



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

October 17, 2018

Jim Nelson  
Superintendent  
Ector County Independent School District  
802 N. Sam Houston  
Odessa, Texas 79761

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Ector County Independent School District and Oberon Solar, LLC, Application 1276

Dear Superintendent Nelson:

On September 13, 2018, the Comptroller issued written notice that Oberon Solar, LLC (applicant) submitted a completed application (Application 1276) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on July 24, 2018, to the Ector 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 1276.

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 September 13, 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](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,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is written in a cursive style with a large initial "L".

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

### Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Oberon Solar, LLC (project) applying to Ector 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 Oberon Solar, LLC.

Applicant	Oberon Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation-Solar
School District	Ector County ISD
2017-2018 Average Daily Attendance	29,127
County	Ector
Proposed Total Investment in District	\$150,000,000
Proposed Qualified Investment	\$150,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,155
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$154
Minimum annual wage committed to by applicant for qualified jobs	\$60,034
Minimum weekly wage required for non-qualifying jobs	\$1,110
Minimum annual wage required for non-qualifying jobs	\$57,708
Investment per Qualifying Job	\$75,000,000
Estimated M&O levy without any limit (15 years)	\$10,062,000
Estimated M&O levy with Limitation (15 years)	\$4,758,000
Estimated gross M&O tax benefit (15 years)	\$5,304,000

\* 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 Oberon Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	0	0	0	\$0	\$0	\$0
2019	90	112	201,989	\$4,050,000	\$9,871,000	\$13,921,000
2020	92	124	216	\$4,170,068	\$12,114,932	\$16,285,000
2021	2	21	23	\$120,068	\$3,391,932	\$3,512,000
2022	2	12	14	\$120,068	\$2,367,932	\$2,488,000
2023	2	4	6	\$120,068	\$1,446,932	\$1,567,000
2024	2	(1)	1	\$120,068	\$857,932	\$978,000
2025	2	(2)	0	\$120,068	\$539,932	\$660,000
2026	2	(2)	0	\$120,068	\$386,932	\$507,000
2027	2	(1)	1	\$120,068	\$342,932	\$463,000
2028	2	(0)	2	\$120,068	\$378,932	\$499,000
2029	2	1	3	\$120,068	\$462,932	\$583,000
2030	2	2	4	\$120,068	\$571,932	\$692,000
2031	2	3	5	\$120,068	\$688,932	\$809,000
2032	2	4	6	\$120,068	\$792,932	\$913,000
2033	2	5	7	\$120,068	\$877,932	\$998,000

Source: CPA REMI, Oberon Solar, 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*	Ector County ISD I&S Tax Levy	Ector County ISD M&O Tax Levy	Ector County ISD M&O and I&S Tax Levies	Ector County Tax Levy	Ector County Hospital District Tax Levy	Odessa College Tax Levy	Estimated Total Property Taxes
				<b>0.1096</b>	<b>1.0400</b>		<b>0.3872</b>	<b>0.1179</b>	<b>0.2064</b>	
2020	\$138,000,000	\$138,000,000		\$151,205	\$1,435,200	\$1,586,405	\$534,336	\$534,336	\$284,832	\$2,939,909
2021	\$126,000,000	\$126,000,000		\$138,057	\$1,310,400	\$1,448,457	\$487,872	\$487,872	\$260,064	\$2,684,265
2022	\$114,000,000	\$114,000,000		\$124,909	\$1,185,600	\$1,310,509	\$441,408	\$441,408	\$235,296	\$2,428,621
2023	\$100,500,000	\$100,500,000		\$110,117	\$1,045,200	\$1,155,317	\$389,136	\$389,136	\$207,432	\$2,141,021
2024	\$87,000,000	\$87,000,000		\$95,325	\$904,800	\$1,000,125	\$336,864	\$336,864	\$179,568	\$1,853,421
2025	\$73,500,000	\$73,500,000		\$80,533	\$764,400	\$844,933	\$284,592	\$284,592	\$151,704	\$1,565,821
2026	\$58,500,000	\$58,500,000		\$64,098	\$608,400	\$672,498	\$226,512	\$226,512	\$120,744	\$1,246,266
2027	\$45,000,000	\$45,000,000		\$49,306	\$468,000	\$517,306	\$174,240	\$174,240	\$92,880	\$958,666
2028	\$36,000,000	\$36,000,000		\$39,445	\$374,400	\$413,845	\$139,392	\$139,392	\$74,304	\$766,933
2029	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$121,968	\$65,016	\$671,066
2030	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$121,968	\$65,016	\$671,066
2031	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$121,968	\$65,016	\$671,066
2032	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$121,968	\$65,016	\$671,066
2033	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$121,968	\$65,016	\$671,066
2034	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$121,968	\$65,016	\$671,066
			<b>Total</b>	<b>\$1,060,080</b>	<b>\$10,062,000</b>	<b>\$11,122,080</b>	<b>\$3,746,160</b>		<b>\$1,996,920</b>	<b>\$20,611,320</b>

Source: CPA, Oberon Solar, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Ector 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, Ector County Hospital, and Odessa College.

