



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

November 17, 2016

Billy Barnett
Superintendent
Irion County Independent School District
P. O. Box 469
Mertzon, Texas 76941

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Irion County Independent School District and Santa Rita East Wind, LLC, Application 1152

Dear Superintendent Barnett:

On October 13, 2016, the Comptroller issued written notice that Santa Rita East Wind, LLC (the applicant) submitted a completed application (Application 1152) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on August 15, 2016, to the Irion County 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 1152.

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

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.

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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of October 13, 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 or by phone toll-free at 1-800-531-5441, ext. 6-0758, or 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 Santa Rita East Wind, LLC (the project) applying to Irion County 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 Santa Rita East Wind, LLC.

Applicant	Santa Rita East Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Irion County ISD
Estimated 2014-2015 Average Daily Attendance	292
County	Irion County
Proposed Total Investment in District	\$241,150,000
Proposed Qualified Investment	\$240,000,000
Limitation Amount	\$25,000,000
Qualifying Time Period (Full Years)	2018-2019
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	\$908
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(C)	\$827
Minimum annual wage committed to by applicant for qualified jobs	\$47,235
Minimum weekly wage required for non-qualifying jobs	\$1,277.52
Minimum annual wage required for non-qualifying jobs	\$66,431
Investment per Qualifying Job	\$48,230,000
Estimated M&O levy without any limit (15 years)	\$21,250,430
Estimated M&O levy with Limitation (15 years)	\$7,013,718
Estimated gross M&O tax benefit (15 years)	\$14,236,713
* 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 Santa Rita East Wind, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	15	14	29	\$825,000	\$639,844	\$1,464,844
2017	0	2	1,953	\$0	\$122,070	\$122,070
2018	200	116	316	\$0	\$12,695,313	\$12,695,313
2019	0	2	2	\$0	\$1,708,984	\$1,708,984
2020	5	5	10	\$236,175	\$1,716,950	\$1,953,125
2021	5	9	14	\$236,175	\$1,350,739	\$1,586,914
2022	5	5	10	\$236,175	\$1,106,598	\$1,342,773
2023	5	5	10	\$236,175	\$1,106,598	\$1,342,773
2024	5	3	8	\$236,175	\$862,458	\$1,098,633
2025	5	11	16	\$236,175	\$862,458	\$1,098,633
2026	5	7	12	\$236,175	\$862,458	\$1,098,633
2027	5	9	14	\$236,175	\$984,528	\$1,220,703
2028	5	9	14	\$236,175	\$1,228,669	\$1,464,844
2029	5	5	10	\$236,175	\$984,528	\$1,220,703
2030	5	5	10	\$236,175	\$252,106	\$488,281
2031	5	(1)	4	\$236,175	\$252,106	\$488,281
2032	5	1	6	\$236,175	-\$236,175	\$0

Source: CPA REMI, Santa Rita East Wind, 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 ¹	Irion County ISD I&S Tax Levy	Irion County ISD M&O Tax Levy	Irion County ISD M&O and I&S Tax Levies	Irion County Tax Levy	Estimated Total Property Taxes
				0.2302	1.0400		0.3809	
2020	\$228,862,500	\$228,862,500		\$526,841	\$2,380,170	\$2,907,011	\$871,737	\$3,778,749
2021	\$210,579,375	\$210,579,375		\$484,754	\$2,190,026	\$2,674,779	\$802,097	\$3,476,876
2022	\$193,757,606	\$193,757,606		\$446,030	\$2,015,079	\$2,461,109	\$738,023	\$3,199,132
2023	\$178,280,350	\$178,280,350		\$410,401	\$1,854,116	\$2,264,517	\$679,070	\$2,943,587
2024	\$164,040,107	\$164,040,107		\$377,620	\$1,706,017	\$2,083,637	\$624,829	\$2,708,466
2025	\$150,937,973	\$150,937,973		\$347,459	\$1,569,755	\$1,917,214	\$574,923	\$2,492,137
2026	\$138,882,957	\$138,882,957		\$319,709	\$1,444,383	\$1,764,091	\$529,005	\$2,293,097
2027	\$127,791,341	\$127,791,341		\$294,176	\$1,329,030	\$1,623,206	\$486,757	\$2,109,963
2028	\$117,586,103	\$117,586,103		\$270,683	\$1,222,895	\$1,493,579	\$447,885	\$1,941,464
2029	\$108,196,381	\$108,196,381		\$249,068	\$1,125,242	\$1,374,310	\$412,120	\$1,786,430
2030	\$99,556,978	\$99,556,978		\$229,180	\$1,035,393	\$1,264,573	\$379,213	\$1,643,785
2031	\$91,607,912	\$91,607,912		\$210,881	\$952,722	\$1,163,604	\$348,935	\$1,512,538
2032	\$84,293,997	\$84,293,997		\$194,045	\$876,658	\$1,070,702	\$321,076	\$1,391,778
2033	\$77,564,459	\$77,564,459		\$178,553	\$806,670	\$985,224	\$295,443	\$1,280,667
2034	\$71,372,585	\$71,372,585		\$164,300	\$742,275	\$906,575	\$271,858	\$1,178,433
			Total	\$4,703,701	\$21,250,430	\$25,954,132	\$7,782,970	\$33,737,102

