GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 11, 2019

Len Williams
Superintendent
Mart Independent School District
700 Navarro
Mart, TX 76664

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Mart Independent School District and Prairie Hill Wind Project, LLC, Application 1312

Dear Superintendent Williams:

On March 20, 2019, the Comptroller issued written notice that Prairie Hill Wind Project, LLC (applicant) submitted a completed application (Application 1312) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on November 14, 2019, to the Mart 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 1312.

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, 2019.

Note that any building or improvement existing as of the application review start date of March 20, 2019, 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,

Lisa Craven

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Prairie Hill Wind Project, LLC (project) applying to Mart 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 Prairie Hill Wind Project, LLC.

Applicant	Prairie Hill Wind Project, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Mart ISD
2018-2019 Average Daily Attendance	486
County	Limestone
Proposed Total Investment in District	$307,000,000
Proposed Qualified Investment	$307,000,000
Limitation Amount	$15,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	8*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$805
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	$805
Minimum annual wage committed to by applicant for qualified jobs	$41,885
Minimum weekly wage required for non-qualifying jobs	$784
Minimum annual wage required for non-qualifying jobs	$40,769
Investment per Qualifying Job	$38,375,000
Estimated M&O levy without any limit (15 years)	$28,229,979
Estimated M&O levy with Limitation (15 years)	$7,232,439
Estimated gross M&O tax benefit (15 years)	$20,997,541

** 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 Prairie Hill Wind Project, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	75	68	143	$3,375,000	$5,625,000	$9,000,000
2020	225	199	424	$10,125,000	$18,875,000	$29,000,000
2021	8	23	31	$334,840	$4,665,160	$5,000,000
2022	8	17	25	$334,840	$3,665,160	$4,000,000
2023	8	12	20	$334,840	$2,665,160	$3,000,000
2024	8	8	16	$334,840	$1,665,160	$2,000,000
2025	8	15	23	$334,840	$1,665,160	$2,000,000
2026	8	10	18	$334,840	$1,665,160	$2,000,000
2027	8	12	20	$334,840	$2,665,160	$3,000,000
2028	8	12	20	$334,840	$1,665,160	$2,000,000
2029	8	10	18	$334,840	$1,665,160	$2,000,000
2030	8	12	20	$334,840	$1,665,160	$2,000,000
2031	8	6	14	$334,840	$1,665,160	$2,000,000
2032	8	8	16	$334,840	$665,160	$1,000,000
2033	8	6	14	$334,840	$665,160	$1,000,000

