



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

April 04, 2016

Jay Lamb  
Superintendent  
Groom Independent School District  
304 W. 3rd Street  
Groom, Texas 79039

Dear Superintendent Lamb:

On January 11, 2016, the Comptroller issued written notice that Grandview Wind Farm III, LLC (the applicant) submitted a completed application (Application #1108) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on October 19, 2015, to the Groom 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 #1108.  |

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 50-826) 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 by December 31, 2016.

Note that any building or improvement existing as of the application review start date of January 11, 2016, 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](mailto: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 Grandview Wind Farm III (the project) applying to Groom 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 Grandview Wind Farm III.

|   |                                      |
|---|--------------------------------------|
| Applicant   | Grandview Wind Farm III              |
| Tax Code, 313.024 Eligibility Category  | Renewable Energy Electric Generation |
| School District   | Groom ISD                            |
| 2014-15 Enrollment in School District   | 130                                  |
| County  | Carson                               |
| Proposed Total Investment in District   | \$43,740,000                         |
| Proposed Qualified Investment   | \$43,740,000                         |
| Limitation Amount   | \$20,000,000                         |
| Qualifying Time Period  | 2017-2018                            |
| 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  | \$961.54                             |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)   | \$926.98                             |
| Minimum annual wage committed to by applicant for qualified jobs  | \$50,000                             |
| Minimum weekly wage required for non-qualifying jobs  | \$1,574.75                           |
| Minimum annual wage required for non-qualifying jobs  | \$81,887.00                          |
| Investment per Qualifying Job   | \$21,870,000                         |
| Estimated M&O levy without any limit (15 years)   | \$4,548,960                          |
| Estimated M&O levy with Limitation (15 years)   | \$3,175,120                          |
| Estimated gross M&O tax benefit (15 years)  | \$1,373,840                          |
| <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 Grandview Wind Farm III (modeled).

| Year | Employment |                    |       | Personal Income |                    |             |
|------|------------|--------------------|-------|-----------------|--------------------|-------------|
|      | Direct     | Indirect + Induced | Total | Direct          | Indirect + Induced | Total       |
| 2015 | 0          | 0                  | 0     | \$0             | \$0                | \$0         |
| 2016 | 28         | 26                 | 54    | \$1,353,278     | \$2,646,722        | \$4,000,000 |
| 2017 | 2          | 3                  | 5     | \$100,000       | \$900,000          | \$1,000,000 |
| 2018 | 2          | 2                  | 4     | \$100,000       | -\$100,000         | \$0         |
| 2019 | 2          | 1                  | 3     | \$100,000       | -\$100,000         | \$0         |
| 2020 | 2          | 0                  | 2     | \$100,000       | -\$100,000         | \$0         |
| 2021 | 2          | 0                  | 2     | \$100,000       | -\$100,000         | \$0         |
| 2022 | 2          | 0                  | 2     | \$100,000       | -\$100,000         | \$0         |
| 2023 | 2          | 0                  | 2     | \$100,000       | -\$100,000         | \$0         |
| 2024 | 2          | 0                  | 2     | \$100,000       | -\$100,000         | \$0         |
| 2025 | 2          | 0                  | 2     | \$100,000       | -\$100,000         | \$0         |
| 2026 | 2          | 0                  | 2     | \$100,000       | -\$100,000         | \$0         |
| 2027 | 2          | (1)                | 1     | \$100,000       | -\$100,000         | \$0         |
| 2028 | 2          | (1)                | 1     | \$100,000       | -\$100,000         | \$0         |
| 2029 | 2          | (1)                | 1     | \$100,000       | -\$100,000         | \$0         |
| 2030 | 2          | 0                  | 2     | \$100,000       | -\$100,000         | \$0         |