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*	Ector County ISD I&S Tax Levy	Ector County ISD M&O Tax Levy	Ector County ISD M&O and I&S Tax Levies	Ector County Tax Levy	Ector County Hospital District Tax Levy	Odessa College Tax Levy	Estimated Total Property Taxes
				<b>0.1096</b>	<b>1.0400</b>		<b>0.3872</b>	<b>0.1179</b>	<b>0.2064</b>	
2020	\$138,000,000	\$30,000,000		\$151,205	\$312,000	\$463,205	\$0	\$0	\$0	\$463,205
2021	\$126,000,000	\$30,000,000		\$138,057	\$312,000	\$450,057	\$0	\$0	\$0	\$450,057
2022	\$114,000,000	\$30,000,000		\$124,909	\$312,000	\$436,909	\$0	\$0	\$0	\$436,909
2023	\$100,500,000	\$30,000,000		\$110,117	\$312,000	\$422,117	\$0	\$0	\$0	\$422,117
2024	\$87,000,000	\$30,000,000		\$95,325	\$312,000	\$407,325	\$0	\$0	\$0	\$407,325
2025	\$73,500,000	\$30,000,000		\$80,533	\$312,000	\$392,533	\$142,296	\$43,328	\$75,852	\$654,009
2026	\$58,500,000	\$30,000,000		\$64,098	\$312,000	\$376,098	\$113,256	\$34,486	\$60,372	\$584,212
2027	\$45,000,000	\$30,000,000		\$49,306	\$312,000	\$361,306	\$87,120	\$26,528	\$46,440	\$521,394
2028	\$36,000,000	\$30,000,000		\$39,445	\$312,000	\$351,445	\$69,696	\$21,222	\$37,152	\$479,515
2029	\$31,500,000	\$30,000,000		\$34,514	\$312,000	\$346,514	\$60,984	\$18,569	\$32,508	\$458,575
2030	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$37,139	\$65,016	\$586,237
2031	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$37,139	\$65,016	\$586,237
2032	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$37,139	\$65,016	\$586,237
2033	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$37,139	\$65,016	\$586,237
2034	\$31,500,000	\$31,500,000		\$34,514	\$327,600	\$362,114	\$121,968	\$37,139	\$65,016	\$586,237
			<b>Total</b>	<b>\$1,060,080</b>	<b>\$4,758,000</b>	<b>\$5,818,080</b>	<b>\$1,083,192</b>		<b>\$577,404</b>	<b>\$7,808,501</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$5,304,000</b>	<b>\$5,304,000</b>	<b>\$2,662,968</b>		<b>\$1,419,516</b>	<b>\$12,802,819</b>

Source: CPA, Oberon Solar, 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 Oberon Solar, 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>	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2020	\$312,000	\$312,000	\$1,123,200	\$1,123,200
	2021	\$312,000	\$624,000	\$998,400	\$2,121,600
	2022	\$312,000	\$936,000	\$873,600	\$2,995,200
	2023	\$312,000	\$1,248,000	\$733,200	\$3,728,400
	2024	\$312,000	\$1,560,000	\$592,800	\$4,321,200
	2025	\$312,000	\$1,872,000	\$452,400	\$4,773,600
	2026	\$312,000	\$2,184,000	\$296,400	\$5,070,000
	2027	\$312,000	\$2,496,000	\$156,000	\$5,226,000
	2028	\$312,000	\$2,808,000	\$62,400	\$5,288,400
	2029	\$312,000	\$3,120,000	\$15,600	\$5,304,000
<b>Maintain Viable Presence (5 Years)</b>	2030	\$327,600	\$3,447,600	\$0	\$5,304,000
	2031	\$327,600	\$3,775,200	\$0	\$5,304,000
	2032	\$327,600	\$4,102,800	\$0	\$5,304,000
	2033	\$327,600	\$4,430,400	\$0	\$5,304,000
	2034	\$327,600	\$4,758,000	\$0	\$5,304,000
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2035	\$327,600	\$5,085,600	\$0	\$5,304,000
	2036	\$327,600	\$5,413,200	\$0	\$5,304,000
	2037	\$327,600	\$5,740,800	\$0	\$5,304,000
	2038	\$327,600	\$6,068,400	\$0	\$5,304,000
	2039	\$327,600	\$6,396,000	\$0	\$5,304,000
	2040	\$327,600	\$6,723,600	\$0	\$5,304,000
	2041	\$327,600	\$7,051,200	\$0	\$5,304,000
	2042	\$327,600	\$7,378,800	\$0	\$5,304,000
	2043	\$327,600	\$7,706,400	\$0	\$5,304,000
	2044	\$327,600	\$8,034,000	\$0	\$5,304,000