Source: CPA REMI, Prairie Hill Wind Project, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Mart ISD I&S Tax Levy	Mart ISD M&O Tax Levy	Mart ISD M&O and I&S Tax Levies	Limestone County Tax Levy	Limestone County Emergency Services Tax Levy	Limestone County Hospital District Tax Levy	McLennan County Tax Levy	McLennan Community College District Tax Levy	Mart ISD Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.4328	1.0400		0.7724	0.0400	0.3120	0.5053	0.1503	1.2269	
2020	$5,000,000	$5,000,000		$21,640	$52,000	$73,640	$34,758	$1,800	$14,040	$2,527	$752	$61,345	$188,861
2021	$294,020,000	$294,020,000		$1,272,519	$3,057,808	$4,330,327	$2,043,909	$105,847	$825,608	$148,568	$44,191	$3,607,331	$11,105,782
2022	$273,484,000	$273,484,000		$1,183,639	$2,844,234	$4,027,872	$1,901,151	$98,454	$767,943	$138,191	$41,105	$3,355,375	$10,330,092
2023	$254,383,600	$254,383,600		$1,100,972	$2,645,589	$3,746,562	$1,768,373	$91,578	$714,309	$128,540	$38,234	$3,121,032	$9,608,628
2024	$236,619,800	$236,619,800		$1,024,090	$2,460,846	$3,484,936	$1,644,886	$85,183	$664,428	$119,564	$35,564	$2,903,088	$8,937,650
2025	$220,097,600	$220,097,600		$952,582	$2,289,015	$3,241,597	$1,530,030	$79,235	$618,034	$111,215	$33,081	$2,700,377	$8,313,571
2026	$204,731,000	$204,731,000		$886,076	$2,129,202	$3,015,278	$1,423,208	$73,703	$574,885	$103,451	$30,771	$2,511,845	$7,733,140
2027	$190,440,000	$190,440,000		$824,224	$1,980,576	$2,804,800	$1,323,863	$68,558	$534,756	$96,229	$28,623	$2,336,508	$7,193,338
2028	$177,147,500	$177,147,500		$766,694	$1,842,334	$2,609,028	$1,231,459	$63,773	$497,430	$89,513	$26,625	$2,173,423	$6,691,251
2029	$164,784,600	$164,784,600		$713,188	$1,713,760	$2,426,948	$1,145,517	$59,322	$462,715	$83,266	$24,767	$2,021,742	$6,224,277
2030	$153,286,200	$153,286,200		$663,423	$1,594,176	$2,257,599	$1,065,584	$55,183	$430,428	$77,456	$23,039	$1,880,668	$5,789,957
2031	$145,642,300	$145,642,300		$630,340	$1,514,680	$2,145,020	$1,012,447	$52,431	$408,964	$73,593	$21,890	$1,786,885	$5,501,230
2032	$138,379,900	$138,379,900		$598,908	$1,439,151	$2,038,059	$961,962	$49,817	$388,571	$69,923	$20,798	$1,697,783	$5,226,913
2033	$131,480,000	$131,480,000		$569,045	$1,367,392	$1,936,437	$913,996	$47,333	$369,196	$66,437	$19,761	$1,613,128	$4,966,289
2034	$124,924,600	$124,924,600		$540,674	$1,299,216	$1,839,890	$868,426	$44,973	$350,788	$63,124	$18,776	$1,532,700	$4,718,677
			Total	$11,748,015	$28,229,979	$39,977,994	$18,869,570	$977,192	$7,622,094	$1,371,597	$407,977	$33,303,232	$102,529,657

Source: CPA, Prairie Hill Wind Project, LLC
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Limestone 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		Mart ISD I&S Tax Levy	Mart ISD M&O Tax Levy	Mart ISD M&O and I&S Tax Levies	Limestone County Tax Levy	Limestone County Emergency Services Tax Levy	Limestone County Hospital District Tax Levy	McLennan County Tax Levy	McLennan Community College District Tax Levy	Mart ISD Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.4328	1.0400		0.7724	0.0400	0.3120	0.5053	0.1503	1.2269	
2020	$5,000,000	$5,000,000		$21,640	$52,000	$73,640	$0	$1,800	$14,040	$2,527	$752	$61,345	$154,103
2021	$294,020,000	$15,000,000		$1,272,519	$156,000	$1,428,519	$0	$105,847	$825,608	$148,568	$44,191	$3,607,331	$6,160,065
2022	$273,484,000	$15,000,000		$1,183,639	$156,000	$1,339,639	$0	$98,454	$767,943	$138,191	$41,105	$3,355,375	$5,740,707
2023	$254,383,600	$15,000,000		$1,100,972	$156,000	$1,256,972	$0	$91,578	$714,309	$128,540	$38,234	$3,121,032	$5,350,666
2024	$236,619,800	$15,000,000		$1,024,090	$156,000	$1,180,090	$0	$85,183	$664,428	$119,564	$35,564	$2,903,088	$4,987,918
2025	$220,097,600	$15,000,000		$952,582	$156,000	$1,108,582	$0	$79,235	$618,034	$111,215	$33,081	$2,700,377	$4,650,525
2026	$204,731,000	$15,000,000		$886,076	$156,000	$1,042,076	$0	$73,703	$574,885	$103,451	$30,771	$2,511,845	$4,336,730
2027	$190,440,000	$15,000,000		$824,224	$156,000	$980,224	$0	$68,558	$534,756	$96,229	$28,623	$2,336,508	$4,044,899
2028	$177,147,500	$15,000,000		$766,694	$156,000	$922,694	$0	$63,773	$497,430	$89,513	$26,625	$2,173,423	$3,773,458
2029	$164,784,600	$15,000,000		$713,188	$156,000	$869,188	$0	$0	$462,715	$83,266	$24,767	$2,021,742	$3,461,678
2030	$153,286,200	$15,000,000		$663,423	$156,000	$819,423	$1,065,584	$55,183	$430,428	$77,456	$23,039	$1,880,668	$4,351,781
2031	$145,642,300	$145,642,300		$630,340	$1,514,680	$2,145,020	$1,012,447	$52,431	$408,964	$73,593	$21,890	$1,786,885	$5,501,230
2032	$138,379,900	$138,379,900		$598,908	$1,439,151	$2,038,059	$961,962	$49,817	$388,571	$69,923	$20,798	$1,697,783	$5,226,913
2033	$131,480,000	$131,480,000		$569,045	$1,367,392	$1,936,437	$913,996	$47,333	$369,196	$66,437	$19,761	$1,613,128	$4,966,289
2034	$124,924,600	$124,924,600		$540,674	$1,299,216	$1,839,890	$868,426	$44,973	$350,788	$63,124	$18,776	$1,532,700	$4,718,677
			Total	$11,748,015	$7,232,439	$18,980,453	$4,822,415	$917,869	$7,622,094	$1,371,597	$407,977	$33,303,232	$67,425,639
			Diff	$0	$20,997,541	$20,997,541	$14,047,154	$59,322	$0	$0	$0	$0	$35,104,018

