



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

January 9, 2019

Alberto Gonzales  
Superintendent  
Carrizo Springs Consolidated Independent School District  
300 N. 7<sup>th</sup> Street  
Carrizo Springs, Texas 78834

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Carrizo Springs Consolidated Independent School District and Shakes Solar, LLC, Application 1297

Dear Superintendent Gonzales:

On November 30, 2018, the Comptroller issued written notice that Shakes Solar, LLC (applicant) submitted a completed application (Application 1297) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on September 26, 2018, to the Carrizo Springs 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.

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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 1297.

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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of November 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](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 Shakes Solar, LLC (project) applying to Carrizo 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 Shakes Solar, LLC.

Applicant	Shakes Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Carrizo CISD
2017-2018 Average Daily Attendance	2,031
County	Dimmit
Proposed Total Investment in District	\$182,000,000
Proposed Qualified Investment	\$182,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	3*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$542
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$542
Minimum annual wage committed to by applicant for qualified jobs	\$28,200
Minimum weekly wage required for non-qualifying jobs	\$1,021
Minimum annual wage required for non-qualifying jobs	53,093
Investment per Qualifying Job	\$60,666,667
Estimated M&O levy without any limit (15 years)	\$12,732,720
Estimated M&O levy with Limitation (15 years)	\$5,109,200
Estimated gross M&O tax benefit (15 years)	\$7,623,520

\* 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 Shakes Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	105	133	238	\$5,895,435	\$11,248,216	\$17,143,651
2020	123	167	290.275	\$6,822,239	\$15,480,623	\$22,302,862
2021	3	36	39	\$84,599	\$4,864,478	\$4,949,077
2022	3	17	20	\$84,599	\$3,253,030	\$3,337,629
2023	3	4	7	\$84,599	\$1,973,585	\$2,058,183
2024	3	(3)	0	\$84,599	\$1,119,312	\$1,203,911
2025	3	(6)	-3	\$84,599	\$636,013	\$720,612
2026	3	(6)	-3	\$84,599	\$409,564	\$494,163
2027	3	(4)	-1	\$84,599	\$362,177	\$446,776
2028	3	(2)	1	\$84,599	\$420,345	\$504,943
2029	3	(0)	3	\$84,599	\$530,291	\$614,890
2030	3	2	5	\$84,599	\$662,909	\$747,507
2031	3	3	6	\$84,599	\$804,350	\$888,949
2032	3	5	8	\$84,599	\$949,571	\$1,034,170
2033	3	5	8	\$84,599	\$1,081,520	\$1,166,119
2034	3	6	9	\$84,599	\$1,192,089	\$1,276,688

Source: CPA REMI, Shakes 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*	Carrizo Springs CISD I&S Tax Levy	Carrizo Springs CISD M&O Tax Levy	M&O and I&S Tax Levies	Dimmit County Tax Levy	Dimmit Reg Hoptl Dist Tax Levy	Wintergarden Ground Water Cons. Tax Levy	Estimated Total Property Taxes
			<b>0.0561</b>	<b>0.0561</b>	<b>1.0600</b>		<b>0.3800</b>	<b>0.0700</b>	<b>0.0040</b>	
2021	\$167,440,000	\$167,440,000		\$93,934	\$1,774,864	\$1,868,798	\$636,272	\$117,208	\$6,698	\$2,628,975
2022	\$152,880,000	\$152,880,000		\$85,766	\$1,620,528	\$1,706,294	\$580,944	\$107,016	\$6,115	\$2,400,369
2023	\$138,320,000	\$138,320,000		\$77,598	\$1,466,192	\$1,543,790	\$525,616	\$96,824	\$5,533	\$2,171,762
2024	\$123,760,000	\$123,760,000		\$69,429	\$1,311,856	\$1,381,285	\$470,288	\$86,632	\$4,950	\$1,943,156
2025	\$109,200,000	\$109,200,000		\$61,261	\$1,157,520	\$1,218,781	\$414,960	\$76,440	\$4,368	\$1,714,549
2026	\$94,640,000	\$94,640,000		\$53,093	\$1,003,184	\$1,056,277	\$359,632	\$66,248	\$3,786	\$1,485,943
2027	\$80,080,000	\$80,080,000		\$44,925	\$848,848	\$893,773	\$304,304	\$56,056	\$3,203	\$1,257,336
2028	\$65,520,000	\$65,520,000		\$36,757	\$694,512	\$731,269	\$248,976	\$45,864	\$2,621	\$1,028,730
2029	\$50,960,000	\$50,960,000		\$28,589	\$540,176	\$568,765	\$193,648	\$35,672	\$2,038	\$800,123
2030	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
2031	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
2032	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
2033	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
2034	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
2035	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
			<b>Total</b>	<b>\$673,873</b>	<b>\$12,732,720</b>	<b>\$13,406,593</b>	<b>\$4,564,560</b>	<b>\$840,840</b>	<b>\$48,048</b>	<b>\$18,860,041</b>

