



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 13, 2016

Adrienne Burden  
Superintendent  
Priddy Independent School District  
P.O. Box 40  
Priddy, Texas 76870

Re: Certificate for Limitation on Appraised Value of Property for School District  
Maintenance and Operations Taxes by and between Priddy Independent School  
District and Flat Top Wind I, LLC, Application # 1140

Dear Superintendent Burden:

On August 19, 2016, the Comptroller issued written notice that Flat Top Wind I, LLC (the applicant) submitted a completed application (Application #1140) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on June 21, 2016 to the Priddy 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 #1140.

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.

<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 August 19, 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 toll-free at 1-800-531-5441, ext. 6-0758, or directly 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 Flat Top Wind I, LLC (the project) applying to Priddy 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 Flat Top Wind I, LLC.

Applicant	Flat Top Wind I, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Priddy ISD
Estimated 2014-2015 Average Daily Attendance	102
County	Mills & Comanche
Proposed Total Investment in District	\$204,400,000
Proposed Qualified Investment	\$204,400,000
Limitation Amount	\$15,000,000
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	\$794
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$872
Minimum annual wage committed to by applicant for qualified jobs	\$41,286
Minimum weekly wage required for non-qualifying jobs	\$612
Minimum annual wage required for non-qualifying jobs	\$31,825
Investment per Qualifying Job	\$40,880,000
Estimated M&O levy without any limit (15 years)	\$24,335,361
Estimated M&O levy with Limitation (15 years)	\$8,083,227
Estimated gross M&O tax benefit (15 years)	\$16,252,134
* 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 Flat Top wind I, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	205	191	396	\$8,463,630	\$17,536,370	\$26,000,000
2018	5	27	32	\$206,430	\$3,793,570	\$4,000,000
2019	5	19	24	\$206,430	\$2,793,570	\$3,000,000
2020	5	11	16	\$206,430	\$1,793,570	\$2,000,000
2021	5	7	12	\$206,430	\$1,793,570	\$2,000,000
2022	5	5	10	\$206,430	\$1,793,570	\$2,000,000
2023	5	4	9	\$206,430	\$793,570	\$1,000,000
2024	5	3	8	\$206,430	\$793,570	\$1,000,000
2025	5	4	9	\$206,430	\$793,570	\$1,000,000
2026	5	4	9	\$206,430	\$793,570	\$1,000,000
2027	5	4	9	\$206,430	\$793,570	\$1,000,000
2028	5	2	7	\$206,430	\$793,570	\$1,000,000
2029	5	1	6	\$206,430	\$793,570	\$1,000,000
2030	5	0	5	\$206,430	-\$206,430	\$0
2031	5	0	5	\$206,430	-\$206,430	\$0
2032	5	0	5	\$206,430	-\$206,430	\$0