Source: CPA, Prairie Hill Wind Project, 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 Prairie Hill Wind Project, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	$0	$0	$0	$0
	2019	$0	$0	$0	$0
	2020	$52,000	$52,000	$0	$0
Limitation Period (10 Years)	2021	$156,000	$208,000	$2,901,808	$2,901,808
	2022	$156,000	$364,000	$2,688,234	$5,590,042
	2023	$156,000	$520,000	$2,489,589	$8,079,631
	2024	$156,000	$676,000	$2,304,846	$10,384,477
	2025	$156,000	$832,000	$2,133,015	$12,517,492
	2026	$156,000	$988,000	$1,973,202	$14,490,694
	2027	$156,000	$1,144,000	$1,824,576	$16,315,270
	2028	$156,000	$1,300,000	$1,686,334	$18,001,604
	2029	$156,000	$1,456,000	$1,557,760	$19,559,364
	2030	$156,000	$1,612,000	$1,438,176	$20,997,541
Maintain Viable Presence (5 Years)	2031	$1,514,680	$3,126,680	$0	$20,997,541
	2032	$1,439,151	$4,565,831	$0	$20,997,541
	2033	$1,367,392	$5,933,223	$0	$20,997,541
	2034	$1,299,216	$7,232,439	$0	$20,997,541
	2035	$1,234,445	$8,466,883	$0	$20,997,541
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	$1,172,903	$9,639,786	$0	$20,997,541
	2037	$1,114,433	$10,754,219	$0	$20,997,541
	2038	$1,058,890	$11,813,108	$0	$20,997,541
	2039	$1,006,117	$12,819,225	$0	$20,997,541
	2040	$955,980	$13,775,206	$0	$20,997,541
	2041	$908,343	$14,683,549	$0	$20,997,541
	2042	$863,081	$15,546,630	$0	$20,997,541
	2043	$820,081	$16,366,711	$0	$20,997,541
	2044	$785,809	$17,152,520	$0	$20,997,541
	2045	$785,664	$17,938,184	$0	$20,997,541

$17,938,184	is less than	**$20,997,541**

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	No

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Prairie Hill Wind Project, LLC

