



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 9, 2016

Kent Coker  
Superintendent  
Eden Consolidated Independent School District  
113 West Bryan  
Eden, Texas 76937

Dear Superintendent Coker:

On June 3, 2016, the Comptroller issued written notice that RES Cactus Flats Wind Energy, LLC (the applicant) submitted a completed application (Application #1136) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on April 21, 2016, to the Eden 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 #1136.

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 June 3, 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 Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 6-0758, or direct in Austin at 512-936-0758.

Sincerely,



Mike Reissig  
Deputy Comptroller

Enclosure  
cc: Will Counihan

### Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of RES Cactus Flats Wind Energy, LLC (the project) applying to Eden 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 RES Cactus Flats Wind Energy, LLC.

Applicant	RES Cactus Flats Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Eden CISD
Estimated 2014-2015 Average Daily Attendance	234
County	Concho
Proposed Total Investment in District	\$232,500,000
Proposed Qualified Investment	\$202,500,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant*	5
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$577
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$533
Minimum annual wage committed to by applicant for qualified jobs	\$30,000
Minimum weekly wage required for non-qualifying jobs	\$696
Minimum annual wage required for non-qualifying jobs	\$36,192
Investment per Qualifying Job	\$46,500,000
Estimated M&O levy without any limit (15 years)	\$19,830,793
Estimated M&O levy with Limitation (15 years)	\$6,696,518
Estimated gross M&O tax benefit (15 years)	\$13,134,274
* 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 RES Cactus Flats Wind Energy, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	0	0	0	\$0	\$0	\$0
2017	200	180	379,883	\$8,600,000	\$14,715,430	\$23,315,430
2018	5	15	20	\$150,000	\$2,779,688	\$2,929,688
2019	5	7	12	\$150,000	\$1,803,125	\$1,953,125
2020	5	1	6	\$150,000	\$1,436,914	\$1,586,914
2021	5	5	10	\$150,000	\$1,314,844	\$1,464,844
2022	5	3	8	\$150,000	\$826,563	\$976,563
2023	5	5	10	\$150,000	\$826,563	\$976,563
2024	5	1	6	\$150,000	\$704,492	\$854,492
2025	5	9	14	\$150,000	\$704,492	\$854,492
2026	5	3	8	\$150,000	\$582,422	\$732,422
2027	5	7	12	\$150,000	\$826,563	\$976,563
2028	5	7	12	\$150,000	\$826,563	\$976,563
2029	5	3	8	\$150,000	\$826,563	\$976,563
2030	5	3	8	\$150,000	\$338,281	\$488,281
2031	5	(1)	4	\$150,000	\$338,281	\$488,281
2032	5	1	6	\$150,000	-\$150,000	\$0