Source: CPA, REMI, Grandview Wind Farm III

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

| Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives |                                 |                                 |                       |                        |                        |                        |                        |                                |                                |
|---|---------------------------------|---------------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|--------------------------------|--------------------------------|
| Year  | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate <sup>1</sup> | Groom ISD I&S Tax Levy | Groom ISD M&O Tax Levy | M&O and I&S Tax Levies | Carson County Tax Levy | Panhandle Groundwater Tax Levy | Estimated Total Property Taxes |
|   |                                 |                                 |                       | <b>0.0440</b>          | <b>1.0400</b>          |                        | <b>0.5380</b>          | <b>0.0079</b>                  |                                |
| 2017  | \$40,500,000                    | \$40,500,000                    |                       | \$17,820               | \$421,200              | \$439,020              | \$217,893              | \$3,200                        | \$660,113                      |
| 2018  | \$38,880,000                    | \$38,880,000                    |                       | \$17,107               | \$404,352              | \$421,459              | \$209,178              | \$3,072                        | \$633,708                      |
| 2019  | \$37,260,000                    | \$37,260,000                    |                       | \$16,394               | \$387,504              | \$403,898              | \$200,462              | \$2,944                        | \$607,304                      |
| 2020  | \$35,640,000                    | \$35,640,000                    |                       | \$15,682               | \$370,656              | \$386,338              | \$191,746              | \$2,816                        | \$580,899                      |
| 2021  | \$34,020,000                    | \$34,020,000                    |                       | \$14,969               | \$353,808              | \$368,777              | \$183,030              | \$2,688                        | \$554,495                      |
| 2022  | \$32,400,000                    | \$32,400,000                    |                       | \$14,256               | \$336,960              | \$351,216              | \$174,315              | \$2,560                        | \$528,090                      |
| 2023  | \$30,780,000                    | \$30,780,000                    |                       | \$13,543               | \$320,112              | \$333,655              | \$165,599              | \$2,432                        | \$501,686                      |
| 2024  | \$29,160,000                    | \$29,160,000                    |                       | \$12,830               | \$303,264              | \$316,094              | \$156,883              | \$2,304                        | \$475,281                      |
| 2025  | \$27,540,000                    | \$27,540,000                    |                       | \$12,118               | \$286,416              | \$298,534              | \$148,167              | \$2,176                        | \$448,877                      |
| 2026  | \$25,920,000                    | \$25,920,000                    |                       | \$11,405               | \$269,568              | \$280,973              | \$139,452              | \$2,048                        | \$422,472                      |
| 2027  | \$24,300,000                    | \$24,300,000                    |                       | \$10,692               | \$252,720              | \$263,412              | \$130,736              | \$1,920                        | \$396,068                      |
| 2028  | \$22,680,000                    | \$22,680,000                    |                       | \$9,979                | \$235,872              | \$245,851              | \$122,020              | \$1,792                        | \$369,663                      |
| 2029  | \$21,060,000                    | \$21,060,000                    |                       | \$9,266                | \$219,024              | \$228,290              | \$113,304              | \$1,664                        | \$343,259                      |
| 2030  | \$19,440,000                    | \$19,440,000                    |                       | \$8,554                | \$202,176              | \$210,730              | \$104,589              | \$1,536                        | \$316,854                      |
| 2031  | \$17,820,000                    | \$17,820,000                    |                       | \$7,841                | \$185,328              | \$193,169              | \$95,873               | \$1,408                        | \$290,450                      |
|   |                                 |                                 | <b>Total</b>          | <b>\$192,456</b>       | <b>\$4,548,960</b>     | <b>\$4,741,416</b>     | <b>\$2,353,247</b>     | <b>\$34,555</b>                | <b>\$7,129,218</b>             |

