



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 18, 2018

Rene Gutierrez
Superintendent
Edinburg Consolidated Independent School District
411 North 8th Ave
Edinburg, Texas 78541

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Edinburg Consolidated Independent School District and Monte Cristo Windpower, LLC, Application 1269

Dear Superintendent Gutierrez:

On August 30, 2018, the Comptroller issued written notice that Monte Cristo Windpower, LLC (applicant) submitted a completed application (Application 1269) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on June 22, 2018, to Edinburg Consolidated 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 1269.

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, 2018.

Note that any building or improvement existing as of the application review start date of August 30, 2018, 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,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is written in a cursive, flowing style.

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Monte Cristo Windpower, LLC (project) applying to Edinburg Consolidated 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 Monte Cristo Windpower, LLC.

Applicant	Monte Cristo Windpower, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Edinburg CISD
2017-2018 Average Daily Attendance	31,648
County	Hidalgo
Proposed Total Investment in District	\$228,388,000
Proposed Qualified Investment	\$228,388,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	6*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$786
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$786
Minimum annual wage committed to by applicant for qualified jobs	\$40,867
Minimum weekly wage required for non-qualifying jobs	\$650
Minimum annual wage required for non-qualifying jobs	\$33,788
Investment per Qualifying Job	\$38,064,667
Estimated M&O levy without any limit (15 years)	\$27,249,054
Estimated M&O levy with Limitation (15 years)	\$10,386,667
Estimated gross M&O tax benefit (15 years)	\$16,862,387

* 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 Monte Cristo Windpower, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	156	175	331	\$5,652,553	\$16,427,447	\$22,080,000
2021	6	28	34	\$245,203	\$3,834,797	\$4,080,000
2022	6	28	34	\$245,203	\$3,514,797	\$3,760,000
2023	6	21	27	\$245,203	\$2,914,797	\$3,160,000
2024	6	17	23	\$245,203	\$2,514,797	\$2,760,000
2025	6	15	21	\$245,203	\$2,294,797	\$2,540,000
2026	6	14	20	\$245,203	\$2,174,797	\$2,420,000
2027	6	14	20	\$245,203	\$2,134,797	\$2,380,000
2028	6	14	20	\$245,203	\$2,164,797	\$2,410,000
2029	6	14	20	\$245,203	\$2,214,797	\$2,460,000
2030	6	15	21	\$245,203	\$2,294,797	\$2,540,000
2031	6	12	18	\$245,203	\$2,074,797	\$2,320,000
2032	6	11	17	\$245,203	\$2,004,797	\$2,250,000
2033	6	11	17	\$245,203	\$1,974,797	\$2,220,000
2034	6	11	17	\$245,203	\$1,984,797	\$2,230,000
2035	6	11	17	\$245,203	\$2,024,797	\$2,270,000

