\$1,253,158	\$1,253,158	\$309,313	\$598,383	\$4,579	\$13,014	\$2,178,447
2022	\$106,320,000	\$106,320,000		\$0	\$1,105,728	\$1,105,728	\$272,923	\$527,985	\$4,040	\$11,483	\$1,922,159
2023	\$92,144,000	\$92,144,000		\$0	\$958,298	\$958,298	\$236,534	\$457,587	\$3,501	\$9,952	\$1,665,871
2024	\$77,968,000	\$77,968,000		\$0	\$810,867	\$810,867	\$200,144	\$387,189	\$2,963	\$8,421	\$1,409,583
2025	\$63,792,000	\$63,792,000		\$0	\$663,437	\$663,437	\$163,754	\$316,791	\$2,424	\$6,890	\$1,153,296
2026	\$49,616,000	\$49,616,000		\$0	\$516,006	\$516,006	\$127,364	\$246,393	\$1,885	\$5,359	\$897,008
2027	\$35,440,000	\$35,440,000		\$0	\$368,576	\$368,576	\$90,974	\$175,995	\$1,347	\$3,828	\$640,720
2028	\$35,440,000	\$35,440,000		\$0	\$368,576	\$368,576	\$90,974	\$175,995	\$1,347	\$3,828	\$640,720
2029	\$35,440,000	\$35,440,000		\$0	\$368,576	\$368,576	\$90,974	\$175,995	\$1,347	\$3,828	\$640,720
2030	\$35,440,000	\$35,440,000		\$0	\$368,576	\$368,576	\$90,974	\$175,995	\$1,347	\$3,828	\$640,720
2031	\$35,440,000	\$35,440,000		\$0	\$368,576	\$368,576	\$90,974	\$175,995	\$1,347	\$3,828	\$640,720
					\$13,637,312	\$13,637,312	\$3,366,056	\$6,511,816	\$49,829	\$141,618	\$23,706,631

Source: CPA, PV-LoneStarSolar, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Upton 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 and the hospital district.

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 R	McCamey ISD I&S Tax Levy	McCamey ISD M&O Tax Levy	McCamey ISD M&O and I&S Tax Levies	Upton County Tax Levy	McCamey Hospital Dist. Tax Levy	Upton County Water District Tax	Upton County ESD #1 Tax Levy	Estimated Total Property Taxes
				0.0000	1.0400		0.2567	0.4966	0.0038	0.0108	
2017	\$177,200,000	\$25,000,000		\$0	\$260,000	\$260,000	\$90,974	\$175,995	\$6,734	\$19,138	\$552,840
2018	\$163,024,000	\$25,000,000		\$0	\$260,000	\$260,000	\$90,974	\$175,995	\$6,195	\$17,607	\$550,771
2019	\$148,848,000	\$25,000,000		\$0	\$260,000	\$260,000	\$90,974	\$175,995	\$5,656	\$16,076	\$548,701
2020	\$134,672,000	\$25,000,000		\$0	\$260,000	\$260,000	\$90,974	\$175,995	\$5,118	\$14,545	\$546,631
2021	\$120,496,000	\$25,000,000		\$0	\$260,000	\$260,000	\$90,974	\$175,995	\$4,579	\$13,014	\$544,561
2022	\$106,320,000	\$25,000,000		\$0	\$260,000	\$260,000	\$90,974	\$175,995	\$4,040	\$11,483	\$542,492
2023	\$92,144,000	\$25,000,000		\$0	\$260,000	\$260,000	\$90,974	\$175,995	\$3,501	\$9,952	\$540,422
2024	\$77,968,000	\$25,000,000		\$0	\$260,000	\$260,000	\$90,974	\$175,995	\$2,963	\$8,421	\$538,352
2025	\$63,792,000	\$25,000,000		\$0	\$260,000	\$260,000	\$90,974	\$175,995	\$2,424	\$6,890	\$536,283
2026	\$49,616,000	\$25,000,000		\$0	\$260,000	\$260,000	\$127,364	\$246,393	\$1,885	\$5,359	\$641,001
2027	\$35,440,000	\$35,440,000		\$0	\$368,576	\$368,576	\$90,974	\$175,995	\$1,347	\$3,828	\$640,720
2028	\$35,440,000	\$35,440,000		\$0	\$368,576	\$368,576	\$90,974	\$175,995	\$1,347	\$3,828	\$640,720
2029	\$35,440,000	\$35,440,000		\$0	\$368,576	\$368,576	\$90,974	\$175,995	\$1,347	\$3,828	\$640,720
2030	\$35,440,000	\$35,440,000		\$0	\$368,576	\$368,576	\$90,974	\$175,995	\$1,347	\$3,828	\$640,720
2031	\$35,440,000	\$35,440,000		\$0	\$368,576	\$368,576	\$90,974	\$175,995	\$1,347	\$3,828	\$640,720
					Total	\$4,442,880	\$1,401,003	\$2,710,323	\$49,829	\$141,618	\$8,745,653
					Diff	\$9,194,432	\$1,965,053	\$3,801,493	\$0	\$0	\$14,960,978