Source: CPA, REMI, RES Cactus Flats Wind Energy, LLC

**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>	Eden CISD I&S Tax Levy	Eden CISD M&O Tax Levy	Eden CISD M&O and I&S Tax Levies	Concho County Tax Levy	Concho County Hospital District Tax Levy	Lipan-Kickapoo Water Conservation District Tax Levy	Estimated Total Property Taxes
				0.0000	1.0400		0.9439	0.3000	0.0104	
2018	\$198,450,000	\$198,450,000		\$0	\$2,063,880	\$2,063,880	\$1,873,249	\$595,350	\$20,639	\$4,553,118
2019	\$184,559,000	\$184,559,000		\$0	\$1,919,414	\$1,919,414	\$1,742,126	\$553,677	\$19,194	\$4,234,411
2020	\$171,640,000	\$171,640,000		\$0	\$1,785,056	\$1,785,056	\$1,620,179	\$514,920	\$17,851	\$3,938,005
2021	\$159,625,000	\$159,625,000		\$0	\$1,660,100	\$1,660,100	\$1,506,764	\$478,875	\$16,601	\$3,662,340
2022	\$148,451,000	\$148,451,000		\$0	\$1,543,890	\$1,543,890	\$1,401,288	\$445,353	\$15,439	\$3,405,971
2023	\$138,059,000	\$138,059,000		\$0	\$1,435,814	\$1,435,814	\$1,303,194	\$414,177	\$14,358	\$3,167,543
2024	\$128,395,000	\$128,395,000		\$0	\$1,335,308	\$1,335,308	\$1,211,972	\$385,185	\$13,353	\$2,945,818
2025	\$119,407,000	\$119,407,000		\$0	\$1,241,833	\$1,241,833	\$1,127,130	\$358,221	\$12,418	\$2,739,603
2026	\$111,049,000	\$111,049,000		\$0	\$1,154,910	\$1,154,910	\$1,048,236	\$333,147	\$11,549	\$2,547,842
2027	\$103,276,000	\$103,276,000		\$0	\$1,074,070	\$1,074,070	\$974,863	\$309,828	\$10,741	\$2,369,503
2028	\$98,112,000	\$98,112,000		\$0	\$1,020,365	\$1,020,365	\$926,118	\$294,336	\$10,204	\$2,251,023
2029	\$93,206,000	\$93,206,000		\$0	\$969,342	\$969,342	\$879,809	\$279,618	\$9,693	\$2,138,463
2030	\$88,546,000	\$88,546,000		\$0	\$920,878	\$920,878	\$835,821	\$265,638	\$9,209	\$2,031,546
2031	\$84,119,000	\$84,119,000		\$0	\$874,838	\$874,838	\$794,033	\$252,357	\$8,748	\$1,929,976
2032	\$79,913,000	\$79,913,000		\$0	\$831,095	\$831,095	\$754,331	\$239,739	\$8,311	\$1,833,476
			<b>Total</b>	\$0	\$19,830,793	\$19,830,793	\$17,999,114	\$5,720,421	\$198,308	\$43,748,636

Source: CPA, RES Cactus Flats Wind Energy, LLC

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

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Concho 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, hospital district and conservation 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 Rate <sup>1</sup>	Eden CISD I&S Tax Levy	Eden CISD M&O Tax Levy	Eden CISD M&O and I&S Tax Levies	Concho County Tax Levy	Concho County Hospital District Tax Levy	Lipan-Kickapoo Water Conservation District Tax Levy	Estimated Total Property Taxes	
			0.0000	0.0000	1.0400		0.9439	0.3000	0.0104		
2018	\$198,450,000	\$20,000,000		\$0	\$208,000	\$208,000	\$396,000	\$133,000	\$6,800	\$743,800	
2019	\$184,559,000	\$20,000,000		\$0	\$208,000	\$208,000	\$396,000	\$133,000	\$6,800	\$743,800	
2020	\$171,640,000	\$20,000,000		\$0	\$208,000	\$208,000	\$396,000	\$133,000	\$6,800	\$743,800	
2021	\$159,625,000	\$20,000,000		\$0	\$208,000	\$208,000	\$396,000	\$133,000	\$6,800	\$743,800	
2022	\$148,451,000	\$20,000,000		\$0	\$208,000	\$208,000	\$396,000	\$133,000	\$6,800	\$743,800	
2023	\$138,059,000	\$20,000,000		\$0	\$208,000	\$208,000	\$396,000	\$133,000	\$6,800	\$743,800	
2024	\$128,395,000	\$20,000,000		\$0	\$208,000	\$208,000	\$396,000	\$133,000	\$6,800	\$743,800	
2025	\$119,407,000	\$20,000,000		\$0	\$208,000	\$208,000	\$396,000	\$133,000	\$6,800	\$743,800	
2026	\$111,049,000	\$20,000,000		\$0	\$208,000	\$208,000	\$396,000	\$133,000	\$6,800	\$743,800	
2027	\$103,276,000	\$20,000,000		\$0	\$208,000	\$208,000	\$396,000	\$133,000	\$6,800	\$743,800	
2028	\$98,112,000	\$98,112,000		\$0	\$1,020,365	\$1,020,365	\$926,118	\$294,336	\$10,204	\$2,251,023	
2029	\$93,206,000	\$93,206,000		\$0	\$969,342	\$969,342	\$879,809	\$279,618	\$9,693	\$2,138,463	
2030	\$88,546,000	\$88,546,000		\$0	\$920,878	\$920,878	\$835,821	\$265,638	\$9,209	\$2,031,546	
2031	\$84,119,000	\$84,119,000		\$0	\$874,838	\$874,838	\$794,033	\$252,357	\$8,748	\$1,929,976	
2032	\$79,913,000	\$79,913,000		\$0	\$831,095	\$831,095	\$754,331	\$239,739	\$8,311	\$1,833,476	
				<b>Total</b>	<b>\$0</b>	<b>\$6,696,518</b>	<b>\$6,696,518</b>	<b>\$8,150,112</b>	<b>\$2,661,688</b>	<b>\$114,165</b>	<b>\$17,622,483</b>
				<b>Diff</b>	<b>\$0</b>	<b>\$13,134,274</b>	<b>\$13,134,274</b>	<b>\$9,849,002</b>	<b>\$3,058,733</b>	<b>\$84,143</b>	<b>\$26,126,152</b>

