



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 25, 2019

Gisela Saenz
Superintendent
La Joya Independent School District
200 West Expressway 83
La Joya, TX 78560

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between La Joya Independent School District and La Joya Windpower, LLC, Application 1356

Dear Superintendent Saenz:

On September 24, 2019, the Comptroller issued written notice that La Joya Windpower, LLC (applicant) submitted a completed application (Application 1356) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on February 25, 2019, to the La Joya 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 1356.

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).

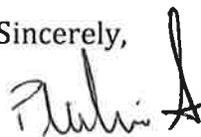
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 September 24, 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,



for Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of La Joya Windpower, LLC (project) applying to La Joya 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 La Joya Windpower, LLC.

Applicant	La Joya Windpower, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	La Joya ISD
2017-2018 Average Daily Attendance	26,150
County	Hidalgo
Proposed Total Investment in District	\$210,000,000
Proposed Qualified Investment	\$210,000,000
Limitation Amount	\$25,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	6*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$785.91
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$757.39
Minimum annual wage committed to by applicant for qualified jobs	\$40,867.32
Minimum weekly wage required for non-qualifying jobs	\$663.25
Minimum annual wage required for non-qualifying jobs	\$34,489
Investment per Qualifying Job	\$35,000,000
Estimated M&O levy without any limit (15 years)	\$24,690,414
Estimated M&O levy with Limitation (15 years)	\$9,979,498
Estimated gross M&O tax benefit (15 years)	\$14,710,916

* 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 La Joya Windpower, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	0	123	123	\$0	\$9,450,000	\$9,450,000
2020	156	183	338.73	\$5,652,554	\$17,977,446	\$23,630,000
2021	156	186	342	\$5,652,554	\$20,297,446	\$25,950,000
2022	6	29	35	\$245,204	\$5,804,796	\$6,050,000
2023	6	17	23	\$245,204	\$4,074,796	\$4,320,000
2024	6	5	11	\$245,204	\$2,634,796	\$2,880,000
2025	6	1	7	\$245,204	\$1,884,796	\$2,130,000
2026	6	1	7	\$245,204	\$1,554,796	\$1,800,000
2027	6	3	9	\$245,204	\$1,524,796	\$1,770,000
2028	6	6	12	\$245,204	\$1,674,796	\$1,920,000
2029	6	9	15	\$245,204	\$1,924,796	\$2,170,000
2030	6	12	18	\$245,204	\$2,204,796	\$2,450,000
2031	6	14	20	\$245,204	\$2,484,796	\$2,730,000
2032	6	14	20	\$245,204	\$2,454,796	\$2,700,000
2033	6	14	20	\$245,204	\$2,504,796	\$2,750,000

Source: CPA REMI, La Joya Windpower, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	La Joya ISD I&S Tax Levy	La Joya ISD M&O Tax Levy	La Joya M&O and I&S Tax Levies	Hidalgo County Tax Levy	South Texas College Tax Levy	South Texas ISD Tax Levy	Estimated Total Property Taxes
				0.1410	1.0500		0.5800	0.1850	0.0492	
2020	\$200,000,000	\$200,000,000		\$282,000	\$2,100,000	\$2,382,000	\$1,160,000	\$370,000	\$98,400	\$4,010,400
2021	\$10,000,000	\$10,000,000		\$14,100	\$105,000	\$119,100	\$58,000	\$18,500	\$4,920	\$200,520
2022	\$199,500,000	\$199,500,000		\$281,295	\$2,094,750	\$2,376,045	\$1,157,100	\$369,075	\$98,154	\$4,000,374
2023	\$189,525,000	\$189,525,000		\$267,230	\$1,990,013	\$2,257,243	\$1,099,245	\$350,621	\$93,246	\$3,800,355
2024	\$180,048,750	\$180,048,750		\$253,869	\$1,890,512	\$2,144,381	\$1,044,283	\$333,090	\$88,584	\$3,610,338
2025	\$171,046,313	\$171,046,313		\$241,175	\$1,795,986	\$2,037,162	\$992,069	\$316,436	\$84,155	\$3,429,821
2026	\$162,493,997	\$162,493,997		\$229,117	\$1,706,187	\$1,935,304	\$942,465	\$300,614	\$79,947	\$3,258,330
2027	\$154,369,297	\$154,369,297		\$217,661	\$1,620,878	\$1,838,538	\$895,342	\$285,583	\$75,950	\$3,095,413
2028	\$146,650,832	\$146,650,832		\$206,778	\$1,539,834	\$1,746,611	\$850,575	\$271,304	\$72,152	\$2,940,642
2029	\$139,318,291	\$139,318,291		\$196,439	\$1,462,842	\$1,659,281	\$808,046	\$257,739	\$68,545	\$2,793,610
2030	\$132,352,376	\$132,352,376		\$186,617	\$1,389,700	\$1,576,317	\$767,644	\$244,852	\$65,117	\$2,653,930
2031	\$125,734,757	\$125,734,757		\$177,286	\$1,320,215	\$1,497,501	\$729,262	\$232,609	\$61,862	\$2,521,233
2032	\$119,448,019	\$119,448,019		\$168,422	\$1,254,204	\$1,422,626	\$692,799	\$220,979	\$58,768	\$2,395,172
2033	\$113,475,618	\$113,475,618		\$160,001	\$1,191,494	\$1,351,495	\$658,159	\$209,930	\$55,830	\$2,275,413
2034	\$107,801,837	\$107,801,837		\$152,001	\$1,131,919	\$1,283,920	\$625,251	\$199,433	\$53,039	\$2,161,642
2035	\$102,411,746	\$102,411,746		\$144,401	\$1,075,323	\$1,219,724	\$593,988	\$189,462	\$50,387	\$2,053,560
2036	\$97,291,158	\$97,291,158		\$137,181	\$1,021,557	\$1,158,738	\$564,289	\$179,989	\$47,867	\$1,950,882
			Total	\$3,315,570	\$24,690,414	\$28,005,984	\$13,638,514	\$4,350,216	\$1,156,922	\$47,151,636