Source: CPA, PV-LoneStarSolar, 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 PV-LoneStarSolar, 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 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)
Limitation Pre-Years	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$260,000	\$260,000	\$1,582,880	\$1,582,880
	2018	\$260,000	\$520,000	\$1,435,450	\$3,018,330
	2019	\$260,000	\$780,000	\$1,288,019	\$4,306,349
	2020	\$260,000	\$1,040,000	\$1,140,589	\$5,446,938
	2021	\$260,000	\$1,300,000	\$993,158	\$6,440,096
	2022	\$260,000	\$1,560,000	\$845,728	\$7,285,824
	2023	\$260,000	\$1,820,000	\$698,298	\$7,984,122
	2024	\$260,000	\$2,080,000	\$550,867	\$8,534,989
	2025	\$260,000	\$2,340,000	\$403,437	\$8,938,426
	2026	\$260,000	\$2,600,000	\$256,006	\$9,194,432
Maintain Viable Presence (5 Years)	2027	\$368,576	\$2,968,576	\$0	\$9,194,432
	2028	\$368,576	\$3,337,152	\$0	\$9,194,432
	2029	\$368,576	\$3,705,728	\$0	\$9,194,432
	2030	\$368,576	\$4,074,304	\$0	\$9,194,432
	2031	\$368,576	\$4,442,880	\$0	\$9,194,432
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$368,576	\$4,811,456	\$0	\$9,194,432
	2033	\$368,576	\$5,180,032	\$0	\$9,194,432
	2034	\$368,576	\$5,548,608	\$0	\$9,194,432
	2035	\$368,576	\$5,917,184	\$0	\$9,194,432
	2036	\$368,576	\$6,285,760	\$0	\$9,194,432
	2037	\$368,576	\$6,654,336	\$0	\$9,194,432
	2038	\$368,576	\$7,022,912	\$0	\$9,194,432
	2039	\$368,576	\$7,391,488	\$0	\$9,194,432
	2040	\$368,576	\$7,760,064	\$0	\$9,194,432
	2041	\$368,576	\$8,128,640	\$0	\$9,194,432

\$8,128,640 is less than **\$9,194,432**

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?	No

Source: CPA, PV-LoneStarSolar, 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 B – Tax Revenue over 25 Years

