



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

April 10, 2017

Billy Collins  
Superintendent  
Borden County Independent School District  
Box 95  
Gail, Texas 79738

Re: Certificate for Limitation on Appraised Value of Property for School District  
Maintenance and Operations Taxes by and between Borden County Independent School  
District and Fluvanna Wind Energy 2, LLC, Application 1175

Dear Superintendent Collins:

On March 23, 2017, the Comptroller issued written notice that Fluvanna Wind Energy 2, LLC (applicant) submitted a completed application (Application 1175) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on January 17, 2017, to the Borden 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.

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<sup>1</sup> 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 1175.

Based on the information provided by the applicant, the Comptroller has 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 does 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).

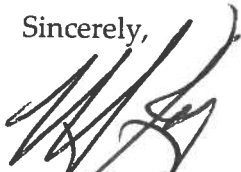
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 March 23, 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](mailto: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 Fluvanna Wind Energy 2, LLC (project) applying to Borden 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 Fluvanna Wind Energy 2, LLC.

Applicant	Fluvanna Wind Energy 2, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Borden County ISD
Estimated 2015-2016 Average Daily Attendance	298
County	Borden
Proposed Total Investment in District	\$161,070,000
Proposed Qualified Investment	\$161,070,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	*4
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,115
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(2)	\$1,108
Minimum annual wage committed to by applicant for qualified jobs	\$58,000
Minimum weekly wage required for non-qualifying jobs	\$676
Minimum annual wage required for non-qualifying jobs	\$35,127
Investment per Qualifying Job	\$40,267,500
Estimated M&O levy without any limit (15 years)	\$16,386,990
Estimated M&O levy with Limitation (15 years)	\$6,481,434
Estimated gross M&O tax benefit (15 years)	\$9,905,556

\* 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 Fluvanna Wind Energy 2, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	95	125	220	\$4,974,580	\$9,792,112	\$14,766,692
2018	150	210	359,847	\$7,854,600	\$17,831,104	\$25,685,704
2019	4	43	47	\$232,000	\$5,270,352	\$5,502,352
2020	4	22	26	\$232,000	\$3,577,083	\$3,809,083
2021	4	6	10	\$232,000	\$2,214,467	\$2,446,467
2022	4	(2)	2	\$232,000	\$1,342,620	\$1,574,620
2023	4	(5)	-1	\$232,000	\$831,263	\$1,063,263
2024	4	(5)	-1	\$232,000	\$596,298	\$828,298
2025	4	(3)	1	\$232,000	\$588,222	\$820,222
2026	4	(0)	4	\$232,000	\$697,164	\$929,164
2027	4	3	7	\$232,000	\$869,308	\$1,101,308
2028	4	5	9	\$232,000	\$1,060,675	\$1,292,675
2029	4	6	10	\$232,000	\$1,086,547	\$1,318,547
2030	4	7	11	\$232,000	\$1,191,613	\$1,423,613
2031	4	7	11	\$232,000	\$1,289,517	\$1,521,517
2032	4	8	12	\$232,000	\$1,377,006	\$1,609,006
2033	4	8	12	\$232,000	\$1,446,212	\$1,678,212

Source: CPA REMI, Fluvanna Wind Energy 2, LLC

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

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives								
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Borden County ISD I&S Tax Levy	Borden County ISD M&O Tax Levy	Borden County ISD M&O and I&S Tax Levies	Borden County Tax Levy	Estimated Total Property Taxes
				0.2800	1.0400		0.7175	
2019	\$161,607,400	\$161,607,400		\$452,501	\$1,680,717	\$2,133,218	\$1,159,533	\$3,292,751
2020	\$153,527,030	\$153,527,030		\$429,876	\$1,596,681	\$2,026,557	\$1,101,556	\$3,128,113
2021	\$145,446,660	\$145,446,660		\$407,251	\$1,512,645	\$1,919,896	\$1,043,580	\$2,963,476
2022	\$137,366,290	\$137,366,290		\$384,626	\$1,428,609	\$1,813,235	\$985,603	\$2,798,838
2023	\$129,285,920	\$129,285,920		\$362,001	\$1,344,574	\$1,706,574	\$927,626	\$2,634,201
2024	\$121,205,550	\$121,205,550		\$339,376	\$1,260,538	\$1,599,913	\$869,650	\$2,469,563
2025	\$113,125,180	\$113,125,180		\$316,751	\$1,176,502	\$1,493,252	\$811,673	\$2,304,926
2026	\$105,044,810	\$105,044,810		\$294,125	\$1,092,466	\$1,386,591	\$753,697	\$2,140,288
2027	\$96,964,440	\$96,964,440		\$271,500	\$1,008,430	\$1,279,931	\$695,720	\$1,975,650
2028	\$88,884,070	\$88,884,070		\$248,875	\$924,394	\$1,173,270	\$637,743	\$1,811,013
2029	\$80,803,700	\$80,803,700		\$226,250	\$840,358	\$1,066,609	\$579,767	\$1,646,375
2030	\$72,723,330	\$72,723,330		\$203,625	\$756,323	\$959,948	\$521,790	\$1,481,738
2031	\$64,642,960	\$64,642,960		\$181,000	\$672,287	\$853,287	\$463,813	\$1,317,100
2032	\$56,562,590	\$56,562,590		\$158,375	\$588,251	\$746,626	\$405,837	\$1,152,463
2033	\$48,482,220	\$48,482,220		\$135,750	\$504,215	\$639,965	\$347,860	\$987,825
			<b>Total</b>	<b>\$4,411,882</b>	<b>\$16,386,990</b>	<b>\$20,798,872</b>	<b>\$11,305,448</b>	<b>\$32,104,320</b>