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2019	75	68	143	$3,375,000	$5,625,000	$9,000,000	470000	-260000	$730,000
2020	225	199	424	$10,125,000	$18,875,000	$29,000,000	1450000	-670000	$2,120,000
2021	8	23	31	$334,840	$4,665,160	$5,000,000	270000	370000	-$100,000
2022	8	17	25	$334,840	$3,665,160	$4,000,000	220000	350000	-$130,000
2023	8	12	20	$334,840	$2,665,160	$3,000,000	180000	330000	-$150,000
2024	8	8	16	$334,840	$1,665,160	$2,000,000	210000	320000	-$110,000
2025	8	15	23	$334,840	$1,665,160	$2,000,000	240000	280000	-$40,000
2026	8	10	18	$334,840	$1,665,160	$2,000,000	240000	270000	-$30,000
2027	8	12	20	$334,840	$2,665,160	$3,000,000	210000	220000	-$10,000
2028	8	12	20	$334,840	$1,665,160	$2,000,000	180000	190000	-$10,000
2029	8	10	18	$334,840	$1,665,160	$2,000,000	180000	180000	$0
2030	8	12	20	$334,840	$1,665,160	$2,000,000	150000	140000	$10,000
2031	8	6	14	$334,840	$1,665,160	$2,000,000	110000	110000	$0
2032	8	8	16	$334,840	$665,160	$1,000,000	110000	90000	$20,000
2033	8	6	14	$334,840	$665,160	$1,000,000	120000	20000	$100,000
2034	8	10	18	$334,840	$665,160	$1,000,000	110000	10000	$100,000
2035	8	6	14	$334,840	$665,160	$1,000,000	50000	-40000	$90,000
2036	8	8	16	$334,840	$665,160	$1,000,000	40000	-80000	$120,000
2037	8	4	12	$334,840	-$334,840	$0	10000	-110000	$120,000
2038	8	0	8	$334,840	-$334,840	$0	20000	-140000	$160,000
2039	8	8	16	$334,840	$665,160	$1,000,000	30000	-180000	$210,000
2040	8	2	10	$334,840	-$334,840	$0	-30000	-240000	$210,000
2041	8	6	14	$334,840	-$334,840	$0	-20000	-270000	$250,000
2042	8	2	10	$334,840	-$334,840	$0	-50000	-280000	$230,000
2043	8	0	8	$334,840	-$334,840	$0	-30000	-330000	$300,000
2044	8	(2)	6	$334,840	-$334,840	$0	-60000	-320000	$260,000
2045	8	(2)	6	$334,840	-$334,840	$0	-80000	-410000	$330,000
2046	8	(4)	4	$334,840	-$334,840	$0	-30000	-420000	$390,000
						Total	**$4,300,000**	**-$870,000**	**$5,170,000**
							$23,108,184	is greater than	**$20,997,541**

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

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 Prairie Hill Wind Project LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Prairie Hill Wind Project LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "As a developer with international scope and capabilities, the Applicant has the ability to locate projects of this type in other countries as well as in states within the United States and other regions within Texas with favorable wind characteristics. The Applicant is actively assessing and developing other projects that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a wind project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates. Global markets that have various 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. "The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at todays contracted power rates under a power purchase agreement (PPA). Therefore, the applicant would be unable to finance and build the project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher."
- Per Comptroller Research:
  A. On December 1, 2018, the Waco Tribune reported that Engie North America applied for a Chapter 313 School Value-Limitation Agreement for the Pairie Hill Wind Project that would be located in Mart ISD. Len Williams, the interim superintendent of Mart ISD was quoted saying " if they (Engie) don't get exempt from paying some of them (taxes) they won't do it... and that's how it is everywhere." Also be known that Julie Vitek, a spokeswoman for Engie stated "right now the project is in a 'mid-level' development stage... we have secured land for the project and are

working on the proposed layout of the wind farm as well as determining the optimal wind turbine type... construction could start by late next year."

- Supplemental information provided by Applicant:
  A. The project's IGNR number is 19INR0100 and was assigned 6/19/2017
  B. Prairie Hill Wind Project has not entered in to a PPA

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:

- ☑ 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.

ENGIE North America, a division of ENGIE, manages a range of energy businesses throughout North America, including retail energy sales and energy services to commercial, industrial and residential customers, natural gas and liquefied natural gas (LNG) distribution and sales, and electricity generation and cogeneration. In 2015, ENGIE recorded $77.6 billion in global revenues. More than 3,500 employees work in the region, with Houston serving as ENGIE North America's corporate headquarters.

ENGIE is one of the largest non-residential retail electricity suppliers in the United States and currently serves commercial, industrial, and institutional customers in 14 markets. Supplying energy to nearly 50 percent of Fortune 100 companies, ENGIE serves over 89,000 accounts, with an estimated peak load totaling nearly 13,000 MW.

In the United States and Canada, ENGIE owns and/or operates cogeneration, steam, and chilled water facilities, including more than 1,000 MW in the portfolio produced by combined heat and power (CHP) units located within commercial or industrial facilities and using waste heat from an onsite generation system to provide for heating and chilling needs. The North America renewables portfolio consists of wind, solar and biomass/biogas assets, with a capacity of close to 1,000 MW. In Canada, ENGIE is among the Top 5 wind developers, with assets in Ontario, the Maritimes and British Columbia.