Source: CPA REMI, Monte Cristo Windpower, 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*	Edinburg CISD I&S Tax Levy	Edinburg CISD M&O Tax Levy	M&O and I&S Tax Levies	Hidalgo County Tax Levy	Drainage Dist #1	South Texas College Tax Levy	South Texas ISD Tax Levy	Estimated Total Property Taxes
				0.0698	1.1700		0.5800	0.0951	0.1850	0.0492	
2021	\$216,968,600	\$216,968,600		\$151,444	\$2,538,533	\$2,689,977	\$1,258,418	\$206,337	\$401,392	\$106,749	\$4,662,872
2022	\$206,120,170	\$206,120,170		\$143,872	\$2,411,606	\$2,555,478	\$1,195,497	\$196,020	\$381,322	\$101,411	\$4,429,729
2023	\$195,814,162	\$195,814,162		\$136,678	\$2,291,026	\$2,427,704	\$1,135,722	\$186,219	\$362,256	\$96,341	\$4,208,242
2024	\$186,023,453	\$186,023,453		\$129,844	\$2,176,474	\$2,306,319	\$1,078,936	\$176,908	\$344,143	\$91,524	\$3,997,830
2025	\$176,722,281	\$176,722,281		\$123,352	\$2,067,651	\$2,191,003	\$1,024,989	\$168,063	\$326,936	\$86,947	\$3,797,939
2026	\$167,886,167	\$167,886,167		\$117,185	\$1,964,268	\$2,081,453	\$973,740	\$159,660	\$310,589	\$82,600	\$3,608,042
2027	\$159,491,858	\$159,491,858		\$111,325	\$1,866,055	\$1,977,380	\$925,053	\$151,677	\$295,060	\$78,470	\$3,427,640
2028	\$151,517,265	\$151,517,265		\$105,759	\$1,772,752	\$1,878,511	\$878,800	\$144,093	\$280,307	\$74,546	\$3,256,258
2029	\$143,941,402	\$143,941,402		\$100,471	\$1,684,114	\$1,784,586	\$834,860	\$136,888	\$266,292	\$70,819	\$3,093,445
2030	\$136,744,332	\$136,744,332		\$95,448	\$1,599,909	\$1,695,356	\$793,117	\$130,044	\$252,977	\$67,278	\$2,938,772
2031	\$129,907,115	\$129,907,115		\$90,675	\$1,519,913	\$1,610,588	\$753,461	\$123,542	\$240,328	\$63,914	\$2,791,834
2032	\$123,411,760	\$123,411,760		\$86,141	\$1,443,918	\$1,530,059	\$715,788	\$117,365	\$228,312	\$60,719	\$2,652,242
2033	\$117,241,172	\$117,241,172		\$81,834	\$1,371,722	\$1,453,556	\$679,999	\$111,496	\$216,896	\$57,683	\$2,519,630
2034	\$111,379,113	\$111,379,113		\$77,743	\$1,303,136	\$1,380,878	\$645,999	\$105,922	\$206,051	\$54,799	\$2,393,649
2035	\$105,810,157	\$105,810,157		\$73,855	\$1,237,979	\$1,311,834	\$613,699	\$100,625	\$195,749	\$52,059	\$2,273,966
			Total	\$1,625,627	\$27,249,054	\$28,874,682	\$13,508,078	\$2,214,859	\$4,308,611	\$1,145,858	\$50,052,088

Source: CPA, Monte Cristo Windpower, LLC

*Tax Rate per \$100 Valuation

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

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Edinburg CISD I&S Tax Levy	Edinburg CISD M&O Tax Levy	M&O and I&S Tax Levies	Hidalgo County Tax Levy	Drainage Dist #1	South Texas College Tax Levy	South Texas ISD Tax Levy	Estimated Total Property Taxes
2021	\$216,968,600	\$30,000,000	0.0698	\$151,444	\$351,000	\$502,444	\$188,763	\$30,951	\$60,209	\$16,012	\$722,157
2022	\$206,120,170	\$30,000,000		\$143,872	\$351,000	\$494,872	\$179,325	\$29,403	\$57,198	\$15,212	\$703,599
2023	\$195,814,162	\$30,000,000		\$136,678	\$351,000	\$487,678	\$170,358	\$27,933	\$54,338	\$14,451	\$685,969
2024	\$186,023,453	\$30,000,000		\$129,844	\$351,000	\$480,844	\$161,840	\$26,536	\$51,622	\$13,729	\$669,221
2025	\$176,722,281	\$30,000,000		\$123,352	\$351,000	\$474,352	\$153,748	\$25,209	\$49,040	\$13,042	\$653,310
2026	\$167,886,167	\$30,000,000		\$117,185	\$351,000	\$468,185	\$146,061	\$23,949	\$46,588	\$12,390	\$638,194
2027	\$159,491,858	\$30,000,000		\$111,325	\$351,000	\$462,325	\$138,758	\$22,752	\$44,259	\$11,770	\$623,835
2028	\$151,517,265	\$30,000,000		\$105,759	\$351,000	\$456,759	\$131,820	\$21,614	\$42,046	\$11,182	\$610,193
2029	\$143,941,402	\$30,000,000		\$100,471	\$351,000	\$451,471	\$125,229	\$20,533	\$39,944	\$10,623	\$597,233
2030	\$136,744,332	\$30,000,000		\$95,448	\$351,000	\$446,448	\$793,117	\$130,044	\$252,977	\$67,278	\$1,369,609
2031	\$129,907,115	\$129,907,115		\$90,675	\$1,519,913	\$1,610,588	\$753,461	\$123,542	\$240,328	\$63,914	\$2,487,591
2032	\$123,411,760	\$123,411,760		\$86,141	\$1,443,918	\$1,530,059	\$715,788	\$117,365	\$228,312	\$60,719	\$2,363,212
2033	\$117,241,172	\$117,241,172		\$81,834	\$1,371,722	\$1,453,556	\$679,999	\$111,496	\$216,896	\$57,683	\$2,245,051
2034	\$111,379,113	\$111,379,113		\$77,743	\$1,303,136	\$1,380,878	\$645,999	\$105,922	\$206,051	\$54,799	\$2,132,799
2035	\$105,810,157	\$105,810,157		\$73,855	\$1,237,979	\$1,311,834	\$613,699	\$100,625	\$195,749	\$52,059	\$2,026,159
			Total	\$1,625,627	\$10,386,667	\$12,012,294	\$5,597,965	\$917,873	\$1,785,558	\$474,862	\$18,528,133
			Diff	\$0	\$16,862,387	\$16,862,387	\$7,910,113	\$1,296,986	\$2,523,053	\$670,996	\$31,523,955