Source: CPA, Fluvanna Wind Energy 2, LLC

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

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Borden County, with all property tax incentives being sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

<b>Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought</b>								
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Borden County ISD I&S Tax Levy	Borden County ISD M&O Tax Levy	Borden County ISD M&O and I&S Tax Levies	Borden County Tax Levy	Estimated Total Property Taxes
			Tax Rate <sup>1</sup>	0.2800	1.0400		0.7175	
2019	\$161,607,400	\$30,000,000		\$452,501	\$312,000	\$764,501	\$0	\$764,501
2020	\$153,527,030	\$30,000,000		\$429,876	\$312,000	\$741,876	\$0	\$741,876
2021	\$145,446,660	\$30,000,000		\$407,251	\$312,000	\$719,251	\$0	\$719,251
2022	\$137,366,290	\$30,000,000		\$384,626	\$312,000	\$696,626	\$0	\$696,626
2023	\$129,285,920	\$30,000,000		\$362,001	\$312,000	\$674,001	\$0	\$674,001
2024	\$121,205,550	\$30,000,000		\$339,376	\$312,000	\$651,376	\$0	\$651,376
2025	\$113,125,180	\$30,000,000		\$316,751	\$312,000	\$628,751	\$0	\$628,751
2026	\$105,044,810	\$30,000,000		\$294,125	\$312,000	\$606,125	\$0	\$606,125
2027	\$96,964,440	\$30,000,000		\$271,500	\$312,000	\$583,500	\$0	\$583,500
2028	\$88,884,070	\$30,000,000		\$248,875	\$312,000	\$560,875	\$0	\$560,875
2029	\$80,803,700	\$80,803,700		\$226,250	\$840,358	\$1,066,609	\$579,767	\$1,646,375
2030	\$72,723,330	\$72,723,330		\$203,625	\$756,323	\$959,948	\$521,790	\$1,481,738
2031	\$64,642,960	\$64,642,960		\$181,000	\$672,287	\$853,287	\$463,813	\$1,317,100
2032	\$56,562,590	\$56,562,590		\$158,375	\$588,251	\$746,626	\$405,837	\$1,152,463
2033	\$48,482,220	\$48,482,220		\$135,750	\$504,215	\$639,965	\$347,860	\$987,825
			<b>Total</b>	<b>\$4,411,882</b>	<b>\$6,481,434</b>	<b>\$10,893,316</b>	<b>\$2,319,066</b>	<b>\$13,212,382</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$9,905,556</b>	<b>\$9,905,556</b>	<b>\$8,986,381</b>	<b>\$18,891,938</b>