Source: CPA, Grandview Wind Farm III

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

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

| <b>Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought</b> |  |  |                             |                                   |                                   |                                       |                               |                                       |                                       |
|--|--|--|-----------------------------|-----------------------------------|-----------------------------------|---------------------------------------|-------------------------------|---------------------------------------|---------------------------------------|
| <b>Year</b>  | <b>Estimated Taxable Value for I&amp;S</b> | <b>Estimated Taxable Value for M&amp;O</b> |                             | <b>Groom ISD I&amp;S Tax Levy</b> | <b>Groom ISD M&amp;O Tax Levy</b> | <b>M&amp;O and I&amp;S Tax Levies</b> | <b>Carson County Tax Levy</b> | <b>Panhandle Groundwater Tax Levy</b> | <b>Estimated Total Property Taxes</b> |
|  |  |  | <b>Tax Rate<sup>1</sup></b> | <b>0.0440</b>                     | <b>1.0400</b>                     |                                       | <b>0.5380</b>                 | <b>0.0079</b>                         |                                       |
| 2017   | \$40,500,000                               | \$20,000,000                               |                             | \$17,820                          | \$208,000                         | \$225,820                             | \$108,947                     | \$3,200                               | \$337,966                             |
| 2018   | \$38,880,000                               | \$20,000,000                               |                             | \$17,107                          | \$208,000                         | \$225,107                             | \$104,589                     | \$3,072                               | \$332,767                             |
| 2019   | \$37,260,000                               | \$20,000,000                               |                             | \$16,394                          | \$208,000                         | \$224,394                             | \$100,231                     | \$2,944                               | \$327,569                             |
| 2020   | \$35,640,000                               | \$20,000,000                               |                             | \$15,682                          | \$208,000                         | \$223,682                             | \$95,873                      | \$2,816                               | \$322,370                             |
| 2021   | \$34,020,000                               | \$20,000,000                               |                             | \$14,969                          | \$208,000                         | \$222,969                             | \$91,515                      | \$2,688                               | \$317,172                             |
| 2022   | \$32,400,000                               | \$20,000,000                               |                             | \$14,256                          | \$208,000                         | \$222,256                             | \$87,157                      | \$2,560                               | \$311,973                             |
| 2023   | \$30,780,000                               | \$20,000,000                               |                             | \$13,543                          | \$208,000                         | \$221,543                             | \$82,799                      | \$2,432                               | \$306,774                             |
| 2024   | \$29,160,000                               | \$20,000,000                               |                             | \$12,830                          | \$208,000                         | \$220,830                             | \$78,442                      | \$2,304                               | \$301,576                             |
| 2025   | \$27,540,000                               | \$20,000,000                               |                             | \$12,118                          | \$208,000                         | \$220,118                             | \$74,084                      | \$2,176                               | \$296,377                             |
| 2026   | \$25,920,000                               | \$20,000,000                               |                             | \$11,405                          | \$208,000                         | \$219,405                             | \$69,726                      | \$2,048                               | \$291,178                             |
| 2027   | \$24,300,000                               | \$24,300,000                               |                             | \$10,692                          | \$252,720                         | \$263,412                             | \$130,736                     | \$1,920                               | \$396,068                             |
| 2028   | \$22,680,000                               | \$22,680,000                               |                             | \$9,979                           | \$235,872                         | \$245,851                             | \$122,020                     | \$1,792                               | \$369,663                             |
| 2029   | \$21,060,000                               | \$21,060,000                               |                             | \$9,266                           | \$219,024                         | \$228,290                             | \$113,304                     | \$1,664                               | \$343,259                             |
| 2030   | \$19,440,000                               | \$19,440,000                               |                             | \$8,554                           | \$202,176                         | \$210,730                             | \$104,589                     | \$1,536                               | \$316,854                             |
| 2031   | \$17,820,000                               | \$17,820,000                               |                             | \$7,841                           | \$185,328                         | \$193,169                             | \$95,873                      | \$1,408                               | \$290,450                             |
|  |  |  |                             |                                   |                                   |                                       |                               |                                       |                                       |
|  |  |  | <b>Total</b>                | <b>\$192,456</b>                  | <b>\$3,175,120</b>                | <b>\$3,367,576</b>                    | <b>\$1,459,885</b>            | <b>\$34,555</b>                       | <b>\$4,862,015</b>                    |
|  |  |  |                             |                                   |                                   |                                       |                               |                                       |                                       |
|  |  |  | <b>Diff</b>                 | <b>\$0</b>                        | <b>\$1,373,840</b>                | <b>\$1,373,840</b>                    | <b>\$893,362</b>              | <b>\$0</b>                            | <b>\$2,267,202</b>                    |

