



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

March 31, 2017

Robert Gibson
Superintendent
Schleicher County ISD
205 Fields Avenue
Eldorado, Texas 76936

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Schleicher County Independent School District and Live Oak Wind Project, LLC, Application 1167

Dear Superintendent Gibson:

On February 27, 2017, the Comptroller issued written notice that Live Oak Wind Project, LLC (applicant) submitted a completed application (Application 1167) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on December 16, 2016, to the Schleicher County Independent School District (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.

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

- 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 1167.

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's 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, 2017.

Note that any building or improvement existing as of the application review start date of February 27, 2017, 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 Live Oak Wind Project, LLC (project) applying to Schleicher County Independent School District (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 Live Oak Wind Project, LLC.

Applicant	Live Oak Wind Project, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Schleicher County ISD
Estimated 2015-2016 Average Daily Attendance	537
County	Schleicher
Proposed Total Investment in District	\$284,750,000
Proposed Qualified Investment	\$284,650,000
Limitation Amount	\$20,000,000
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	\$885
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$43,017
Minimum annual wage committed to by applicant for qualified jobs	\$46,000
Minimum weekly wage required for non-qualifying jobs	\$904
Minimum annual wage required for non-qualifying jobs	\$47,022
Investment per Qualifying Job	\$56,950,000
Estimated M&O levy without any limit (15 years)	\$30,391,083
Estimated M&O levy with Limitation (15 years)	\$9,407,888
Estimated gross M&O tax benefit (15 years)	\$20,983,195

* 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 Live Oak Wind Project, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	0	0	0	\$0	\$0	\$0
2017	0	0	0	\$0	\$0	\$0
2018	160	162	322	\$10,400,000	\$12,600,000	\$23,000,000
2019	30	44	74	\$1,855,000	\$5,145,000	\$7,000,000
2020	5	16	21	\$230,000	\$2,770,000	\$3,000,000
2021	5	13	18	\$230,000	\$1,770,000	\$2,000,000
2022	5	9	14	\$230,000	\$1,770,000	\$2,000,000
2023	5	7	12	\$230,000	\$1,770,000	\$2,000,000
2024	5	7	12	\$230,000	\$1,770,000	\$2,000,000
2025	5	11	16	\$230,000	\$770,000	\$1,000,000
2026	5	9	14	\$230,000	\$770,000	\$1,000,000
2027	5	13	18	\$230,000	\$1,770,000	\$2,000,000
2028	5	13	18	\$230,000	\$1,770,000	\$2,000,000
2029	5	7	12	\$230,000	\$770,000	\$1,000,000
2030	5	7	12	\$230,000	\$770,000	\$1,000,000
2031	5	3	8	\$230,000	\$770,000	\$1,000,000
2032	5	7	12	\$230,000	-\$230,000	\$0
2033	5	1	6	\$230,000	-\$230,000	\$0