Assumes School Value Limitation and Tax Abatements with the County, Hospital District and Conservation District

Source: CPA, RES Cactus Flats Wind Energy, 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 before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that RES Cactus Flats Wind Energy, 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)
<b>Limitation Pre-Years</b>	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2018	\$208,000	\$208,000	\$1,855,880	\$1,855,880
	2019	\$208,000	\$416,000	\$1,711,414	\$3,567,294
	2020	\$208,000	\$624,000	\$1,577,056	\$5,144,350
	2021	\$208,000	\$832,000	\$1,452,100	\$6,596,450
	2022	\$208,000	\$1,040,000	\$1,335,890	\$7,932,340
	2023	\$208,000	\$1,248,000	\$1,227,814	\$9,160,154
	2024	\$208,000	\$1,456,000	\$1,127,308	\$10,287,462
	2025	\$208,000	\$1,664,000	\$1,033,833	\$11,321,294
	2026	\$208,000	\$1,872,000	\$946,910	\$12,268,204
	2027	\$208,000	\$2,080,000	\$866,070	\$13,134,274
<b>Maintain Viable Presence (5 Years)</b>	2028	\$1,020,365	\$3,100,365	\$0	\$13,134,274
	2029	\$969,342	\$4,069,707	\$0	\$13,134,274
	2030	\$920,878	\$4,990,586	\$0	\$13,134,274
	2031	\$874,838	\$5,865,423	\$0	\$13,134,274
	2032	\$831,095	\$6,696,518	\$0	\$13,134,274
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2033	\$789,537	\$7,486,055	\$0	\$13,134,274
	2034	\$750,058	\$8,236,114	\$0	\$13,134,274
	2035	\$712,556	\$8,948,670	\$0	\$13,134,274
	2036	\$676,926	\$9,625,595	\$0	\$13,134,274
	2037	\$643,084	\$10,268,679	\$0	\$13,134,274
	2038	\$610,927	\$10,879,606	\$0	\$13,134,274
	2039	\$580,382	\$11,459,989	\$0	\$13,134,274
	2040	\$551,366	\$12,011,355	\$0	\$13,134,274
	2041	\$526,500	\$12,537,855	\$0	\$13,134,274
	2042	\$526,500	\$13,064,355	\$0	\$13,134,274