Source: CPA, La Joya Windpower, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Hidalgo County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county and 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*	La Joya ISD I&S Tax Levy	La Joya ISD M&O Tax Levy	La Joya M&O and I&S Tax Levies	Hidalgo County Tax Levy	South Texas College Tax Levy	South Texas ISD Tax Levy	Estimated Total Property Taxes
				0.1410	1.0500		0.5800	0.1850	0.0492	
2020	\$200,000,000	\$200,000,000		\$282,000	\$2,100,000	\$2,382,000	\$1,160,000	\$370,000	\$98,400	\$3,912,000
2021	\$10,000,000	\$10,000,000		\$14,100	\$105,000	\$119,100	\$58,000	\$18,500	\$4,920	\$195,600
2022	\$199,500,000	\$20,000,000		\$281,295	\$210,000	\$491,295	\$231,420	\$73,815	\$98,154	\$796,530
2023	\$189,525,000	\$20,000,000		\$267,230	\$210,000	\$477,230	\$219,849	\$70,124	\$93,246	\$767,204
2024	\$180,048,750	\$20,000,000		\$253,869	\$210,000	\$463,869	\$208,857	\$66,618	\$88,584	\$739,343
2025	\$171,046,313	\$20,000,000		\$241,175	\$210,000	\$451,175	\$198,414	\$63,287	\$84,155	\$712,876
2026	\$162,493,997	\$20,000,000		\$229,117	\$210,000	\$439,117	\$188,493	\$60,123	\$79,947	\$687,732
2027	\$154,369,297	\$20,000,000		\$217,661	\$210,000	\$427,661	\$179,068	\$57,117	\$75,950	\$663,846
2028	\$146,650,832	\$20,000,000		\$206,778	\$210,000	\$416,778	\$170,115	\$54,261	\$72,152	\$641,153
2029	\$139,318,291	\$20,000,000		\$196,439	\$210,000	\$406,439	\$161,609	\$51,548	\$68,545	\$619,596
2030	\$132,352,376	\$20,000,000		\$186,617	\$210,000	\$396,617	\$153,529	\$48,970	\$65,117	\$599,116
2031	\$125,734,757	\$20,000,000		\$177,286	\$210,000	\$387,286	\$145,852	\$46,522	\$61,862	\$579,660
2032	\$119,448,019	\$119,448,019		\$168,422	\$1,254,204	\$1,422,626	\$692,799	\$220,979	\$58,768	\$2,336,403
2033	\$113,475,618	\$113,475,618		\$160,001	\$1,191,494	\$1,351,495	\$658,159	\$209,930	\$55,830	\$2,219,583
2034	\$107,801,837	\$107,801,837		\$152,001	\$1,131,919	\$1,283,920	\$625,251	\$199,433	\$53,039	\$2,108,604
2035	\$102,411,746	\$102,411,746		\$144,401	\$1,075,323	\$1,219,724	\$593,988	\$189,462	\$50,387	\$2,003,174
2036	\$97,291,158	\$97,291,158		\$137,181	\$1,021,557	\$1,158,738	\$564,289	\$179,989	\$47,867	\$1,903,015
			Total	\$3,315,570	\$9,979,498	\$13,295,068	\$6,209,691	\$1,980,677	\$1,156,922	\$21,485,436
			Diff	\$0	\$14,710,916	\$14,710,916	\$7,428,824	\$2,369,539	\$0	\$25,666,201