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Fluvanna Wind Energy 2, LLC

\*Tax Rate per \$100 Valuation

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

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

This represents the Comptroller’s determination that Fluvanna Wind Energy 2, 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>	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2019	\$312,000	\$312,000	\$1,368,717	\$1,368,717
	2020	\$312,000	\$624,000	\$1,284,681	\$2,653,398
	2021	\$312,000	\$936,000	\$1,200,645	\$3,854,043
	2022	\$312,000	\$1,248,000	\$1,116,609	\$4,970,653
	2023	\$312,000	\$1,560,000	\$1,032,574	\$6,003,226
	2024	\$312,000	\$1,872,000	\$948,538	\$6,951,764
	2025	\$312,000	\$2,184,000	\$864,502	\$7,816,266
	2026	\$312,000	\$2,496,000	\$780,466	\$8,596,732
	2027	\$312,000	\$2,808,000	\$696,430	\$9,293,162
	2028	\$312,000	\$3,120,000	\$612,394	\$9,905,556
<b>Maintain Viable Presence (5 Years)</b>	2029	\$840,358	\$3,960,358	\$0	\$9,905,556
	2030	\$756,323	\$4,716,681	\$0	\$9,905,556
	2031	\$672,287	\$5,388,968	\$0	\$9,905,556
	2032	\$588,251	\$5,977,219	\$0	\$9,905,556
	2033	\$504,215	\$6,481,434	\$0	\$9,905,556
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2034	\$420,179	\$6,901,613	\$0	\$9,905,556
	2035	\$336,143	\$7,237,757	\$0	\$9,905,556
	2036	\$336,143	\$7,573,900	\$0	\$9,905,556
	2037	\$336,143	\$7,910,043	\$0	\$9,905,556
	2038	\$336,143	\$8,246,187	\$0	\$9,905,556
	2039	\$336,143	\$8,582,330	\$0	\$9,905,556
	2040	\$336,143	\$8,918,474	\$0	\$9,905,556
	2041	\$336,143	\$9,254,617	\$0	\$9,905,556
	2042	\$336,143	\$9,590,760	\$0	\$9,905,556
	2043	\$336,143	\$9,926,904	\$0	\$9,905,556

**\$9,926,904**

is greater than

**\$9,905,556**

**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

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, Fluvanna Wind Energy 2, 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 Fluvanna Wind Energy 2, 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:

- The first phase of the project began with Fluvanna Wind Energy, LLC located in the adjoining county, Scurry County. The agreement was executed on September 8, 2016. Fluvanna Wind Energy 2, LLC begins phase two of the project.
- Per Fluvanna Wind Energy 2, LLC. in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Fluvanna Wind Energy 2, LLC has determined that a value limitation agreement with Borden County ISD is an essential economic driver to allow for the return on the investment necessary to finance and construct the wind energy project.”
  - B. “A 313 Limitation of Appraise Value Agreement is a key tax incentive agreement necessary to ensure the Fluvanna 2 Project is on a level playing field with other wind projects with similar incentives and with alternative forms of generation that receive their own forms of economic support. Without the requested limitation, the project will be unable to generation sufficient operating margins and net income to produce economically competitive energy and associated returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the projected capital costs of approximately \$185 million needed to purchase wind turbines and other infrastructure and to fund the construction and closing costs of the facility.”



- A November 23, 2015 *Power Technology* article reported Fluvanna Wind Energy 2, LLC's parent company intention to build the project in stages. "Terna Energy, a member of GEK Terna group of companies, has acquired a 380MW wind energy project from Tri Global Energy in Texas, US. ...The Fluvanna wind energy project will be constructed in phases, with the first phase expected to be operational in 2017."
- According to the Copenhagen Infrastructure Partners, news release dated November 25, 2016, "Terna Energy, Fluvanna Wind Energy 2, LLC's parent company, has sought outside investment for the project - "Copenhagen Infrastructure Partners (CIP) have, through the fund Copenhagen Infrastructure II K/S, provided a \$61m mezzanine loan for the construction of the onshore wind farm Fluvanna I in Scurry County, Texas ("Fluvanna I"). Fluvanna I is owned and will be operated by Terna Energy S.A. ("Terna"). The total investment in Fluvanna I will be \$251m. ...CIP and Terna intend to continue to jointly develop wind farms in Texas, beginning with the Fluvanna II wind farm project adjacent to Fluvanna I with an expected output of 130 MW."

### **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

# Application for Appraised Value Limitation on Qualified Property

## SECTION 6: Eligibility Under Tax Code Chapter 313.024

- 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:
- Land has no existing improvements
  - Land has existing improvements (*complete Section 13*)
  - Expansion of existing operation on the land (*complete Section 13*)
  - Relocation within Texas

## SECTION 8: Limitation as Determining Factor

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

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

# Supporting Information

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

TAB 5

**DOCUMENTATION TO ASSIST IN DETERMINING IF LIMITATION IS A DETERMINING FACTOR**

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

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**? Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?<sup>3</sup>**

Fluvanna Wind Energy 2, LLC was formed in 2016.