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	75	68	143	\$2,812,500	\$5,000,000	\$7,812,500	\$427,246	-\$236,511	\$663,757
2016	150	137	287	\$5,625,000	\$11,220,703	\$16,845,703	\$915,527	-\$419,617	\$1,335,144
2017	2	14	16	\$108,232	\$2,577,315	\$2,685,547	\$167,847	\$267,029	-\$99,182
2018	2	4	6	\$108,232	\$1,600,752	\$1,708,984	\$106,812	\$251,770	-\$144,958
2019	2	0	2	\$108,232	\$868,331	\$976,563	\$83,923	\$228,882	-\$144,959
2020	2	(2)	0	\$108,232	\$624,190	\$732,422	\$53,406	\$183,105	-\$129,699
2021	2	0	2	\$108,232	\$624,190	\$732,422	\$22,888	\$129,700	-\$106,812
2022	2	(4)	-2	\$108,232	\$257,979	\$366,211	-\$7,629	\$83,923	-\$91,552
2023	2	(4)	-2	\$108,232	\$13,838	\$122,070	-\$15,259	\$53,406	-\$68,665
2024	2	(4)	-2	\$108,232	\$135,909	\$244,141	\$7,629	\$38,147	-\$30,518
2025	2	2	4	\$108,232	\$13,838	\$122,070	-\$15,259	\$38,147	-\$53,406
2026	2	(2)	0	\$108,232	\$13,838	\$122,070	-\$15,259	-\$7,629	-\$7,630
2027	2	(2)	0	\$108,232	\$135,909	\$244,141	-\$38,147	-\$38,147	\$0
2028	2	0	2	\$108,232	-\$108,232	\$0	-\$45,776	-\$45,776	\$0
2029	2	(4)	-2	\$108,232	-\$108,232	\$0	-\$38,147	-\$61,035	\$22,888
2030	2	(2)	0	\$108,232	-\$596,513	-\$488,281	-\$83,923	-\$91,553	\$7,630
2031	2	(4)	-2	\$108,232	-\$352,373	-\$244,141	-\$99,182	-\$129,700	\$30,518
2032	2	(4)	-2	\$108,232	-\$840,654	-\$732,422	-\$114,441	-\$122,070	\$7,629
2033	2	(4)	-2	\$108,232	-\$840,654	-\$732,422	-\$122,070	-\$160,217	\$38,147
2034	2	(8)	-6	\$108,232	-\$1,328,935	-\$1,220,703	-\$175,476	-\$167,847	-\$7,629
2035	2	(8)	-6	\$108,232	-\$1,328,935	-\$1,220,703	-\$221,252	-\$221,252	\$0
2036	2	(10)	-8	\$108,232	-\$1,573,076	-\$1,464,844	-\$228,882	-\$267,029	\$38,147
2037	2	(8)	-6	\$108,232	-\$2,061,357	-\$1,953,125	-\$251,770	-\$289,917	\$38,147
2038	2	(12)	-10	\$108,232	-\$2,305,498	-\$2,197,266	-\$244,141	-\$335,693	\$91,552
2039	2	(10)	-8	\$108,232	-\$2,061,357	-\$1,953,125	-\$244,141	-\$381,470	\$137,329
2040	2	(14)	-12	\$108,232	-\$3,037,920	-\$2,929,688	-\$289,917	-\$434,875	\$144,958
2041	2	(10)	-8	\$108,232	-\$3,037,920	-\$2,929,688	-\$320,435	-\$450,134	\$129,699
						Total	-\$785,828	-\$2,586,363	\$1,800,535
							\$9,929,175	is greater than	\$9,194,432

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

Source: CPA, PV-LoneStarSolar, LLC

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 PV-LoneStarSolar, 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:

- According to the company, the applicant is competing with other companies in Upton County to create a solar project. The company states, without the tax value limitation of the Chapter 313 application, the company would not be able to effectively compete for business.
- The applicant is a national solar company developing other projects in the states of Utah, Illinois and Colorado.
- According to the company, the tax incentives, afforded by its Chapter 313 application, are essential in improving the project’s economics.

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, 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 for this project is a national solar developer with the ability to locate projects of this type in other states in the US with strong solar characteristics. The applicant is actively developing other projects in Utah, Illinois, and Colorado. All of these projects are competing with the Upton County project for applicant's limited resources. The applicant requires this appraised value limitation in order (i) to continue allocating resources to develop the project (e.g., paying for studies related to subsurface geotechnical conditions at the project site, having detailed land surveys carried out, retaining the services of specialized legal counsel), and (ii) to secure long-term (>20 years) project related capital from the limited pool of third-party institutional solar investors that have the very significant resources needed to construct and operate a project of this size.

Applicant is competing with other solar developers that are developing large utility-scale solar projects in other states and are also seeking long-term financing from the same small pool of institutional investors as applicant. These institutional investors have specific investment hurdle rates that must be met. The applicant's solar project is viable only if it is able to sell electricity at competitive prices within the Texas market, which has low electricity rates when compared with most other states. These dual constraints of investor return requirements and the need to offer competitively-priced electricity means that applicant's solar project is viable only if coupled with tax abatements or other form(s) of financial support or relief. Without the value limitation, the solar projects outside of Texas, located in Utah, Illinois & Colorado, would receive the constrained investment capital. With the value limitation approved, applicant's Texas project ROI is near the hurdle required in order to secure capital investment.

The Applicant has multiple other projects outside of Texas with very strong solar irradiance or incentive programs that improve economics (see image below for other projects) that are competing for development and project capital investment. The value limitation is essential to improving the Texas project's economics to a point that we can consider bringing this project to Texas. Solar projects and their associated components are modular and can be deployed anywhere in the USA or the world that provides acceptable return on investment.