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Monte Cristo Windpower, 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 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Monte Cristo Windpower, 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)
Limitation Pre-Years	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$2,672,140	\$2,672,140	\$0	\$0
Limitation Period (10 Years)	2021	\$351,000	\$3,023,140	\$2,187,533	\$2,187,533
	2022	\$351,000	\$3,374,140	\$2,060,606	\$4,248,139
	2023	\$351,000	\$3,725,140	\$1,940,026	\$6,188,164
	2024	\$351,000	\$4,076,140	\$1,825,474	\$8,013,639
	2025	\$351,000	\$4,427,140	\$1,716,651	\$9,730,289
	2026	\$351,000	\$4,778,140	\$1,613,268	\$11,343,558
	2027	\$351,000	\$5,129,140	\$1,515,055	\$12,858,612
	2028	\$351,000	\$5,480,140	\$1,421,752	\$14,280,364
	2029	\$351,000	\$5,831,140	\$1,333,114	\$15,613,479
	2030	\$351,000	\$6,182,140	\$1,248,909	\$16,862,387
Maintain Viable Presence (5 Years)	2031	\$1,519,913	\$7,702,053	\$0	\$16,862,387
	2032	\$1,443,918	\$9,145,970	\$0	\$16,862,387
	2033	\$1,371,722	\$10,517,692	\$0	\$16,862,387
	2034	\$1,303,136	\$11,820,828	\$0	\$16,862,387
	2035	\$1,237,979	\$13,058,807	\$0	\$16,862,387
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$1,176,080	\$14,234,887	\$0	\$16,862,387
	2037	\$1,117,276	\$15,352,162	\$0	\$16,862,387
	2038	\$1,061,412	\$16,413,575	\$0	\$16,862,387
	2039	\$1,008,342	\$17,421,916	\$0	\$16,862,387
	2040	\$957,924	\$18,379,840	\$0	\$16,862,387
	2041	\$910,028	\$19,289,869	\$0	\$16,862,387
	2042	\$864,527	\$20,154,395	\$0	\$16,862,387
	2043	\$821,300	\$20,975,696	\$0	\$16,862,387
	2044	\$780,235	\$21,755,931	\$0	\$16,862,387
	2045	\$741,224	\$22,497,155	\$0	\$16,862,387