Source: CPA, Grandview Wind Farm III

<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 Grandview Wind Farm III (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     | \$208,000                                     | \$208,000   | \$213,200   | \$213,200   |
|   | 2018     | \$208,000                                     | \$416,000   | \$196,352   | \$409,552   |
|   | 2019     | \$208,000                                     | \$624,000   | \$179,504   | \$589,056   |
|   | 2020     | \$208,000                                     | \$832,000   | \$162,656   | \$751,712   |
|   | 2021     | \$208,000                                     | \$1,040,000                                       | \$145,808   | \$897,520   |
|   | 2022     | \$208,000                                     | \$1,248,000                                       | \$128,960   | \$1,026,480   |
|   | 2023     | \$208,000                                     | \$1,456,000                                       | \$112,112   | \$1,138,592   |
|   | 2024     | \$208,000                                     | \$1,664,000                                       | \$95,264  | \$1,233,856   |
|   | 2025     | \$208,000                                     | \$1,872,000                                       | \$78,416  | \$1,312,272   |
|   | 2026     | \$208,000                                     | \$2,080,000                                       | \$61,568  | \$1,373,840   |
| <b>Maintain Viable Presence (5 Years)</b>   | 2027     | \$252,720                                     | \$2,332,720                                       | \$0   | \$1,373,840   |
|   | 2028     | \$235,872                                     | \$2,568,592                                       | \$0   | \$1,373,840   |
|   | 2029     | \$219,024                                     | \$2,787,616                                       | \$0   | \$1,373,840   |
|   | 2030     | \$202,176                                     | \$2,989,792                                       | \$0   | \$1,373,840   |
|   | 2031     | \$185,328                                     | \$3,175,120                                       | \$0   | \$1,373,840   |
| <b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>   | 2032     | \$168,480                                     | \$3,343,600                                       | \$0   | \$1,373,840   |
|   | 2033     | \$151,632                                     | \$3,495,232                                       | \$0   | \$1,373,840   |
|   | 2034     | \$134,784                                     | \$3,630,016                                       | \$0   | \$1,373,840   |
|   | 2035     | \$117,936                                     | \$3,747,952                                       | \$0   | \$1,373,840   |
|   | 2036     | \$105,300                                     | \$3,853,252                                       | \$0   | \$1,373,840   |
|   | 2037     | \$105,300                                     | \$3,958,552                                       | \$0   | \$1,373,840   |
|   | 2038     | \$105,300                                     | \$4,063,852                                       | \$0   | \$1,373,840   |
|   | 2039     | \$105,300                                     | \$4,169,152                                       | \$0   | \$1,373,840   |
|   | 2040     | \$105,300                                     | \$4,274,452                                       | \$0   | \$1,373,840   |
|   | 2041     | \$105,300                                     | \$4,379,752                                       | \$0   | \$1,373,840   |
|   |          | <b>\$4,379,752</b>                            | is greater than                                   | <b>\$1,373,840</b>  |   |
| <b>Analysis Summary</b>   |          |   |   |   |   |
| 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, Grandview Wind Farm III

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

## Attachment C – Limitation as a Determining Factor

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

### Methodology

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

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

### Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in Grandview Wind Farm III, 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:

- Grandview Wind Farm III, LLC has entered into the following agreements and contracts at the time of application: “grants of leases and easements covering approximately 29,607 acres with 84 landowners, [c]ontracts for preliminary land work including work required to pre-qualify the Project for the Federal Production Tax Credit”, and the “Tax Code Chapter 312 Tax Abatement Agreement and the other Applications for Chapter 313 Appraised Value Limitation described in Section 6” per Tab 5 of this application.
- The applicant states that current business activities at the proposed project site “are preliminary in nature and part of the pre-construction development of the Project by Applicant, and the determination by Applicant whether the Project location and the development and operation of the Project are financially feasible.” Grandview Wind Farm III, LLC also maintains that “this project is still in the mid to late-stages of development” and that “further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects.”
- Per the applicant “a Chapter 313 Appraised Value Limitation with Groom ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the Project.”

- Grandview Wind Farm III is “a Delaware limited liability company formed to develop, build, own and operate the Grandview III Project. Applicant is a wholly-owned subsidiary of E.ON Climate & Renewables North America, LLC, a Delaware limited liability company (“E.ON”).” E.ON Climate & Renewables North America, LLC, is a global company. According to the application, E.ON currently owns 12 other projects “including 9 in Texas, 1 in Oklahoma, 1 in Illinois, and 1 in Pennsylvania” that have all “pre-qualified for the Federal Production Tax Credit that E.ON is considering in its investment decisions.”
- The proposed project area is adjacent to Competitive Renewable Energy Zone (CREZ) transmission lines. Per a GE Energy Financial Services press release dated April 22, 2015, the Grandview Wind Farm “was one of the first projects that helped pave the way for the development of the Competitive Renewable Energy Zones (CREZ).”
- Attached maps indicate the location of the project in relation to current CREZ lines.
- Per E.ON Climate & Renewables intends to sell power exclusively into ERCOT in the future through “an interconnection into ERCOT’s Alibates substation.”