Source: CPA, La Joya Windpower, LLC

*Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that La Joya Windpower, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	\$0	\$0	\$0	\$0
	2020	\$2,100,000	\$2,100,000	\$0	\$0
	2021	\$105,000	\$2,205,000	\$0	\$0
Limitation Period (10 Years)	2022	\$210,000	\$2,415,000	\$1,884,750	\$1,884,750
	2023	\$210,000	\$2,625,000	\$1,780,013	\$3,664,763
	2024	\$210,000	\$2,835,000	\$1,680,512	\$5,345,274
	2025	\$210,000	\$3,045,000	\$1,585,986	\$6,931,261
	2026	\$210,000	\$3,255,000	\$1,496,187	\$8,427,448
	2027	\$210,000	\$3,465,000	\$1,410,878	\$9,838,325
	2028	\$210,000	\$3,675,000	\$1,329,834	\$11,168,159
	2029	\$210,000	\$3,885,000	\$1,252,842	\$12,421,001
	2030	\$210,000	\$4,095,000	\$1,179,700	\$13,600,701
	2031	\$210,000	\$4,305,000	\$1,110,215	\$14,710,916
Maintain Viable Presence (5 Years)	2032	\$1,254,204	\$5,559,204	\$0	\$14,710,916
	2033	\$1,191,494	\$6,750,698	\$0	\$14,710,916
	2034	\$1,131,919	\$7,882,617	\$0	\$14,710,916
	2035	\$1,075,323	\$8,957,941	\$0	\$14,710,916
	2036	\$1,021,557	\$9,979,498	\$0	\$14,710,916
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$970,479	\$10,949,977	\$0	\$14,710,916
	2038	\$921,955	\$11,871,933	\$0	\$14,710,916
	2039	\$875,858	\$12,747,790	\$0	\$14,710,916
	2040	\$832,065	\$13,579,855	\$0	\$14,710,916
	2041	\$790,461	\$14,370,316	\$0	\$14,710,916
	2042	\$750,938	\$15,121,255	\$0	\$14,710,916
	2043	\$713,391	\$15,834,646	\$0	\$14,710,916
	2044	\$677,722	\$16,512,368	\$0	\$14,710,916
	2045	\$643,836	\$17,156,204	\$0	\$14,710,916
	2046	\$611,644	\$17,767,848	\$0	\$14,710,916

\$17,767,848

is greater than

\$14,710,916

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

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

Source: CPA, La Joya Windpower, LLC

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

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the La Joya Windpower, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per La Joya Windpower, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “La Joya Windpower, LLC was formed in 2018. In support of its creation, the participating members of Terra-Gen, executed documents necessary to form the entity including an Operating Agreement and a Development Agreement with La Joya Windpower, LLC.”
- “Terra-Gen studies and evaluates various competing sites throughout the market areas across the U.S. where wind development is attractive. Without a Value Limitation program, Terra-Gen would seek to move to alternative sites outside of the State of Texas.”
- “As such, the development resources necessary to advance the Project for a planned 210 MW could be redeployed to other renewable energy development projects in other power markets in the United States.”
- “Without the requested value limitation, the La Joya Windpower 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 stated the following:
 - A. The La Joya Windpower project is also known as Los Porciones Windpower, LLC.
 - B. The projects IGNR number is 191NR0132.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

Attachment 5

Documentation to assist in determining if limitation is a determining factor.

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

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

La Joya Windpower, LLC was formed in 2018. In support of its creation, the participating members of Terra-Gen, executed documents necessary to form the entity including an Operating Agreement and a Development Agreement with La Joya Windpower, LLC.

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

- Grants of leases and easements covering approximately 36,000 acres of land
- Avian Study and contract
- Bat Acoustic Study and contract
- Threatened & Endangered Species Studies and contract
- Enterprise Zone with Hidalgo County Commissioners Court
- Interconnection Application with ERCOT
- Federal Aviation Studies

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

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

California
Oklahoma
Louisiana
Colorado
Wyoming
Nevada

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

La Joya Windpower is currently in a period of assessment to determine whether the identified site within La Joya ISD represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable. As such, the development resources necessary to advance the Project for a planned 210 MW could be redeployed to other renewable energy development projects in other power markets in the United States.

Therefore, a 313 Limitation of Appraised Value Agreement is a vital tax incentive necessary to ensure the Project is economically competitive with other wind projects with similar incentives. Without the requested value limitation, the La Joya Windpower 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 \$210M needed to purchase wind turbines and other infrastructure, and to fund the construction of the facility.

10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?

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

Supporting Information

**Additional information
provided by the Applicant or
located by the Comptroller**

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– La Joya ISD – La Joya Windpower, LLC App. #1356

Comptroller Questions (via email on October 16, 2019):

- 1. Is the La Joya Windpower project currently known by any other project names? If so please list any other names by which the project may have been known in the past (in media reports, investor presentations, or any listings with any federal or state agency).*
- 2. Has the project as applied to ERCOT at this time (if so please provide the project's IGNR number)?*

Applicant Response (via email on October 22, 2019):

- 1. Los Porciones Windpower, LLC.*
- 2. 19INR0132*