\$22,497,155

is greater than

\$16,862,387

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, Monte Cristo Windpower, 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 Monte Cristo Windpower LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Monte Cristo Windpower, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “In North America, Terra-Gen currently operates over 2,000 MW of renewable energy projects. Based on this experience the management team evaluates all potential projects for feasibility, finance-ability, and the economic returns they represent in comparison to other project opportunities both OUTSIDE the State of Texas as WITHIN the State of Texas. Other locations being evaluated include, but are not limited to: California, Oklahoma, Louisiana, Colorado, Wyoming and Nevada. For these reasons, Terra-Gen studies and evaluates various competing sites throughout the market areas across the U.S. where wind development is attractive. Without a Value Limitation program, Terra-Gen would seek to move to alternative sites outside of the State of Texas.”
 - B. “Therefore, a 313 Limitation of Appraised Value Agreement is a vital tax incentive necessary to ensure the Project is economically competitive with other wind projects with similar incentives. Without the requested value limitation, the Project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associate returns necessary to attract tax and sponsor equity investment.”
- Supplemental information provided by the applicant indicated the following:
 - A. Monte Cristo Windpower, LLC is not known by any other names.
 - B. ERCOT GIR number is 19INR0054 and was assigned on 05/13/2017.

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

Attachment 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.

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

Monte Cristo Windpower, LLC was formed in 2017. In support of its creation, the participating members of Terra-Gen, executed documents necessary to form the entity including an Operating Agreement and a Development Agreement with Monte Cristo Windpower, LLC.

Terra-Gen has entered into the following representative agreements and contracts for the development of a project within Edinburg CISD and intends to assign these assets to Monte Cristo Windpower, LLC:

- Grants of leases and easements covering approximately 26,000 acres of land
- Avian Study and contract
- Bat Acoustic Study and contract
- Threatened & Endangered Species Studies and contract
- Enterprise Zone with Hidalgo County Commissioners Court
- Interconnection Application with ERCOT

7. Is the applicant evaluating other locations not in Texas for the proposed project?

Yes. Terra-Gen management team is uniquely qualified to develop and construct wind and other renewable energy projects in the United States. In North America, Terra-Gen currently operates over 2,000 MW of renewable energy projects. Based on this experience the management team evaluates all potential projects for feasibility, finance-ability, and the economic returns they represent in comparison to other project opportunities both OUTSIDE the State of Texas as WITHIN the State of Texas. Other locations being evaluated include, but are not limited to:

California
Oklahoma
Louisiana
Colorado
Wyoming
Nevada

For these reasons, Terra-Gen studies and evaluates various competing sites throughout the market areas across the U.S. where wind development is attractive. Without a Value Limitation program, Terra-Gen would seek to move to alternative sites outside of the State of Texas.

Monte Cristo is currently in a period of assessment to determine whether the identified site within Edinburg CISD represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable. As such, the development resources necessary to advance the Project for a planned 201 MW could be redeployed to other renewable energy development projects in other power markets in the United States.

Therefore, a 313 Limitation of Appraised Value Agreement is a vital tax incentive necessary to ensure the Project is economically competitive with other wind projects with similar incentives. Without the requested value limitation, the Project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associate returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the projected capital costs of approximately \$228.388M needed to purchase wind turbines and other infrastructure, and to fund the construction of the facility.

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?

The information provided in this Attachment and throughout the Application has been assembled to provide the reviewer with the best possible information to make an assessment and determination of the critical nature of the Limitation on Appraised Value to the feasibility of the Project.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Edinburg ISD– Monte Cristo Windpower, LLC App. #1269

Comptroller Questions (via email on August 29, 2018):

1. *Is the Monte Cristo Windpower Project currently known by any other project names?*
2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number.*

Applicant Response (via email on September 13, 2018):

1. *The Applicant's wind project is not currently known by any other name.*
2. *The project's ERCOT IGNR number is 191NR0054.*

Comptroller Questions (via email on August 29, 2018):

1. *When was the ERCOT IGNR number assigned?*

Applicant Response (via email on September 13, 2018):

1. *The IGNR number was assigned on 5/13/2017.*