Source: CPA REMI, Live Oak Wind Project, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Schleicher County ISD I&S Tax Levy	Schleicher County ISD M&O Tax Levy	Schleicher County ISD M&O and I&S Tax Levies	Schleicher County Tax Levy	Schleicher County Memorial Hospital District Tax Levy	Estimated Total Property Taxes
				0.0000	1.1700		0.9222	0.6800	
2019	\$270,417,500	\$270,417,500		\$0	\$3,163,885	\$3,163,885	\$2,493,790	\$1,838,839	\$7,496,514
2020	\$251,488,000	\$251,488,000		\$0	\$2,942,410	\$2,942,410	\$2,319,222	\$1,710,118	\$6,971,750
2021	\$233,884,000	\$233,884,000		\$0	\$2,736,443	\$2,736,443	\$2,156,878	\$1,590,411	\$6,483,732
2022	\$217,513,000	\$217,513,000		\$0	\$2,544,902	\$2,544,902	\$2,005,905	\$1,479,088	\$6,029,895
2023	\$202,287,000	\$202,287,000		\$0	\$2,366,758	\$2,366,758	\$1,865,491	\$1,375,552	\$5,607,800
2024	\$188,127,000	\$188,127,000		\$0	\$2,201,086	\$2,201,086	\$1,734,907	\$1,279,264	\$5,215,257
2025	\$174,958,000	\$174,958,000		\$0	\$2,047,009	\$2,047,009	\$1,613,463	\$1,189,714	\$4,850,186
2026	\$162,711,000	\$162,711,000		\$0	\$1,903,719	\$1,903,719	\$1,500,521	\$1,106,435	\$4,510,674
2027	\$151,321,000	\$151,321,000		\$0	\$1,770,456	\$1,770,456	\$1,395,482	\$1,028,983	\$4,194,921
2028	\$140,729,000	\$140,729,000		\$0	\$1,646,529	\$1,646,529	\$1,297,803	\$956,957	\$3,901,289
2029	\$130,878,000	\$130,878,000		\$0	\$1,531,273	\$1,531,273	\$1,206,957	\$889,970	\$3,628,200
2030	\$125,643,000	\$125,643,000		\$0	\$1,470,023	\$1,470,023	\$1,158,680	\$854,372	\$3,483,075
2031	\$120,618,000	\$120,618,000		\$0	\$1,411,231	\$1,411,231	\$1,112,339	\$820,202	\$3,343,772
2032	\$115,793,000	\$115,793,000		\$0	\$1,354,778	\$1,354,778	\$1,067,843	\$787,392	\$3,210,014
2033	\$111,161,000	\$111,161,000		\$0	\$1,300,584	\$1,300,584	\$1,025,127	\$755,895	\$3,081,605
			Total	\$0	\$30,391,083	\$30,391,083	\$23,954,408	\$17,663,194	\$72,008,685

Source: CPA, Live Oak Wind Project, LLC

¹Tax Rate per \$100 Valuation

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

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 ¹	Schleicher County ISD I&S Tax Levy	Schleicher County ISD M&O Tax Levy	Schleicher County ISD M&O and I&S Tax Levies	Schleicher County Tax Levy	Schleicher County Memorial Hospital District Tax Levy	Estimated Total Property Taxes
				0.0000	1.1700		0.9222	0.6800	
2019	\$270,417,500	\$20,000,000		\$0	\$234,000	\$234,000	\$1,795,529	\$1,323,964	\$3,353,493
2020	\$251,488,000	\$20,000,000		\$0	\$234,000	\$234,000	\$1,669,840	\$1,231,285	\$3,135,125
2021	\$233,884,000	\$20,000,000		\$0	\$234,000	\$234,000	\$1,552,952	\$1,145,096	\$2,932,048
2022	\$217,513,000	\$20,000,000		\$0	\$234,000	\$234,000	\$1,444,252	\$1,064,944	\$2,743,195
2023	\$202,287,000	\$20,000,000		\$0	\$234,000	\$234,000	\$1,343,153	\$990,397	\$2,567,550
2024	\$188,127,000	\$20,000,000		\$0	\$234,000	\$234,000	\$1,249,133	\$921,070	\$2,404,203
2025	\$174,958,000	\$20,000,000		\$0	\$234,000	\$234,000	\$1,161,693	\$856,594	\$2,252,287
2026	\$162,711,000	\$20,000,000		\$0	\$234,000	\$234,000	\$1,080,375	\$796,633	\$2,111,008
2027	\$151,321,000	\$20,000,000		\$0	\$234,000	\$234,000	\$1,004,747	\$740,868	\$1,979,615
2028	\$140,729,000	\$20,000,000		\$0	\$234,000	\$234,000	\$934,418	\$689,009	\$1,857,427
2029	\$130,878,000	\$130,878,000		\$0	\$1,531,273	\$1,531,273	\$1,206,957	\$889,970	\$3,628,200
2030	\$125,643,000	\$125,643,000		\$0	\$1,470,023	\$1,470,023	\$1,158,680	\$854,372	\$3,483,075
2031	\$120,618,000	\$120,618,000		\$0	\$1,411,231	\$1,411,231	\$1,112,339	\$820,202	\$3,343,772
2032	\$115,793,000	\$115,793,000		\$0	\$1,354,778	\$1,354,778	\$1,067,843	\$787,392	\$3,210,014
2033	\$111,161,000	\$111,161,000		\$0	\$1,300,584	\$1,300,584	\$1,025,127	\$755,895	\$3,081,605
			Total	\$0	\$9,407,888	\$9,407,888	\$18,807,038	\$13,867,693	\$42,082,619
			Diff	\$0	\$20,983,195	\$20,983,195	\$5,147,369	\$3,795,501	\$29,926,066