Source: CPA, Santa Rita East Wind, LLC

¹Tax Rate per \$100 Valuation

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

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		Irion County ISD I&S Tax Levy	Irion County ISD M&O Tax Levy	Irion County ISD M&O and I&S Tax Levies	Irion County Tax Levy	Estimated Total Property Taxes
			Tax Rate¹	0.2302	1.0400		0.3809	
2020	\$228,862,500	\$25,000,000		\$526,841	\$260,000	\$786,841	\$0	\$786,841
2021	\$210,579,375	\$25,000,000		\$484,754	\$260,000	\$744,754	\$0	\$744,754
2022	\$193,757,606	\$25,000,000		\$446,030	\$260,000	\$706,030	\$0	\$706,030
2023	\$178,280,350	\$25,000,000		\$410,401	\$260,000	\$670,401	\$0	\$670,401
2024	\$164,040,107	\$25,000,000		\$377,620	\$260,000	\$637,620	\$0	\$637,620
2025	\$150,937,973	\$25,000,000		\$347,459	\$260,000	\$607,459	\$0	\$607,459
2026	\$138,882,957	\$25,000,000		\$319,709	\$260,000	\$579,709	\$0	\$579,709
2027	\$127,791,341	\$25,000,000		\$294,176	\$260,000	\$554,176	\$0	\$554,176
2028	\$117,586,103	\$25,000,000		\$270,683	\$260,000	\$530,683	\$0	\$530,683
2029	\$108,196,381	\$25,000,000		\$249,068	\$260,000	\$509,068	\$0	\$509,068
2030	\$99,556,978	\$99,556,978		\$229,180	\$1,035,393	\$1,264,573	\$379,213	\$1,643,785
2031	\$91,607,912	\$91,607,912		\$210,881	\$952,722	\$1,163,604	\$348,935	\$1,512,538
2032	\$84,293,997	\$84,293,997		\$194,045	\$876,658	\$1,070,702	\$321,076	\$1,391,778
2033	\$77,564,459	\$77,564,459		\$178,553	\$806,670	\$985,224	\$295,443	\$1,280,667
2034	\$71,372,585	\$71,372,585		\$164,300	\$742,275	\$906,575	\$271,858	\$1,178,433
			Total	\$4,703,701	\$7,013,718	\$11,717,419	\$1,616,524	\$13,333,943
			Diff	\$0	\$14,236,713	\$14,236,713	\$6,166,446	\$20,403,159