Since its formation, Fluvanna Wind Energy 2, LLC and its associate parties have entered into the following representative agreements and contracts for the development of a project phase within Borden County ISD and intend to assign these assets to Fluvanna Wind Energy 2, LLC:

- Grants of leases and easements covering approximately 14,493 acres
- Avian Study and contract with Turner Biological Consulting
- Supplemental Avian Studies with Western Ecosystems Technology, Inc.
- Bat Study and contract with Turner Biological Consulting
- Threatened & Endangered Species Studies and contract with Turner Biological Consulting
- Jurisdictional Wetland Study and contract with Turner Biological Consulting
- Additional Wetland studies with Westwood Inc.
- Wind Data Measurement & Analysis contract with Wireless Innovations for data transmission for 5 Met Towers
- Contract with V-Bar for data storage and verification of met towers
- FCC & RF Studies and contract with ATDI, Inc.
- Additional and updated FCC and RF Studies with ADTI and other private contractors
- Update of the Bird and Bat Conservation Strategy (BBCS) with Western Ecosystems Technology, Inc.
- Phase One Environmental Site Assessment (ESA) and contract with Westwood Professional Services
- Further Avian studies and reviews of the previously executed ones in order to

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<sup>2</sup> Form 50-296-A, instructions for appending supporting documentation for answers in § 8

<sup>3</sup> Form 50-296-A § 8.2

comply with comments and the guidelines of the USFWS and TPWD, contracted to West Eco Systems Technology Inc.

**? Does the applicant have current business activities at the location where the proposed project will occur?<sup>4</sup>**

Currently, project development activities are in process, and are limited to the agreements and contracts noted above. The results of the project development activities will determine with greater certainty and granularity the feasibility of completing development, financing, and constructing an economically viable wind energy project in the Borden County ISD.

These contracts and initial investments are preliminary in nature as Fluvanna Wind Energy 2, LLC has determined that a value limitation agreement with Borden County ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the wind energy project.

**? Is the applicant evaluating other locations not in Texas for the proposed project?<sup>5</sup>**

Terna Energy's team, from its offices in Texas, California and Idaho, is actively pursuing opportunities to develop, construct and operate wind and other energy projects throughout the United States. The company has extensive experience in markets across the country. Based on this experience, the management team evaluates all potential projects for feasibility, the ability to be financed, and the economic returns they represent in comparison to other project opportunities across the country.

The states where Terna Energy is active evaluating other projects and their feasibility both technically and economically include California, Texas, Oregon, Alabama, Indiana, Oklahoma, Kansas, and Puerto Rico.

The Fluvanna Wind Energy 2, LLC is currently assessing whether the identified site in Borden County ISD represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable.

A 313 Limitation of Appraised Value Agreement is a key tax incentive agreement necessary to ensure the Fluvanna 2 Project is on a level playing field with other wind projects with similar incentives and with alternative forms of generation that receive their own forms of economic support. Without the requested limitation. The Project will be unable to generate sufficient

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<sup>4</sup> Form 50-296-A § 8.3

<sup>5</sup> Form 50-296-A § 8.4

operating margins and net income to produce economically competitive energy and associated returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the projected capital costs of approximately \$185 million needed to purchase wind turbines and other infrastructure and to fund the construction and closing costs of the facility.

? **Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?**<sup>6</sup>

No.

? **Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?**<sup>7</sup>

The information provided in this Attachment and throughout the application has been assembled to provide the reviewer with the best possible data on which to make an assessment and determination of the critical nature of the limitation on appraised value to the feasibility of Fluvanna Wind Energy 2, LLC.

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<sup>6</sup> Form 50-296-A § 8.8

<sup>7</sup> Form 50-296-A § 8.10

# Supporting Information

Additional information  
provided by the Applicant or  
located by the Comptroller





COPENHAGEN INFRASTRUCTURE PARTNERS

## COPENHAGEN INFRASTRUCTURE II K/S AND TERNA ENERGY S.A. INVEST IN THE ONSHORE WIND PROJECT FLUVANNA I IN SCURRY COUNTY, TEXAS

25 November 2016

Copenhagen Infrastructure Partners (CIP) have, through the fund Copenhagen Infrastructure II K/S, provided a \$61m mezzanine loan for the construction of the onshore wind farm Fluvanna I in Scurry County, Texas ("Fluvanna I"). Fluvanna I is owned and will be operated by Terna Energy S.A. ("Terna"). The total investment in Fluvanna I will be \$251m.

Fluvanna I will consist of seventy-four 2.1 MW Gamesa turbines for a total project rated output of 155.4 MW. Fluvanna I is expected to commence commercial operations in the fourth quarter of 2017.