Source: CPA, Live Oak Wind Project, 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 Live Oak Wind Project, 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	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2019	\$234,000	\$234,000	\$2,929,885	\$2,929,885
	2020	\$234,000	\$468,000	\$2,708,410	\$5,638,294
	2021	\$234,000	\$702,000	\$2,502,443	\$8,140,737
	2022	\$234,000	\$936,000	\$2,310,902	\$10,451,639
	2023	\$234,000	\$1,170,000	\$2,132,758	\$12,584,397
	2024	\$234,000	\$1,404,000	\$1,967,086	\$14,551,483
	2025	\$234,000	\$1,638,000	\$1,813,009	\$16,364,492
	2026	\$234,000	\$1,872,000	\$1,669,719	\$18,034,210
	2027	\$234,000	\$2,106,000	\$1,536,456	\$19,570,666
	2028	\$234,000	\$2,340,000	\$1,412,529	\$20,983,195
Maintain Viable Presence (5 Years)	2029	\$1,531,273	\$3,871,273	\$0	\$20,983,195
	2030	\$1,470,023	\$5,341,296	\$0	\$20,983,195
	2031	\$1,411,231	\$6,752,526	\$0	\$20,983,195
	2032	\$1,354,778	\$8,107,304	\$0	\$20,983,195
	2033	\$1,300,584	\$9,407,888	\$0	\$20,983,195
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$1,248,566	\$10,656,454	\$0	\$20,983,195
	2035	\$1,198,618	\$11,855,072	\$0	\$20,983,195
	2036	\$1,150,683	\$13,005,755	\$0	\$20,983,195
	2037	\$1,104,656	\$14,110,411	\$0	\$20,983,195
	2038	\$1,060,465	\$15,170,875	\$0	\$20,983,195
	2039	\$1,018,052	\$16,188,927	\$0	\$20,983,195
	2040	\$977,324	\$17,166,252	\$0	\$20,983,195
	2041	\$938,223	\$18,104,475	\$0	\$20,983,195
	2042	\$900,701	\$19,005,176	\$0	\$20,983,195
	2043	\$864,677	\$19,869,853	\$0	\$20,983,195

\$19,869,853

is less than

\$20,983,195

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.

Source: Live Oak Wind Project, 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	0	0	0	\$0	\$0	\$0	0	0	\$0
2018	160	162	322	\$10,400,000	\$12,600,000	\$23,000,000	1159668	-595093	\$1,754,761
2019	30	44	74	\$1,855,000	\$5,145,000	\$7,000,000	381470	114441	\$267,029
2020	5	16	21	\$230,000	\$2,770,000	\$3,000,000	190735	244141	-\$53,406
2021	5	13	18	\$230,000	\$1,770,000	\$2,000,000	160217	221252	-\$61,035
2022	5	9	14	\$230,000	\$1,770,000	\$2,000,000	129700	198364	-\$68,664
2023	5	7	12	\$230,000	\$1,770,000	\$2,000,000	122070	175476	-\$53,406
2024	5	7	12	\$230,000	\$1,770,000	\$2,000,000	144958	144958	\$0
2025	5	11	16	\$230,000	\$770,000	\$1,000,000	129700	129700	\$0
2026	5	9	14	\$230,000	\$770,000	\$1,000,000	167847	91553	\$76,294
2027	5	13	18	\$230,000	\$1,770,000	\$2,000,000	160217	45776	\$114,441
2028	5	13	18	\$230,000	\$1,770,000	\$2,000,000	160217	15259	\$144,958
2029	5	7	12	\$230,000	\$770,000	\$1,000,000	114441	22888	\$91,553
2030	5	7	12	\$230,000	\$770,000	\$1,000,000	106812	-7629	\$114,441
2031	5	3	8	\$230,000	\$770,000	\$1,000,000	76294	-45776	\$122,070
2032	5	7	12	\$230,000	-\$230,000	\$0	91553	-45776	\$137,329
2033	5	1	6	\$230,000	-\$230,000	\$0	53406	-99182	\$152,588
2034	5	1	6	\$230,000	-\$230,000	\$0	0	-144958	\$144,958
2035	5	(1)	4	\$230,000	-\$230,000	\$0	-38147	-160217	\$122,070
2036	5	(1)	4	\$230,000	-\$230,000	\$0	-76294	-244141	\$167,847
2037	5	(5)	0	\$230,000	-\$1,230,000	-\$1,000,000	-106812	-282288	\$175,476
2038	5	(5)	0	\$230,000	-\$1,230,000	-\$1,000,000	-122070	-335693	\$213,623
2039	5	(9)	-4	\$230,000	-\$1,230,000	-\$1,000,000	-152588	-373840	\$221,252
2040	5	(11)	-6	\$230,000	-\$3,230,000	-\$3,000,000	-198364	-442505	\$244,141
2041	5	(9)	-4	\$230,000	-\$3,230,000	-\$3,000,000	-228882	-503540	\$274,658
2042	5	(13)	-8	\$230,000	-\$3,230,000	-\$3,000,000	-228882	-526428	\$297,546
2043	5	(15)	-10	\$230,000	-\$3,230,000	-\$3,000,000	-244141	-572205	\$328,064
Total							\$1,953,125	-\$2,975,463	\$4,928,588
							\$24,798,441 is greater than \$20,983,195		
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: Live Oak Wind Project, LLC