### **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 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
- 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.***

*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.*

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

Grandview Wind Farm III, LLC, a Delaware limited liability company ("Applicant"), was formed in 2013.

In support of its creation, the participating members and officers of the Applicant executed documents necessary to form the entity including an Operating Agreement.

Applicant and its parents, subsidiaries, and affiliates have entered into the following representative agreements and contracts for the development of a project phase within the Groom ISD, including the following:

- Grants of leases and easements covering approximately 29,607 acres with 84 landowners.
- Contracts for preliminary land work including work required to pre-qualify the Project for the Federal Production Tax Credit.
- The Tax Code Chapter 312 Tax Abatement Agreement and the other Applications for Chapter 313 Appraised Value Limitation described in Section 6 below.

All of these agreements are intended to be assigned to and held by the Applicant.

#### **3. Does the applicant have current business activities at the location where the proposed project will occur?**

The business activities at the Project location and initial investments are preliminary in nature and part of the pre-construction development of the Project by Applicant, and the determination by Applicant whether the Project location and the development and operation of the Project are financially feasible. Applicant has determined that a Chapter 313 Appraised Value Limitation with Groom ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the Project.

**6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?**

The Project has received a Tax Code Chapter 312 Tax Abatement Agreement from Carson County, Texas for a period of 10 years.

In addition to this Chapter 313 Application for Appraised Value Limitation with Groom ISD (Comptroller Application #1108), Applicant has also applied for two additional Chapter 313 Applications for Appraised Value Limitation with White Deer ISD (Comptroller Application #1109) and Panhandle ISD (Comptroller Application #1107).

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

Applicant is a Delaware limited liability company formed to develop, build, own and operate the Grandview III Project. Applicant is a wholly-owned subsidiary of E.ON Climate & Renewables North America, LLC, a Delaware limited liability company ("E.ON"). E.ON is one of the world's largest developers and owners of renewable power projects and is rapidly expanding its wind and solar energy portfolio. E.ON develops, owns, and operates some of the most efficient, highest performing renewable energy projects in the United States. Already active in onshore wind, and photovoltaic renewable generation, E.ON currently operates over 2,700 MW of renewable capacity and has a current onshore wind development pipeline of over 5,000 MW of independent power assets located throughout the United States, of which, currently 3,062 MW have the opportunity to be developed in Texas. E.ON has already invested \$12.3 billion in renewable energy projects and will continue to expand the share of renewable energy in E.ON's power generation portfolio. E.ON currently owns and/or operates renewable capacity in Texas, New York, Pennsylvania, Illinois, Indiana, Arizona, and California, and has undeveloped assets throughout the United States. Already a leader in the American wind industry, E.ON is also actively building utility scale solar generation projects.

E.ON is actively assessing and developing other projects that are competing for limited investment funds. The Grandview III Project is one of 12 mid to late-stage projects owned by E.ON (including 9 in Texas, 1 in Oklahoma, 1 in Illinois, and 1 in Pennsylvania) that have been pre-qualified for the Federal Production Tax Credit that E.ON is considering in its investment decisions. This PTC is critical to the successful development of a wind project as is the Chapter 313 Appraised Value Limitation. In fact, E.ON elected to not build a Texas project, which had been selected for a long term power purchase agreement, because of the inability to obtain a Chapter 313 Appraised Value Limitation for the project. The Chapter 313 Appraised Value Limitation is critical to the ability of the Grandview III Project to obtain long-term financing and to maintain the economic competitiveness of the Project with other projects currently being developed in Texas by others.