**\$8,034,000**
   is greater than  **\$5,304,000**

<b>Analysis Summary</b>	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

Source: CPA, Oberon Solar, LLC

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## 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 Oberon Solar 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 Oberon Solar LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Property taxes are the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.”
  - B. “Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis. This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices... Without the tax incentives in Texas, a project with a power purchase agreement would lose its ability to be financed.”
- Per Comptroller research:
  - A. On September 12, 2018 the *Odessa American* reported that “The Ector County Hospital District board of directors also approved a tax abatement agreement Tuesday for Oberon Solar, LLC... the [project] is scheduled to break ground on the project in December and it's expected to completed in one year. The agreement states it would be a 10-year tax abatement.”
  - B. On September 13, 2018 the *Odessa American* stated 174 Power Global “is looking at possibly building a solar project in Ector County- a potential \$50 million investment. The Project, called

Oberon Solar, would consist of a 50 megawatt solar power plant on unused land.” Jason Garewal, 174 Power Global Director of Project Development said “Very simply, there’s a lot of sun..., There’s good transmission infrastructure and there’s a demand for renewable energy in Texas in general,” when asked about the company’s interest in Texas.

- Supplemental information provided by the applicant:
  - A. List any other names by which this project may have known in the past--in media reports, investor presentations, or any listings with any federal or state agency. None
  - B. The IGNR number is 19INR0083 and assigned on February 2018

**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**

Texas Comptroller of Public Accounts

Data Analysis and  
Transparency  
Form 50-296-A

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:
  - 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
- 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**

The applicant's parent company for this project is a national solar developer with the ability to locate projects of this type in other countries and states in the US with strong solar characteristics. The applicant is actively developing and constructing other projects throughout the US and internationally. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely.

Property taxes are the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

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. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement would lose its ability to be financed.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)  
– Ector County ISD– Oberon Solar, LLC App. #1276

Comptroller Questions (via email on September 13, 2018):

1. *List any other names by which this project may have known in the past--in media reports, investor presentations, or any listings with any federal or state agency.*
2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and date it was assigned.*

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

1. *None*
2. *Yes, 19INR0083. February 2018*

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# Solar company investing in Permian Basin

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(AP Photo/Susan Montoya Bryan,File)  
 This April 20, 2011, file photo shows some of the 30,000 solar panels that make up the Public Service Company of New Mexico's new 2-megawatt photovoltaic array in Albuquerque, N.M.

Posted: Wednesday, February 21, 2018 5:30 am

By Paul Wedding [pwedding@oaoa.com](mailto:pwedding@oaoa.com)



Posted on Feb 21, 2018  
 by Paul Wedding

One of the largest manufacturers of solar panels and solar cells in the country is looking at possibly building a solar project in Ector County — a potential \$50 million investment.

The project, called Oberon Solar, would consist of a 50 megawatt solar power plant on unused land in western Ector County. Each megawatt would require around \$1 million in capital investment. The company behind the project, 174 Power Global, is seeking tax abatements from various county entities.

Officials met with both the Ector County Commissioners' Court and the Ector County Independent School District school board recently to discuss the project. The tax abatement they're seeking means a break in their property taxes. Odessa Chamber of Commerce Director of Economic Development Wesley Burnett, who spoke to commissioners on behalf of 174 Power Global, said a typical tax abatement for a project like this would be an 80 percent tax break for 10 years.

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Burnett pointed out to commissioners that, as the property is now, it's only generating around \$1,500 a year due to an agricultural exemption. Ector County could see much more money generated from that property in the future should the company choose to invest here.

"They would be generating a lot of investment in the county, which goes to the tax base," Burnett said. "Once the abatements are timed out or even, the percentage the entities are going to collect on the agreements are exponentially more than they're getting now."

Outside of just investment in the county, Burnett said the city would also benefit from an increase in construction jobs and a diversification of power.

Ector County isn't the only area in Texas where 174 is looking to develop solar projects. They've already broken ground on a project in Pecos County, a 236 megawatt project which they say will be the largest installed photovoltaic project in Texas, with the capability to power around 50,000 homes annually.

The project in Pecos County is expected to be completed in late 2018, and officials said they're looking all over Texas for potential new solar projects.