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Live Oak Wind Project, 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:

- Live Oak Wind Project, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Live Oak Wind Project has begun early stage due diligence work to explore the 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, wind study reports, lease and easement agreements with landowners, establishment of a Reinvestment Zone, contracts with environmental contractors to explore environmental impacts of the proposed project and interconnection agreement with the transmission provider. None of these contracts obligate Live Oak Wind Project to construct the project.”
 - B. “While the project developer, Live Oak Wind Project, LLC, is specific to this location in Texas, the potential economic return for the Schleicher County Wind project will be compared to the potential returns from other locations within and outside of Texas that Infinity Wind Power, LLC, is actively developing. The economic return is the primary input for this decision.”
 - C. “Infinity Wind Power, LLC (“Infinity”) is actively developing 24 wind energy projects throughout Texas as well as Iowa, Kansas, Minnesota, Nebraska, New Mexico, North Dakota, Oklahoma and South Dakota. The multi-year development process includes significant land option payments to local landowners, as well as environmental studies, surveys, wind resource assessment, and substantial transmission interconnection payments. Infinity has

invested significantly in the Live Oak Wind Project in Schleicher County and expects it to be the first of Infinity's Texas projects to achieve commercial operation. Other Infinity-funded projects have continued to support local wind energy development and local economic growth including the Buckthorn Wind Project in Erath County and Tecovas Wind Project in Briscoe County. Infinity successfully developed six wind projects that are now operational and two additional projects that are under construction in different states around the United States of America. These wind farms represent approximately \$2,000,000,000 of investment and 1,231 MW of wind energy capacity."

- D. "Depending on the ability to generate cost-effective electricity for regional consumers, Infinity has the ability to allocate or reallocate investments to another state, another region of Texas, or another region of the world. Live Oak Wind Project, LLC believes, however, that the proposed site in Schleicher County is a desirable business location and can provide electricity at a price that is competitive with other regions of Texas."
- E. "Electric cooperatives, private companies and city utilities are focused on low-cost energy supply, and contracting for the sale of electricity is currently highly competitive, particularly because of the large number of potential wind energy facilities that can be built in West Texas given the newly constructed transmission capacity. Receiving the Appraised Value Limitation from the school district is vital to obtaining long-term financing and to maintaining the economic competitiveness of the project with other projects currently being developed in Texas by Infinity and by others. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a Power Purchase Agreement (PPA). A signed PPA in the Texas market is at much lower rates than other states because of competitively low electric prices. Both parties of the PPA have escape clauses if the terms of the PPA cannot be met. Without tax incentives in Texas, a project with a PPA becomes non-financeable. As of the time of this application, Live Oak Wind does not have a PPA. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited."
- On November 3, 2016, *GenerationHub.com* reported that, "This project would interconnect through Live Oak Wind Project's Wilson Ranch Substation in Schleicher County, Texas, about 13 miles north of the town of Eldorado. The Point of Interconnection is to be at the Big Hill 345-kV Station of Electric Transmission Texas. This wind project will be made up of 87 **Siemens** 2.3-MW Type 4 turbines."