Source: CPA REMI, Flat Top Wind I, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Priddy ISD I&S Tax Levy	Priddy ISD M&O Tax Levy	Priddy ISD M&O and I&S Tax Levies	Mills County Tax Levy	Comanche County Tax Levy	Comanche County Consolidated Hospital District	Estimated Total Property Taxes
				0.0512	1.0400		0.7996	0.7365	0.4195	
2018	\$204,400,000	\$204,400,000		\$104,653	\$2,125,760	\$2,230,413	\$1,634,382	\$1,505,447	\$857,356	\$6,227,598
2019	\$196,224,000	\$196,224,000		\$100,467	\$2,040,730	\$2,141,196	\$1,569,007	\$1,445,229	\$823,062	\$5,978,494
2020	\$188,375,040	\$188,375,040		\$96,448	\$1,959,100	\$2,055,548	\$1,506,247	\$1,387,420	\$790,139	\$5,739,354
2021	\$180,840,038	\$180,840,038		\$92,590	\$1,880,736	\$1,973,326	\$1,445,997	\$1,331,923	\$758,534	\$5,509,780
2022	\$173,606,437	\$173,606,437		\$88,886	\$1,805,507	\$1,894,393	\$1,388,157	\$1,278,646	\$728,192	\$5,289,389
2023	\$166,662,179	\$166,662,179		\$85,331	\$1,733,287	\$1,818,618	\$1,332,631	\$1,227,500	\$699,065	\$5,077,813
2024	\$159,995,692	\$159,995,692		\$81,918	\$1,663,955	\$1,745,873	\$1,279,326	\$1,178,400	\$671,102	\$4,874,701
2025	\$153,595,865	\$153,595,865		\$78,641	\$1,597,397	\$1,676,038	\$1,228,153	\$1,131,264	\$644,258	\$4,679,713
2026	\$147,452,030	\$147,452,030		\$75,495	\$1,533,501	\$1,608,997	\$1,179,026	\$1,086,014	\$618,488	\$4,492,524
2027	\$141,553,949	\$141,553,949		\$72,476	\$1,472,161	\$1,544,637	\$1,131,865	\$1,042,573	\$593,748	\$4,312,823
2028	\$135,891,791	\$135,891,791		\$69,577	\$1,413,275	\$1,482,851	\$1,086,591	\$1,000,870	\$569,998	\$4,140,310
2029	\$130,456,119	\$130,456,119		\$66,794	\$1,356,744	\$1,423,537	\$1,043,127	\$960,835	\$547,198	\$3,974,698
2030	\$125,237,874	\$125,237,874		\$64,122	\$1,302,474	\$1,366,596	\$1,001,402	\$922,402	\$525,310	\$3,815,710
2031	\$120,228,359	\$120,228,359		\$61,557	\$1,250,375	\$1,311,932	\$961,346	\$885,506	\$504,298	\$3,663,082
2032	\$115,419,225	\$115,419,225		\$59,095	\$1,200,360	\$1,259,455	\$922,892	\$850,086	\$484,126	\$3,516,558
			<b>Total</b>	<b>\$1,198,049</b>	<b>\$24,335,361</b>	<b>\$25,533,410</b>	<b>\$18,710,149</b>	<b>\$17,234,116</b>	<b>\$9,814,872</b>	<b>\$71,292,547</b>

Source: CPA, Flat Top Wind I, LLC

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



## Attachment B – Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Flat Top Wind I, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2018	\$156,000	\$156,000	\$1,969,760	\$1,969,760
	2019	\$156,000	\$312,000	\$1,884,730	\$3,854,490
	2020	\$156,000	\$468,000	\$1,803,100	\$5,657,590
	2021	\$156,000	\$624,000	\$1,724,736	\$7,382,326
	2022	\$156,000	\$780,000	\$1,649,507	\$9,031,833
	2023	\$156,000	\$936,000	\$1,577,287	\$10,609,120
	2024	\$156,000	\$1,092,000	\$1,507,955	\$12,117,075
	2025	\$156,000	\$1,248,000	\$1,441,397	\$13,558,472
	2026	\$156,000	\$1,404,000	\$1,377,501	\$14,935,973
	2027	\$156,000	\$1,560,000	\$1,316,161	\$16,252,134
<b>Maintain Viable Presence (5 Years)</b>	2028	\$1,413,275	\$2,973,275	\$0	\$16,252,134
	2029	\$1,356,744	\$4,330,018	\$0	\$16,252,134
	2030	\$1,302,474	\$5,632,492	\$0	\$16,252,134
	2031	\$1,250,375	\$6,882,867	\$0	\$16,252,134
	2032	\$1,200,360	\$8,083,227	\$0	\$16,252,134
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2033	\$1,152,346	\$9,235,573	\$0	\$16,252,134
	2034	\$1,106,252	\$10,341,824	\$0	\$16,252,134
	2035	\$1,062,002	\$11,403,826	\$0	\$16,252,134
	2036	\$1,019,522	\$12,423,348	\$0	\$16,252,134
	2037	\$978,741	\$13,402,088	\$0	\$16,252,134
	2038	\$939,591	\$14,341,679	\$0	\$16,252,134
	2039	\$902,007	\$15,243,687	\$0	\$16,252,134
	2040	\$865,927	\$16,109,614	\$0	\$16,252,134
	2041	\$831,290	\$16,940,904	\$0	\$16,252,134
	2042	\$798,038	\$17,738,942	\$0	\$16,252,134

\$17,738,942

is greater than

\$16,252,134

<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

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, Flat Top Wind I, LLC

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

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

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

### **Methodology**

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

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

### **Determination**

The Comptroller has determined that the limitation on appraised value is a determining factor in the Flat Top Wind I, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the Comptroller notes the following:

- Per Flat Top Wind I, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Securing Chapter 313 appraised value limitation agreement with Priddy Independent School (ISD) will improve the project’s economic viability and allow it to compete with renewable energy projects in Texas and other states”.
  - B. “Without the requested limitation, Flat Top Wind I project will be unable to generate sufficient operating margins and net income necessary to obtain tax and sponsor equity investment. Such third party investment is mandatory to finance the projected capital costs of approximately \$282M needed to fund the acquisition, construction and closing costs of the Flat Top Wind I project. Without the required third-party investment and being unable to generate sufficient operating margins, the Flat Top Wind Project will not reach commercial operations”.
  - C. “Flat Top Wind I, LLC has entered into a variety of contracts and agreements that are typical during development of a wind energy project. Those contracts include lease and easement agreements with the project’s landowners; professional services agreements with environmental, radar and airspace, and other consultants for studies to assess and address the project’s potential impacts; professional services agreements for legal support; professional services agreements for title review and survey; professional services agreements for the installation, repair, and maintenance of the project’s meteorological monitoring equipment; professional services agreements for analysis of wind data collected at the site; an interconnection study agreement with the transmission service provider; and professional services agreements for preliminary engineering services. None of these contracts or agreements obligates Flat Top Wind I, LLC to develop, construct, or operate the project in Mills County, Priddy Independent School, or in any other location”.

- D. "These contracts and initial investments are preliminary in nature as Alterra and Flat Top Wind I, LLC have determined that a value limitation agreement with Priddy ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the Flat Top Wind I project".
- According to *PRNewswire* news release dated June 16, 2016, "Alterra Power Corp. is a leading global renewable energy company, operating six power plants totaling 757 MW of generation capacity including the Shannon wind project in Texas, British Columbia's largest run-of-river hydro facility and largest wind farm, and two geothermal facilities in Iceland. Alterra owns a 349 MW share of this capacity, generating over 1,600 GWh of clean power annually. With the completion of the 62 MW Jimmie Creek hydro facility, expected in August, Alterra will operate 819 MW of capacity with net ownership of 381 MW, generating over 1,700 GWh of clean power annually".
  - In addition, *PRNewswire* news release dated June 16, 2016 reported that Paul Rapp, Alterra's VP of Wind Operations said that, "This project builds on our recent success financing and constructing the nearby 204 MW Shannon wind farm in Texas and, like the Shannon project, takes advantage of the recent extension of renewable energy tax incentives in the United States. The Flat Top project has a strong resource, clean transmission story and proximity to growing power demand in Texas, and is well-suited for long-term service under either a power purchase agreement or power hedge."
  - *Power-technology.com* reported that, "The 240 MW Shannon Wind Farm in Windthorst town, Clay County, Texas is jointly owned by Alterra Power (50%) and an affiliate of Starwood Energy Group (50%). Alterra Power acquired the project from Horn Wind in February 2014, while an affiliate of Starwood Energy Group acquired a 50% interest in the project from Alterra Power in June 2015. Alterra Power is responsible for management of the power plant".

#### **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 (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**

Alterra Power Corp., a publicly traded corporation listed on the Toronto Stock Exchange (“Alterra”) owns the applicant, Flat Top Wind I, LLC, as part of its portfolio of renewable energy development assets. Typically, Alterra either develops a project from start to finish or, as is the case with Flat Top, purchases a project currently under development. Buying a project does not mean that Alterra will necessarily build the asset, but rather that it has the option to construct the project if the projected costs and revenues of the project reach Alterra’s internal hurdle rate. This is the case with Flat Top, which enjoys the same Production Tax Credit that all other wind projects in the US qualify for, but is in a state without a robust Renewable Portfolio Standard, which drives development of wind and solar in other states. To compete with project opportunities outside Texas, the Flat Top Wind Project needs the AVL in order to attract the necessary financing to construct the Project. Alterra owns wind energy projects operating and under development throughout North America, and is actively pursuing development opportunities around the US and Canada in addition to the Project. Alterra acquired Flat Top from Pioneer Green Energy, LLC, and personnel from Pioneer Green will continue to assist Alterra with certain aspects of the Project’s development going forward.

Alterra’s human and capital resources are limited and will be deployed to those projects that allow for the maximum return on investment. As such, the Project will be evaluated against projects that are being developed, or considered for acquisition, by Alterra in other parts of the US and Canada. Alterra will devote resources to the Project only if it is economically competitive with the other projects it is developing. The AVL is a crucial component of that determination.