As a developer with international scope and capabilities, the Applicant has the ability to locate projects of this type in other countries as well as in states within the United States and other regions within Texas with favorable wind characteristics. The Applicant is actively assessing and developing other projects that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a wind project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates. Global markets that have various 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 liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at todays contracted power rates under a power purchase agreement (PPA). Therefore, the applicant would be unable to finance and build the project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Mart ISD– Prairie Hill Wind Project, LLC App. #1312

Comptroller Questions (via email on April 5, 2019):

1. Is Pairie Hill Wind Project, LLC 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 and when was it assigned.
4. Per the article included in this email, has Pairie Hill Wind Project, LLC entered into a PPA, if so when?

Applicant Response (via email on April 5, 2019):

1. No
2. N/A
3. 19INR0100 and was assigned 6/19/2017
4. Prairie Hill Wind Project has not entered in to a PPA.

https://www.wacotrib.com/news/business/wind-farm-could-carry-tax-base-boost-into-mart-isd/article_9bffc97d-3f42-5826-93f3-a247c0db5f47.html

Wind farm could carry tax base boost into Mart ISD

By LAUREN DODD lauren.dodd@wacotrib.com Dec 1, 2018

Mart Mayor Len Williams shows an area where Engie North America Inc. has proposed a 52,000-acre wind farm. Staff photo — Jerry Larson

A French energy company that boasts wind power projects in Brazil, India, Norway and Kansas has set its sights just outside Mart, a one-stoplight town 20 miles from Waco.

Where wind turbines may soon stand on a property straddled by Farm-to-Market Road 939 and JPM Road, 2 miles away from Mart's city center, tall native grasses blew in the wind as Mayor Len Williams, also the interim superintendent of Mart Independent School District, described Engie North America Inc.'s proposed Prairie Hill Wind Farm project as a breath of fresh air to the community of 2,000 people, and to the school district's tax base.

If the sustainable energy project receives final approval from state and local agencies, along with Engie investors, 300 wind turbines will be constructed across 52,000 acres in McLennan and Limestone Counties.

Texas, the nation's leading oil-producing state, also leads the country in wind power production capacity, according to the U.S. Energy Information Administration.

On average, each turbine produces about 1 megawatt of energy, enough to power about 200 homes during peak periods. Wind energy produced from the proposed Prairie Hill Wind Farm would provide electricity to Engie's private customers rather than residents of Mart.