The development resources and capital necessary to advance the Grandview III Project could be redeployed to other renewable energy development projects in other power markets in the United States. E.ON selected the Grandview III Project in Texas for its favorable wind

resource, access to the ERCOT market, and favorable property tax incentives under the Tax Code Chapter 312 Tax Abatement and Chapter 313 Appraised Value Limitation. E.ON desires to develop and build the proposed Grandview III Project described in this Application, but since this Project is still in the mid to late-stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects.

**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?**

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 Chapter 313 Appraised Value Limitation to the feasibility of the Grandview III Project.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller



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April 22, 2015

## E.ON & GE Christen Wind Farm

**GROOM, TEXAS, Apr 22, 2015 —**

E.ON and GE Unit (NYSE: GE) GE Energy Financial Services today celebrated the opening of the Grandview Wind Farm (Grandview), which is located 30 miles east of Amarillo in the Texas Panhandle. E.ON and GE Energy Financial Services (GE) jointly own Grandview through a 50/50 investment partnership.

"The community has been wonderful and more than patient in developing this project. Grandview was one of the first projects that helped pave the way for the development of the Competitive Renewable Energy Zones (CREZ) and was more than a decade in the making. The area boasts some of the best winds in the world and will now be one of the landmark projects anywhere," North American chairman Patrick Woodson said. "These types of super-windy sites are the ideal developers have been seeking and the outstanding nature of the winds here will test our technology and operating approaches.

Like so many other projects this is creating jobs here at home, providing new development to the local community and helping to provide stable electricity pricing for the people of Texas," Woodson added. "Building Grandview created 300 temporary and 13 permanent jobs; more than \$4 million of local spending on labor, subcontractors, infrastructure and materials; and 40 miles of roads upgrades, with \$40 million in projected additional tax revenues generated during the life of the project," said Woodson.

David Nason, president and chief executive officer of GE Energy Financial Services, noted that the Grandview wind project represents the company's first co-investment on a new project with E.ON.

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*"E.ON is a leader in the US renewable energy industry and in global energy infrastructure, and we look forward to future opportunities to co-invest together."*

- David Nason

*President and Chief Executive Officer of GE Energy Financial Services*

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With representatives from E.ON, GE Energy Financial Services, local and national elected officials in attendance, Woodson and Nason presented the City of Groom Ambulance Service a check for \$100,000, to be used toward the purchase of a new ambulance.

"GE has been a tremendous partner in this effort. We share a common dedication to be good corporate citizens of the communities we also call home, said Woodson. "We know this new ambulance will play a vital role in the health and safety of Groom and the surrounding rural Texas community."

Grandview began commercial operation last December. The wind farm has 118 GE 1.79 megawatt turbines that can create 211.2 MW, enough electricity to power approximately 64,000 homes. Since 2005, EC&RNA has developed 2.7GW of wind projects in the United States.

Since 2004, GE Energy Financial Services has committed to invest more than \$9 billion in over 14-gigawatts of wind power projects worldwide. It plans to continue to invest approximately \$1 billion annually in renewable energy globally.

#### About E.ON

E.ON is one of the world's largest investor-owned power and gas companies, with annual sales of €12 billion and more than 58,000 employees. E.ON, headquartered in Dusseldorf, Germany, plays a leading role in the development of the renewable industry worldwide and is already active in onshore and offshore wind, photovoltaic, and concentrating solar power (CSP). E.ON currently operates over 10 gigawatt of renewable capacity including large hydro. Since 2007, E.ON has already invested more than €9.5 billion and will continue to expand the share of renewable energy in E.ON's power generation portfolio. It is E.ON's ambition to further industrialize the sector and professionalize its operations, in order to reduce the cost of renewable generation and make it ever more competitive. To this end, E.ON works with a wide range of partners and is always open to discuss potential cooperation with committed technical experts and financial investors alike. For more information, please visit [www.eon.com](http://www.eon.com).

This press release may contain forward-looking statements based on current assumptions and forecasts made by E.ON Group management and other information currently available to E.ON. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. E.ON SE does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.