The AVL is critical to obtaining the financing necessary for the project to proceed. The main determinant of a renewable energy project’s success is its ability to generate electricity at competitive rates. The price of the electricity generated by a renewable energy project is a function of the expense required to develop, construct, and operate the project. Property tax payments are one of the project’s largest recurring expenses and will significantly impact the project’s overall economics. The Flat Top Wind I project will compete with renewable energy projects throughout the US, and internationally, for financing. Securing the Chapter 313 AVL agreement with PISD will improve the project’s economic viability and allow it to compete with renewable energy projects outside Texas. Additionally, without the requested limitation, the Flat Top Wind I project will be unable to generate sufficient operating margins and net income necessary to obtain tax and sponsor equity investment. Such investment is essential to finance the projected capital costs of approximately \$282M. In short, without the AVL, and without the necessary financing, Alterra will not build the Flat Top Wind Project in Texas.

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

Flat Top Wind I, LLC has entered into a variety of contracts and agreements that are typical during development of a wind energy project. Those contracts include lease and easement agreements with the Project’s landowners; professional services agreements with environmental, radar and airspace, and other consultants for studies to assess and address the Project’s potential impacts; professional services agreements for legal support; professional services agreements for title review and survey; professional services agreements for the installation, repair, and maintenance of the Project’s meteorological

monitoring equipment; professional services agreements for analysis of wind data collected at the site; an interconnection study agreement with the transmission service provider; and professional services agreements for preliminary engineering services. None of these contracts or agreements obligates Flat Top Wind I, LLC to develop, construct, or operate the Project in Mills County, PISD, or in any other location.

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

The business activities that the agreements and contracts listed above represent will determine with greater certainty the feasibility of completing development of an economic renewable energy project in the Priddy ISD. These contracts and initial investments are preliminary in nature as Alterra and Flat Top Wind I, LLC have determined that a value limitation agreement with Priddy ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the Flat Top Wind I project.

**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 Tab and throughout the application has been assembled to provide the reviewer with the best possible data on which to make an assessment and determination of the critical nature of the limitation on appraised value to the ability of the Flat Top Wind I project to attract financing and proceed to construction.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

# Alterra Power Acquires 200 MW Flat Top Wind Development Project

Jun 16, 2016, 09:00 ET from Alterra Power Corp.



VANCOUVER, June 16, 2016 /PRNewswire/ - Alterra Power Corp. ("Alterra") is pleased to announce the acquisition of the Flat Top wind project, a 200 MW wind farm under development in Comanche County and Mills County, Texas. Concurrently with closing, Alterra placed a US\$1.6 million security deposit with the local transmission provider.

Paul Rapp, Alterra's VP of Wind Operations, said "This project builds on our recent success financing and constructing the nearby 204 MW Shannon wind farm in Texas and, like the Shannon project, takes advantage of the recent extension of renewable energy tax incentives in the United States. The Flat Top project has a strong resource, clean transmission story and proximity to growing power demand in Texas, and is well-suited for long-term service under either a power purchase agreement or power hedge."

Alterra acquired the Flat Top wind project from Pioneer Green Energy, LLC, and Lavaca Wind, LLC, each of whom have extensive experience in the development of wind energy projects that are currently operating. As part of the project development program, Alterra will undertake certain construction activities to ensure the Flat Top project will qualify for the U.S. production tax credit. Alterra forecasts this project to be completed and in service by the end of 2017.

## **About Alterra Power Corp.**

Alterra Power Corp. is a leading global renewable energy company, operating six power plants totaling 757 MW of generation capacity including the Shannon wind project in Texas, British Columbia's largest run-of-river hydro facility and largest wind farm, and two geothermal facilities in Iceland. Alterra owns a 349 MW share of this capacity, generating over 1,600 GWh of clean power annually. Following completion of the 62 MW Jimmie Creek hydro facility, expected in August, Alterra will operate 819 MW of capacity with net ownership of 381 MW, generating over 1,700 GWh of clean power annually. Alterra has an extensive portfolio of exploration and development projects and a skilled international team of developers, builders and operators to support its growth plans.

The company trades on the Toronto Stock Exchange under the symbol **AXY** and OTC in the United States as **MGMXF**.

## **About Pioneer Green Energy**

Pioneer Green Energy is a developer of utility-scale wind and solar projects across the U.S. In its six-year history, the company has developed over 1,000 MW of wind and solar energy projects that either are operating or under construction in Texas, California, and other states.