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

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

SECTION 8: Limitation as Determining Factor

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

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

Live Oak Wind Project has begun early stage due diligence work to explore the 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, wind study reports, lease and easement agreements with landowners, establishment of a Reinvestment Zone, contracts with environmental contractors to explore environmental impacts of the proposed project and interconnection agreement with the transmission provider. None of these contracts obligate Live Oak Wind Project to construct the project.

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

While the project developer, Live Oak Wind Project, LLC, is specific to this location in Texas, the potential economic return for the Schleicher County Wind project will be compared to the potential returns from other locations within and outside of Texas that Infinity Wind Power, LLC, is actively developing. The economic return is the primary input for this decision.

Infinity Wind Power, LLC ("Infinity") is actively developing 24 wind energy projects throughout Texas as well as Iowa, Kansas, Minnesota, Nebraska, New Mexico, North Dakota, Oklahoma and South Dakota. The multi-year development process includes significant land option payments to local landowners, as well as environmental studies, surveys, wind resource assessment, and substantial transmission interconnection payments. Infinity has invested significantly in the Live Oak Wind Project in Schleicher County and expects it to be the first of Infinity's Texas projects to achieve commercial operation. Other Infinity-funded projects have continued to support local wind energy development and local economic growth including the Buckthorn Wind Project in Erath County and Tecovas Wind Project in Briscoe County. Infinity successfully developed six wind projects that are now operational and two additional projects that are under construction in different states around the United States of America. These wind farms represent approximately \$2,000,000,000 of investment and 1,231 MW of wind energy capacity.

Depending on the ability to generate cost-effective electricity for regional consumers, Infinity has the ability to allocate or reallocate investments to another state, another region of Texas, or another region of the world. Live Oak Wind Project, LLC believes,

Live Oak Wind Project LLC
Live Oak Wind Project
Schleicher County ISD Limitation of Value Application

however, that the proposed site in Schleicher County is a desirable business location and can provide electricity at a price that is competitive with other regions of Texas.

Electric cooperatives, private companies and city utilities are focused on low-cost energy supply, and contracting for the sale of electricity is currently highly competitive, particularly because of the large number of potential wind energy facilities that can be built in West Texas given the newly constructed transmission capacity. Receiving the Appraised Value Limitation from the school district is vital to obtaining long-term financing and to maintaining the economic competitiveness of the project with other projects currently being developed in Texas by Infinity and by others. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a Power Purchase Agreement (PPA). A signed PPA in the Texas market is at much lower rates than other states because of competitively low electric prices. Both parties of the PPA have escape clauses if the terms of the PPA cannot be met. Without tax incentives in Texas, a project with a PPA becomes non-financeable. As of the time of this application, Live Oak Wind does not have a PPA. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Interconnect deal filed for 200-MW Live Oak Wind Project in Texas

This wind project will be made up of 87 Siemens 2.3-MW Type 4 turbines

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11/03/2016 By Barry Cassell



Electric Transmission Texas LLC on Nov. 3 filed with the Public Utility Commission of Texas a Standard Generation Interconnection Agreement with Live Oak Wind Project LLC for a 200-MW wind project.

The SGIA doesn't have a firm commercial operation target date for the project. That would come a given amount of time after the achievement of a prior project milestone.

This project would interconnect through Live Oak Wind Project's Wilson Ranch Substation in Schleicher County, Texas, about 13 miles north of the town of Eldorado. The Point of Interconnection is to be at the Big Hill 345-kV Station of Electric Transmission Texas. This wind project will be made up of 87 **Siemens** 2.3-MW Type 4 turbines.

A listed project contact is: **Infinity Wind Power**, Tom Whitaker, 3760 State Street, Suite 200, Santa Barbara, CA 93105, phone 805-452-6318, twhitaker@infinitywind.com. That is contact information for **Infinity Renewables**, which lists a 200-MW Live Oak wind project on its website as an in-development facility.

Says the website: "Infinity Renewables is a leading wind and solar energy project developer focused on developing high quality projects and moving them to market. Infinity's experience covers the entire project life cycle, and throughout we stand by our commitment to provide our landowners and their communities with the mutually beneficial opportunity to participate in renewable energy projects. We are proud to know our work contributes to the ultimate goal of clean, renewable, and domestic energy sources."