Fluvanna I will be constructed and the turbines erected by Wanzek, a leading EPC contractor in the US onshore wind market. Gamesa will provide operational and maintenance services for the turbines and Terna will be responsible for the operation, maintenance and management of the wind farm.

Terna is part of the GEK TERNA group and is focused on renewable energy development and production. Terna has approximately 1GW of wind power in operation and under construction globally. Terna's existing wind farms are located in the USA, Bulgaria, Greece and Poland.

CIP and Terna intend to continue to jointly develop wind farms in Texas, beginning with the Fluvanna II wind farm project adjacent to Fluvanna I with an expected output of 130 MW.

"Fluvanna I is our first investment in partnership with Terna Energy. We are very pleased with working closely together with a technically skilled partner and look forward to successful completion of the onshore wind project in cooperation with all project stakeholders", commented Christian Skakkebæk, Senior Partner in CIP.

"The Fluvanna I project is our second US onshore wind project and the first in our Texas portfolio to reach Financial Close Date. We are pleased with our cooperation with CIP that includes plans for two additional projects", commented Emmanouel Moustakas, CEO of Terna Energy USA Holdings Corp.

For any further information, please contact:

Maria Permanand, Copenhagen Infrastructure Partners, by phone: +45 70 70 51 51 or by e-mail: [cip@cip.dk](mailto:cip@cip.dk). Webpage: [www.cip.dk](http://www.cip.dk)

### Copenhagen Infrastructure Partners

Copenhagen Infrastructure Partners K/S (CIP) is a fund management company founded in 2012 by senior executives from the energy industry and PensionDanmark. CIP is owned and managed by the five partners, Jakob Baruel Poulsen, Rune Bro Róin, Torsten Lodberg Smed, Christian T. Skakkebæk and Christina Grumstrup Sørensen. All five partners have extensive experience within infrastructure investments and mergers & acquisitions. CIP currently manages the funds Copenhagen Infrastructure I K/S, CI Artemis K/S and Copenhagen Infrastructure II K/S. Copenhagen Infrastructure I K/S and CI Artemis K/S both have PensionDanmark as founder and sole investor, while Copenhagen Infrastructure II K/S has 19 Danish and international institutional investors: PensionDanmark, Lægernes Pension & Bank, PBU, JØP, DIP, Nordea, PFA, Nykredit, AP Pension, SEB Pension DK, SEB Pension SE, Lærernes Pension, Oslo Pensjonsforsikring, Villum Fonden, KLP, Townsend on behalf of a UK pension fund, Widex, LB Forsikring, and EIB (with the backing of the EU through EFSI).

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## Terna Energy S.A.

Terna Energy is a renewable energy sources company undertaking the development, construction, financing, and operation of renewable energy projects (wind, hydro, solar, biomass, waste management). Terna Energy invests its own capital in the development of new electrical energy production units, develops new installations by utilizing its specialized personnel and own infrastructure / equipment for wind measurement, energy capacity planning, permission and construction procedures and owns and commercially operates its energy units. Terna Energy is part of the GEK Terna Group and is listed on the Athens stock exchange (ticker: TENERGY).

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Copenhagen Infrastructure Partners K/S



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## Terna Energy to acquire Tri Global's 380MW wind energy project in US

Terna Energy, a member of GEK Terna group of companies, has acquired a 380MW wind energy project from Tri Global Energy in Texas, US.

Terms of the deal have not been disclosed.

The Fluvanna wind energy project will be constructed in phases, with the first phase expected to be operational in 2017.

As part of the deal, Tri Global will work with Terna during the construction phase, up to the time when the project reaches commercial operation.

"Community-sponsored wind projects have been shown to create more jobs and greater local economic benefit."

Expected to provide electricity to around 110,200 homes, the Fluvanna project will be developed on around 32,000 leased acres of privately owned farm and ranch land.

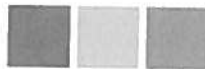
The project was designed under Tri Global's proprietary business model, wind force plan, which enables local landowners and community investors to partner with and have a substantial ownership in the wind project development that leased their land.

Tri Global Energy chairman and CEO John Billingsley said: "Community-sponsored wind projects have been shown to create more jobs and greater local economic benefit.

"Through our partnerships with the community managers and more than 130 landowners and community investors participating in the Fluvanna project, we've been able to work together to bring about a high level of local support and attention for wind energy."

Recently, Tri Global Energy has also divested the wind development assets of Hale Community Energy to a subsidiary of NextEra Energy Resources.

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