## **Cautionary Note Regarding Forward-Looking Information**

Certain statements and information included in this news release are "forward-looking information" within the meaning of Canadian securities laws that involve risks and uncertainties. Forward-looking information relates to future events or future performance and reflects management's expectations and beliefs regarding future events as of the date hereof. Examples of forward-looking information in this news release include all statements regarding development, construction, financing and operations of the Flat Top wind project, and the timing of each thereof, the growth of power demand in Texas, the Flat Top project's suitability for a power purchase agreement or power hedge and the date the Jimmie Creek project will achieve commercial operations. Forward-looking information is based on factors or assumptions that were applied in drawing a conclusion or making a forecast or projection. Since forward-looking information relates to future events and conditions, by its very nature it requires making assumptions and involves inherent risks and uncertainties. Alterra cautions that although it is believed that the assumptions are reasonable in the circumstances, these risks and uncertainties give rise to the possibility that actual results may differ materially from the expectations set out in the forward-looking information. Material risk factors and assumptions include Alterra's development, construction and finance plans regarding the Flat Top wind project, the timing of each thereof, the growth of power demand in Texas, and Flat Top project's suitability for a power purchase agreement or power hedge as well as those set out in the management's discussion and analysis section of Alterra's most recent annual and quarterly reports and in Alterra's Annual Information Form for the year ended December 31, 2015. Although Alterra has attempted to identify important factors that could cause actual actions, events or results to differ materially from forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate and undue reliance should not be placed on forward-looking information. Except as required by law, Alterra undertakes no obligation to update any forward-looking information to reflect new information, subsequent or otherwise.

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## Shannon Wind Farm, Texas, United States of America

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### Key Data



The 204MW Shannon Wind farm in Windthorst town, Clay County, Texas, US, is jointly owned by Alterra Power (50%) and an affiliate of Starwood Energy Group (50%).

Alterra Power acquired the project from Horn Wind in February 2014, while an affiliate of Starwood Energy Group acquired a 50% interest in the project from Alterra Power in June 2015. Alterra Power is responsible for management of the power plant.

Construction of the [onshore wind power project in Texas](#) commenced in January 2015 and the plant started commercial operations in December 2015.

The output from the power project is sufficient to provide clean energy to more than 61,000 Texan households. The project created more than 250 jobs during the construction phase.

### Shannon wind farm make-up and grid connection details

The Shannon wind farm is located on a 17m<sup>2</sup> site and is equipped with 119 General Electric (GE) wind turbines, which have a rotor diameter of 103m and are rated at 1.7MW each.

Output from the wind turbines is conveyed to a 345kV single transformer substation on site via a ten feeder, 40 mile-long underground collection system, and further conveyed via a 345kV single-circuit, double-bundled transmission line to a substation owned by Oncor Electric Delivery company, the biggest [transmission and distribution](#) utility in Texas.

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#### Shannon wind project construction

Foundation excavation works and site road construction, as well as the start of manufacturing for the wind farm's transformer were initiated prior to the start of main construction works, to allow the project to qualify for the US production tax credit.

Construction of the site access road, turbine foundations and collector lines were completed by June 2015. Delivery of the wind turbines commenced in June 2015 and turbine installation works were initiated in July 2015.

#### Contractors involved

The engineering, procurement and construction (EPC) contract for the wind power project was awarded to Mortenson Construction in May 2015. The same company also performed preliminary construction works for the project in 2013 and 2014.

GE, who supplied turbines for the wind farm, is also responsible for providing operations and maintenance services for the turbines under a long-term contract. The main power transformer at the site was manufactured and installed by Siemens.

#### Financing for the Clay County wind farm

The project received a \$287m construction loan facility in June 2015, which included a \$212m loan and \$75m in

["Construction of the onshore](#)

letters of credit granted by affiliates of Citibank, Santander and the Royal Bank of Canada

The loan was supported by a \$219m tax equity investment commitment provided by subsidiaries of Citicorp North America and Berkshire Hathaway Energy.

#### Power purchase agreements

The majority of power produced from the Shannon wind farm is sold to Citigroup Energy under a 13-year contract.

In July 2015, Facebook announced it will power its upcoming data centre in Fort Worth, Texas, with renewable energy from the Shannon wind farm.

wind power project in Texas commenced in January 2015 and the plant started commercial operations in December 2015."

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