Source: CPA, Shakes Solar, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Dimmit 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		Carrizo Springs CISD I&S Tax Levy	Carrizo Springs CISD M&O Tax Levy	M&O and I&S Tax Levies	Dimmit County Tax Levy	Dimmit Reg Hoptl Dist Tax Levy	Wintergarden Ground Water Cons. Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0561	1.0600		0.3800	0.0700	0.0040	
2021	\$167,440,000	\$30,000,000		\$93,934	\$318,000	\$411,934	\$95,441	\$17,581	\$1,005	\$525,960
2022	\$152,880,000	\$30,000,000		\$85,766	\$318,000	\$403,766	\$87,142	\$16,052	\$917	\$507,877
2023	\$138,320,000	\$30,000,000		\$77,598	\$318,000	\$395,598	\$78,842	\$14,524	\$830	\$489,793
2024	\$123,760,000	\$30,000,000		\$69,429	\$318,000	\$387,429	\$70,543	\$12,995	\$743	\$471,710
2025	\$109,200,000	\$30,000,000		\$61,261	\$318,000	\$379,261	\$62,244	\$11,466	\$655	\$453,626
2026	\$94,640,000	\$30,000,000		\$53,093	\$318,000	\$371,093	\$53,945	\$9,937	\$568	\$435,543
2027	\$80,080,000	\$30,000,000		\$44,925	\$318,000	\$362,925	\$45,646	\$8,408	\$480	\$417,459
2028	\$65,520,000	\$30,000,000		\$36,757	\$318,000	\$354,757	\$37,346	\$6,880	\$393	\$399,376
2029	\$50,960,000	\$30,000,000		\$28,589	\$318,000	\$346,589	\$29,047	\$5,351	\$306	\$381,292
2030	\$36,400,000	\$30,000,000		\$20,420	\$318,000	\$338,420	\$20,748	\$3,822	\$218	\$363,209
2031	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
2032	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
2033	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
2034	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
2035	\$36,400,000	\$36,400,000		\$20,420	\$385,840	\$406,260	\$138,320	\$25,480	\$1,456	\$571,516
			<b>Total</b>	<b>\$673,873</b>	<b>\$5,109,200</b>	<b>\$5,783,073</b>	<b>\$1,272,544</b>	<b>\$234,416</b>	<b>\$13,395</b>	<b>\$7,303,428</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$7,623,520</b>	<b>\$7,623,520</b>	<b>\$3,292,016</b>	<b>\$606,424</b>	<b>\$34,653</b>	<b>\$11,556,613</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Shakes 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 Shakes 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>	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2021	\$318,000	\$318,000	\$1,456,864	\$1,456,864
	2022	\$318,000	\$636,000	\$1,302,528	\$2,759,392
	2023	\$318,000	\$954,000	\$1,148,192	\$3,907,584
	2024	\$318,000	\$1,272,000	\$993,856	\$4,901,440
	2025	\$318,000	\$1,590,000	\$839,520	\$5,740,960
	2026	\$318,000	\$1,908,000	\$685,184	\$6,426,144
	2027	\$318,000	\$2,226,000	\$530,848	\$6,956,992
	2028	\$318,000	\$2,544,000	\$376,512	\$7,333,504
	2029	\$318,000	\$2,862,000	\$222,176	\$7,555,680
	2030	\$318,000	\$3,180,000	\$67,840	\$7,623,520
<b>Maintain Viable Presence (5 Years)</b>	2031	\$385,840	\$3,565,840	\$0	\$7,623,520
	2032	\$385,840	\$3,951,680	\$0	\$7,623,520
	2033	\$385,840	\$4,337,520	\$0	\$7,623,520
	2034	\$385,840	\$4,723,360	\$0	\$7,623,520
	2035	\$385,840	\$5,109,200	\$0	\$7,623,520
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2036	\$385,840	\$5,495,040	\$0	\$7,623,520
	2037	\$385,840	\$5,880,880	\$0	\$7,623,520
	2038	\$385,840	\$6,266,720	\$0	\$7,623,520
	2039	\$385,840	\$6,652,560	\$0	\$7,623,520
	2040	\$385,840	\$7,038,400	\$0	\$7,623,520
	2041	\$385,840	\$7,424,240	\$0	\$7,623,520
	2042	\$385,840	\$7,810,080	\$0	\$7,623,520
	2043	\$385,840	\$8,195,920	\$0	\$7,623,520
	2044	\$385,840	\$8,581,760	\$0	\$7,623,520
	2045	\$385,840	\$8,967,600	\$0	\$7,623,520