"Very simply, there's a lot of sun," 174 Power Global Director of Project Development Jason Garewal said about the company's interest in Texas. "There's good transmission infrastructure and there's a demand for renewable energy in Texas in general."

## Today's Edition



Burnett also pointed out to commissioners that there are several solar projects in the area, and to expect a lot more attention in the area from solar companies for similar projects.

One local solar company, Heartland Solar, is working on their own solar panel device that will be a power source for the city's downtown hotel and conference center once it opens in spring of 2019.

Bob Zarbos, co-owner of Heartland Solar, said there is a great deal of potential for solar energy in the region. One caveat, he said, would be if the oil boom collapses, there could be less interest in consumer spending on solar energy.

His company is currently selling smaller commercial and residential solar projects in the areas, and is currently expanding, talking with Midland Memorial Hospital and the Permian Basin Area Foundation.

"The more people that are educated, the more infrastructure is educated," Zarbos said.

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# MCH productivity team nets \$3.7M in cost savings

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Edyta Blaszczyk | Odessa American

Posted: Wednesday, September 5, 2018 5:34 pm  
 By Jessica Wilkinson [jwilkinson@oaoa.com](mailto:jwilkinson@oaoa.com)  

 Posted on Sep 5, 2018  
 by Jessica Wilkinson

**A productivity team that's been analyzing every department at Medical Center Hospital within a 100-day timeframe presented information to the board of directors that they're already seeing a savings of about \$3.7 million as a result of the project.**

Christen Timmons, RN, MSN and associate chief nursing officer, presented the information to the board with her team during a regular meeting Tuesday night. Timmons said they focused on working to decrease incentive in overtime usage, flex staffing and schedules and review each department for efficiency projects.

Looking at variable numbers, where staffing adjusts based on the need, and static numbers, where the numbers are the same no matter what is going on, they worked closely with the top 10 departments where salary dollars were quite a bit over budget, she said.

The ancillary department ended up seeing overall savings in variable staffing of \$3 million and static savings of about \$59,000, she said. The nursing department also saw significant savings.

"So our team total, we added that up and we have a savings of \$3.7 million and some change," Timmons said. "So what we're going to do moving forward is, we're gonna work on some efficiency projects like we talked about for our top 10 departments and then we're going to consider rolling out those efficiencies for every single department within the hospital."

Medical Center Health System President and CEO Rick Napper said he gave the team 100 days for the project and the results impressed him.

"They even had (CFO) Robert (Abernethy) baffled because we continued to say \$3.7 million is not possible, but when you go back and look at the FTE drop, it actually is possible," Napper said.

Abernethy said the number of Full Time Equivalents has reduced in the last couple of months, but the departments are still maintaining productivity. A graph of salaries, wages, benefits and temp labor as a percentage of total operating expenses year-to-date, presented to the finance committee prior to the board meeting Tuesday, showed a steady decline from March to July.

Another graph showing blended FTE's including contract labor and management services also showed a small decrease in June and July, compared to prior months.

## OBERON SOLAR

The Ector County Hospital District board of directors also approved a tax abatement agreement Tuesday for Oberon Solar, LLC.

## Today's Edition



## SOCIAL

The agreement has already been approved by other local taxing entities including the Ector County Independent School District, Ector County Commissioners Court and Odessa College. Wes Burnett, director of economic development for the Odessa Chamber of Commerce, told the board Tuesday the company is expected to make a minimum capital investment in the project of \$50 million.

Burnett said they are scheduled to break ground on the project in December and it's expected to be completed in one year. The agreement states it would be a 10-year tax abatement. The company is seeking abatement on property taxes, which would not include personal property or equipment, among other items.

Burnett also said the project may end up being the largest solar project in the state of Texas, consisting of a 50 megawatt solar power plant in western Ector County.

### IN OTHER BUSINESS, THE BOARD

- Approved Finance and Joint Conference Committee reports.
- Heard a presentation on the quarterly quality report.
- Heard a presentation on a Human Resources report.
- Approved the Annual Organization Wide Performance Improvement Plan.
- Approved the Annual Organization Risk Management Plan.
- Approved an agreement with NRC Health.

### SPECIAL MEETING

The board will meet again this week for a special meeting to discuss the proposed fiscal year 2019 budget and proposed ad valorem tax rate.

The meeting will begin at 5 p.m. Thursday at Medical Center Hospital, 500 W. Fourth St., in the board room.

The board will also set dates, times and the place for public hearings on the 2018 ad valorem tax rate, if required, and a public hearing to accept comments from the public on the proposed operating and capital budget. In separate items, the board will also set meetings to vote on the budget and tax rate.

### More Coverage

- Hospital board sets public hearings for tax rate, budget

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