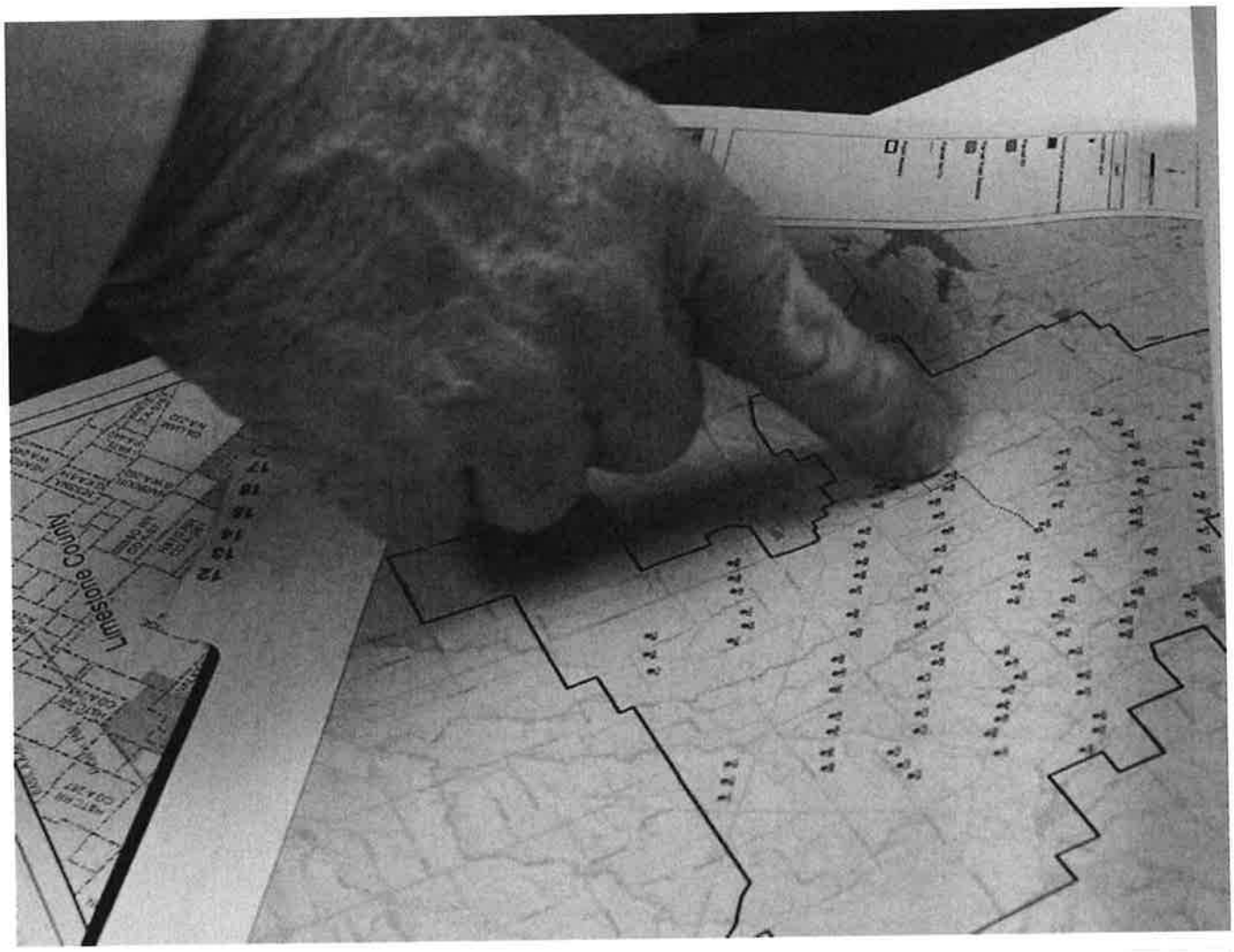
Wind speeds in Mart average about 7 meters per second at a height of 80 meters, according to the U.S. Department of Energy. Areas with annual average wind speeds of about 6.5 meters per second are considered suitable for wind energy development, according to the DOE.

Most of the proposed turbines would be on land in the boundaries of Mart ISD, adding to the district's tax base, and some turbines would be on vacant district property, adding land's value, Williams said.

Each turbine could add about $1 million in property value, raising the prospect of a $300 million boost in taxable property value, he said.

But Engie and the district have applied for a Chapter 313 School Value-Limitation Agreement with the state that would limit the company's property taxes due to the district for at least 10 years, Williams said.

"If they (Engie) don't get exempt from paying some of them (taxes) they won't do it," Williams said. "And that's how it is everywhere."



Mart Mayor Len Williams points to a map showing Engie North America Inc.'s proposed 52,000-acre Prairie Hill Wind Farm.

Staff photo — Jerry Larson

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About 500 school districts in Texas have similar value-limitation agreements or applications on file with the Secretary of State. About 200 of those agreements are with wind energy companies.

Williams said the renewable energy project could be a "big shot in the arm" if it means the cash-strapped district receives an additional $50,000 in annual state funding for the next 15 years.

Right now the project is in a "mid-level" development stage, Engie spokeswoman Julie Vitek said.

"We have secured land for the project and are working on the proposed layout of the wind farm as well as determining the optimal wind turbine type," Vitek said.

Area landowners have already received an initial $8,000 from Engie for use of the land, another $5,000 for legal services, and a promise to pay an undisclosed amount to each landowner annually, Williams said.

"That helps them out a little bit," he said. "They were all really excited about it."

The average median household income in Mart is about $34,000, about $20,000 less than the national average.

If approved, the project could add seven full-time jobs to the local economy and 200 temporary construction jobs, Williams said.

Construction could start by late next year, Vitek said. If everything goes smoothly, the wind farm could start commercial operation in 2020.

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