**\$8,967,600**

is greater than

**\$7,623,520**

**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, Shakes 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 Shakes 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:

- Shakes Solar, LLC is a wholly owned subsidiary of Cypress Creek Renewables, LLC.
- Per Cypress Creek in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Our collective experience includes over 6.0 gigawatts of solar projects in the U.S., representing over \$2 billion of investment. 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 well as WITHIN the State of Texas. Other locations being evaluated include, but are not limited to: Georgia, Minnesota, Idaho, North Carolina, Indiana, South Carolina, Maryland and Oregon. For these reasons, Cypress Creek studies various competing sites throughout the market areas outside and inside the State of Texas where solar energy development is attractive. Without a Value Limitation program, Cypress Creek would seek to move to alternative sites OUTSIDE of the State of Texas.”
  - B. “Shakes Solar, LLC is currently in a period of evaluation to determine whether the identified site in Carrizo Springs 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 planned 200 MW Shakes could be redeployed to other renewable energy development projects in other power markets in the United States.”
  - C. “Therefore, a 313 Limitation of Appraised Value Agreement is a vital tax incentive necessary to ensure the Project is on a level playing field with other solar energy projects with similar incentives. Without the requested 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. Shakes Solar, LLC is not known by any other names.
  - B. ERCOT GIR number is 191NR0073 and was assigned in April 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**

**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.***

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

Shakes Solar, LLC has entered into the following representative agreements and contracts for the development of a project within Carrizo Springs CISD:

- Surface purchase option covering approximately 2,250 acres;
- Interconnect Studies and Agreement; and Environmental review;
- Third-party contracts for development-related work, such as resource estimation, legal review, and construction planning.

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

Yes. Cypress Creek's management team is uniquely qualified to develop and construct PV solar energy projects in the United States with favorable solar energy resource. With a combined 17+ years of experience in the renewable energy industries, the Cypress Creek team has a proven track record of developing, financing, and constructing local small-utility scale solar energy projects. Our collective experience includes over 6.0 gigawatts of solar projects in the U.S., representing over \$2 billion of investment. 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 well as WITHIN the State of Texas. Other locations being evaluated include, but are not limited to:

Georgia	Minnesota
Idaho	North Carolina
Indiana	South Carolina
Maryland	Oregon

For these reasons, Cypress Creek studies various competing sites throughout the market areas outside and inside the State of Texas where solar energy development is attractive. Without a Value Limitation program, Cypress Creek would seek to move to alternative sites OUTSIDE of the State of Texas.

Shakes Solar, LLC is currently in a period of evaluation to determine whether the identified site in Carrizo Springs 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 planned 200 MW Shakes 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 on a level playing field with other solar energy projects with similar incentives. Without the requested 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 \$182M needed to purchase solar modules 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 Shakes Solar, LLC.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)  
– Carrizo Springs ISD– Shakes Solar, LLC App. #1297

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

1. *Is the Shakes Solar, LLC Project currently known by any other project names?*
2. *Please also list any other names by which this project may have been known in the past--in media reports, investor presentations, or any listings with any federal or state agency.*
3. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number.*

Applicant Response (via email on November 29, 2018):

1. *Is the Shakes Solar, LLC Project currently known by any other project names?*  
*No*
2. *Please also list any other names by which this project may have been known in the past--in media reports, investor presentations, or any listings with any federal or state agency.*  
*None*
3. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number.*  
*19INR0073, Assigned in April 2017*