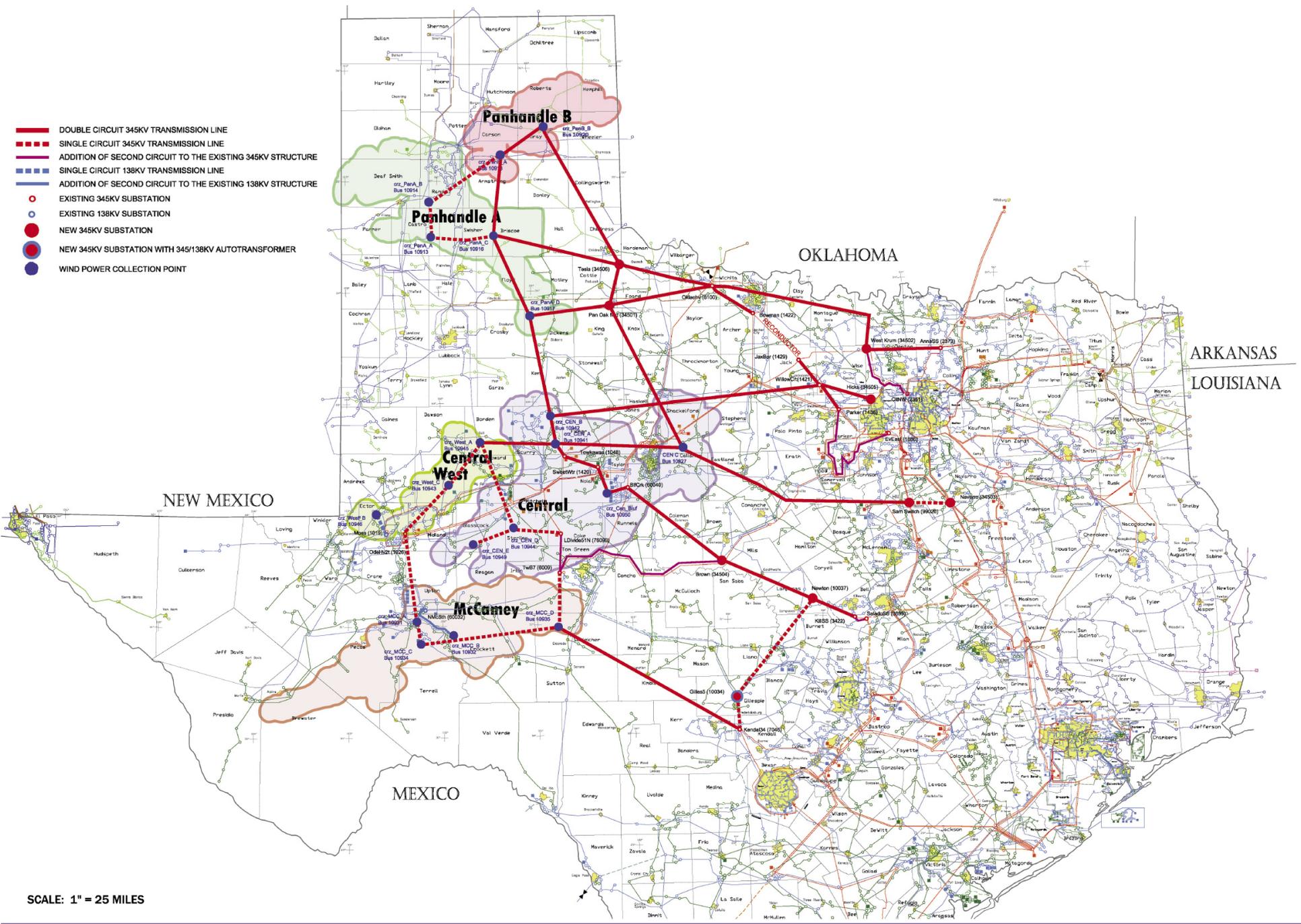
#### Media contact:

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#### Downloads







COMPTROLLER QUERY RELATED TO GRANDVIEW III PROJECTS  
– Groom ISD – Grandview Wind Farm III App. #1108

Comptroller Question (via email on March 17, 2016):

*Will these three projects be selling exclusively into ERCOT? If not, where/who/how?*

Applicant Response (via email on March 17, 2016):

*Yes, all three projects have an interconnection into ERCOT's Alibates substation.*

Comptroller Additional Question (via email on March 17, 2016):

*Your intent is to sell exclusively into ERCOT in the future?*

Applicant Response (via email on March 17, 2016):

*Yes, that is correct.*