Source: CPA, Santa Rita East Wind, LLC

¹Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$260	\$260	\$0	\$0
	2018	\$260	\$520	\$0	\$0
	2019	\$260	\$780	\$0	\$0
Limitation Period (10 Years)	2020	\$260,000	\$260,780	\$2,120,170	\$2,120,170
	2021	\$260,000	\$520,780	\$1,930,026	\$4,050,196
	2022	\$260,000	\$780,780	\$1,755,079	\$5,805,275
	2023	\$260,000	\$1,040,780	\$1,594,116	\$7,399,390
	2024	\$260,000	\$1,300,780	\$1,446,017	\$8,845,407
	2025	\$260,000	\$1,560,780	\$1,309,755	\$10,155,162
	2026	\$260,000	\$1,820,780	\$1,184,383	\$11,339,545
	2027	\$260,000	\$2,080,780	\$1,069,030	\$12,408,575
	2028	\$260,000	\$2,340,780	\$962,895	\$13,371,470
	2029	\$260,000	\$2,600,780	\$865,242	\$14,236,713
Maintain Viable Presence (5 Years)	2030	\$1,035,393	\$3,636,173	\$0	\$14,236,713
	2031	\$952,722	\$4,588,895	\$0	\$14,236,713
	2032	\$876,658	\$5,465,552	\$0	\$14,236,713
	2033	\$806,670	\$6,272,223	\$0	\$14,236,713
	2034	\$742,275	\$7,014,498	\$0	\$14,236,713
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$683,024	\$7,697,522	\$0	\$14,236,713
	2036	\$628,507	\$8,326,029	\$0	\$14,236,713
	2037	\$578,345	\$8,904,373	\$0	\$14,236,713
	2038	\$532,190	\$9,436,563	\$0	\$14,236,713
	2039	\$489,721	\$9,926,285	\$0	\$14,236,713
	2040	\$450,645	\$10,376,930	\$0	\$14,236,713
	2041	\$414,690	\$10,791,620	\$0	\$14,236,713
	2042	\$381,607	\$11,173,226	\$0	\$14,236,713
	2043	\$351,165	\$11,524,391	\$0	\$14,236,713
	2044	\$323,155	\$11,847,546	\$0	\$14,236,713

\$11,847,546

is less than

\$14,236,713

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?

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.

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	15	14	29	\$825,000	\$639,844	\$1,464,844	91553	-45776	\$137,329
2017	0	2	1,9531	\$0	\$122,070	\$122,070	7629	0	\$7,629
2018	200	116	316	\$0	\$12,695,313	\$12,695,313	778198	-572205	\$1,350,403
2019	0	2	2	\$0	\$1,708,984	\$1,708,984	83923	236511	-\$152,588
2020	5	5	10	\$236,175	\$1,716,950	\$1,953,125	122070	213623	-\$91,553
2021	5	9	14	\$236,175	\$1,350,739	\$1,586,914	99182	167847	-\$68,665
2022	5	5	10	\$236,175	\$1,106,598	\$1,342,773	61035	144958	-\$83,923
2023	5	5	10	\$236,175	\$1,106,598	\$1,342,773	68665	91553	-\$22,888
2024	5	3	8	\$236,175	\$862,458	\$1,098,633	83923	99182	-\$15,259
2025	5	11	16	\$236,175	\$862,458	\$1,098,633	91553	53406	\$38,147
2026	5	7	12	\$236,175	\$862,458	\$1,098,633	106812	38147	\$68,665
2027	5	9	14	\$236,175	\$984,528	\$1,220,703	76294	7629	\$68,665
2028	5	9	14	\$236,175	\$1,228,669	\$1,464,844	91553	-7629	\$99,182
2029	5	5	10	\$236,175	\$984,528	\$1,220,703	99182	0	\$99,182
2030	5	5	10	\$236,175	\$252,106	\$488,281	45776	-38147	\$83,923
2031	5	(1)	4	\$236,175	\$252,106	\$488,281	30518	-38147	\$68,665
2032	5	1	6	\$236,175	-\$236,175	\$0	30518	-68665	\$99,183
2033	5	1	6	\$236,175	\$7,966	\$244,141	22888	-114441	\$137,329
2034	5	1	6	\$236,175	-\$236,175	\$0	-15259	-137329	\$122,070
2035	5	(3)	2	\$236,175	-\$724,456	-\$488,281	-53406	-152588	\$99,182
2036	5	(5)	0	\$236,175	-\$724,456	-\$488,281	-91553	-205994	\$114,441
2037	5	(7)	-2	\$236,175	-\$1,456,878	-\$1,220,703	-99182	-236511	\$137,329
2038	5	(7)	-2	\$236,175	-\$968,597	-\$732,422	-76294	-251770	\$175,476
2039	5	(7)	-2	\$236,175	-\$1,212,738	-\$976,563	-76294	-289917	\$213,623
2040	5	(7)	-2	\$236,175	-\$1,212,738	-\$976,563	-106812	-350952	\$244,140
2041	5	(5)	0	\$236,175	-\$1,456,878	-\$1,220,703	-152588	-389099	\$236,511
2042	5	(9)	-4	\$236,175	-\$1,945,159	-\$1,708,984	-137329	-389099	\$251,770
2043	5	(11)	-6	\$236,175	-\$1,701,019	-\$1,464,844	-91553	-442505	\$350,952
Total							\$1,091,002	-\$2,677,918	\$3,768,920
							\$15,616,466	is greater than	\$14,236,713
Analysis Summary									
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?									
									Yes