**\$13,064,355**
   
 is less than
   
 **\$13,134,274**

<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?	No

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

Source: CPA, RES Cactus Flats Wind Energy, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	0	0	0	\$0	\$0	\$0	0	0	\$0
2017	200	180	379.883	\$8,600,000	\$14,715,430	\$23,315,430	1228333	-694275	\$1,922,608
2018	5	15	20	\$150,000	\$2,779,688	\$2,929,688	122070	259399	-\$137,329
2019	5	7	12	\$150,000	\$1,803,125	\$1,953,125	106812	259399	-\$152,587
2020	5	1	6	\$150,000	\$1,436,914	\$1,586,914	83923	236511	-\$152,588
2021	5	5	10	\$150,000	\$1,314,844	\$1,464,844	91553	198364	-\$106,811
2022	5	3	8	\$150,000	\$826,563	\$976,563	53406	175476	-\$122,070
2023	5	5	10	\$150,000	\$826,563	\$976,563	53406	144958	-\$91,552
2024	5	1	6	\$150,000	\$704,492	\$854,492	68665	129700	-\$61,035
2025	5	9	14	\$150,000	\$704,492	\$854,492	61035	99182	-\$38,147
2026	5	3	8	\$150,000	\$582,422	\$732,422	83923	91553	-\$7,630
2027	5	7	12	\$150,000	\$826,563	\$976,563	83923	38147	\$45,776
2028	5	7	12	\$150,000	\$826,563	\$976,563	91553	30518	\$61,035
2029	5	3	8	\$150,000	\$826,563	\$976,563	83923	30518	\$53,405
2030	5	3	8	\$150,000	\$338,281	\$488,281	30518	-22888	\$53,406
2031	5	(1)	4	\$150,000	\$338,281	\$488,281	30518	-22888	\$53,406
2032	5	1	6	\$150,000	-\$150,000	\$0	22888	-45776	\$68,664
2033	5	(1)	4	\$150,000	-\$150,000	\$0	0	-99182	\$99,182
2034	5	1	6	\$150,000	-\$150,000	\$0	-22888	-129700	\$106,812
2035	5	(3)	2	\$150,000	-\$638,281	-\$488,281	-30518	-144958	\$114,440
2036	5	(1)	4	\$150,000	-\$394,141	-\$244,141	-68665	-228882	\$160,217
2037	5	(3)	2	\$150,000	-\$882,422	-\$732,422	-68665	-244141	\$175,476
2038	5	(3)	2	\$150,000	-\$1,126,563	-\$976,563	-45776	-274658	\$228,882
2039	5	(5)	0	\$150,000	-\$882,422	-\$732,422	-61035	-312805	\$251,770
2040	5	(5)	0	\$150,000	-\$1,370,703	-\$1,220,703	-106812	-350952	\$244,140
2041	5	(5)	0	\$150,000	-\$1,370,703	-\$1,220,703	-122070	-366211	\$244,141
2042	5	(9)	-4	\$150,000	-\$1,858,984	-\$1,708,984	-183105	-389099	\$205,994
2043	5	(13)	-8	\$150,000	-\$2,591,406	-\$2,441,406	-213623	-411987	\$198,364
<b>Total</b>							<b>\$1,373,292</b>	<b>-\$2,044,677</b>	<b>\$3,417,969</b>
							<b>\$16,482,324</b>	<b>is greater than</b>	<b>\$13,134,274</b>

**Analysis Summary**

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

Yes

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

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

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

### **Methodology**

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

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

### **Determination**

The Comptroller is has determined that the limitation on appraised value is a determining factor in the RES Cactus Flats Wind Energy, 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:

- Applicant asserts that tax incentives are the primary input for the decision for this project. A Value Limitation Agreement is required for this project to be financially competitive and allow it the best possibility of moving forward.

### **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 (complete Section 13)
<input type="checkbox"/> Expansion of existing operation on the land (complete Section 13)	<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.*

As one of the top renewable energy companies in the world, Renewable Energy Systems (RES) has been providing services in development, engineering, construction, and operations since 1982. RES has developed and/or built over 10 GW of renewable energy capacity worldwide, has an asset management portfolio exceeding 1 GW, and is active in a range of energy technologies including onshore wind, solar, energy storage, transmission, and demand side management (DSM).

Since 1997, RES has been active in the Americas where we developed and constructed our first wind project in the United States and today have over 7,500 MW of wind constructed in 13 states. We entered the Canadian renewable energy market in 2003, followed by the Chilean market in 2010. We started constructing our first solar project in 2010 and have since built over 280 MW in three states and one Canadian province. Continuing to provide innovative solutions for our clients, we are a leader in the energy storage market and in 2014 constructed our first 4 MW energy storage project in Ohio. While RES has constructed transmission lines for other projects, in 2013 we built an independent 214-mile/230kV transmission line.

The Applicant is a national wind and solar developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable wind characteristics. The Applicant is actively assessing and developing other projects that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a wind project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement (PPA). Therefore, the applicant would not be able to finance and build the project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.