Source: CPA, Santa Rita East wind, 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 Santa Rita East Wind, 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:

- Santa Rita East Wind, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Santa Rita East has begun typical due course, early stage due diligence to explore feasibility of constructing a wind facility at this site. As such, certain contracts have been executed, including agreements to site and install meteorological monitoring equipment, lease and easement agreements with landowners, contracts with environmental contractors to explore environmental impacts of the proposed project, and an Interconnection Agreement with the transmission provider. None of these contracts obligate Santa Rita East to construct the project.”
 - B. “Invenergy maintains a large portfolio of wind developments across the country, including in the nearby states of New Mexico, Oklahoma, and Kansas, all with similar wind resources and competitive regulatory environments. While the project entity, Santa Rita East Wind Energy LLC, is specific to this location in Texas, the economic return for the project is constantly compared to returns from other locations within and outside of Texas. Invenergy has limited capital, human, and turbine resources, and must pick the best projects to advance as a company each year. The economic return is a primary input for this decision.”
 - C. “Without the available tax incentives, the economics of the project become far less attractive and the likelihood of completing the project and selling the electricity at competitive prices becomes unlikely. If Santa Rita East was not able to obtain a value limitation agreement, the project would most likely be terminated and resources would be allocated to projects with more favorable economics.”
 - A. “Names and states of similar projects in consideration include Arriba, CO; Upstream, NE; Monument, KS; Red Plains, OK; Horn Mountain, NM.”
- Invenergy, LLC is developing another wind farm in the adjacent school district Reagan County Independent School District. September 16, 2015 Reagan County Independent School District submitted an application seeking appraised value limitation on qualified property on behalf of Santa

Rita Wind Energy, LLC to the Comptroller's office (application 1103). The agreement for limitation on appraised value of property for school district maintenance and operations taxes was executed on May 9, 2016 between Reagan County Independent School District and Santa Rita Wind Energy, LLC.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

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

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value



Santa Rita East Wind Energy LLC
Chapter 313 Application to Irion County ISD

CHECKLIST ITEM #5

CONFIDENTIAL

Documentation to assist in determining if limitation is a determining factor

Section 8, #2: Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?

Santa Rita East has begun typical due course, early stage due diligence to explore feasibility of constructing a wind facility at this site. As such, certain contracts have been executed, including agreements to site and install meteorological monitoring equipment, lease and easement agreements with landowners, contracts with environmental contractors to explore environmental impacts of the proposed project, and an Interconnection Agreement with the transmission provider. None of these contracts obligate Santa Rita East to construct the project.

Section 8, #7: Is the applicant evaluating other locations not in Texas for the proposed project?

Invenergy maintains a large portfolio of wind developments across the country, including in the nearby states of New Mexico, Oklahoma, and Kansas, all with similar wind resources and competitive regulatory environments. While the project entity, Santa Rita East Wind Energy LLC, is specific to this location in Texas, the economic return for the project is constantly compared to returns from other locations within and outside of Texas. Invenergy has limited capital, human, and turbine resources, and must pick the best projects to advance as a company each year. The economic return is a primary input for this decision.

Names and states of similar projects in consideration include Arriba, CO; Upstream, NE; Monument, KS; Red Plains, OK; Horn Mountain, NM.