



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 18, 2019

Carlos Gonzalez
Superintendent
Zapata County Independent School District
1302 Glenn Street
Zapata, TX 78076

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Zapata County Independent School District and Las Lomas Wind Project, LLC, Application 1358

Dear Superintendent Gonzalez:

On July 2, 2019, the Comptroller issued written notice that Las Lomas Wind Project, LLC (applicant) submitted a completed application (Application 1358) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on March 27, 2019, to the Zapata County Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a) Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

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 1358.

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 July 2, 1019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is written in a cursive 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 Las Lomas Wind Project, LLC (project) applying to Zapata County Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Las Lomas Wind Project, LLC.

| | |
|---|--------------------------------|
| Applicant | Las Lomas Wind Project, LLC |
| Tax Code, 313.024 Eligibility Category | Electric Power Generation Wind |
| School District | Zapata County ISD |
| 2017-2018 Average Daily Attendance | 3,078 |
| County | Zapata |
| Proposed Total Investment in District | \$182,000,000 |
| Proposed Qualified Investment | \$182,000,000 |
| Limitation Amount | \$25,000,000 |
| Qualifying Time Period (Full Years) | 2020-2021 |
| 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 | \$663 |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$663 |
| Minimum annual wage committed to by applicant for qualified jobs | \$34,477 |
| Minimum weekly wage required for non-qualifying jobs | \$961 |
| Minimum annual wage required for non-qualifying jobs | \$49,960 |
| Investment per Qualifying Job | \$60,666,667 |
| Estimated M&O levy without any limit (15 years) | \$19,585,956 |
| Estimated M&O levy with Limitation (15 years) | \$7,159,526 |
| Estimated gross M&O tax benefit (15 years) | \$12,426,430 |

* 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 Las Lomas Wind project, LLC (modeled).

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2020 | 75 | 87 | 162 | \$3,000,000 | \$8,000,000 | \$11,000,000 |
| 2021 | 3 | 15 | 18 | \$103,431 | \$1,896,569 | \$2,000,000 |
| 2022 | 3 | 16 | 19 | \$103,431 | \$1,896,569 | \$2,000,000 |
| 2023 | 3 | 14 | 17 | \$103,431 | \$1,896,569 | \$2,000,000 |
| 2024 | 3 | 12 | 15 | \$103,431 | \$1,896,569 | \$2,000,000 |
| 2025 | 3 | 11 | 14 | \$103,431 | \$1,896,569 | \$2,000,000 |
| 2026 | 3 | 10 | 13 | \$103,431 | \$1,896,569 | \$2,000,000 |
| 2027 | 3 | 9 | 12 | \$103,431 | \$896,569 | \$1,000,000 |
| 2028 | 3 | 9 | 12 | \$103,431 | \$896,569 | \$1,000,000 |
| 2029 | 3 | 9 | 12 | \$103,431 | \$896,569 | \$1,000,000 |
| 2030 | 3 | 9 | 12 | \$103,431 | \$896,569 | \$1,000,000 |
| 2031 | 3 | 7 | 10 | \$103,431 | \$896,569 | \$1,000,000 |
| 2032 | 3 | 6 | 9 | \$103,431 | \$896,569 | \$1,000,000 |
| 2033 | 3 | 6 | 9 | \$103,431 | \$896,569 | \$1,000,000 |
| 2034 | 3 | 6 | 9 | \$103,431 | \$896,569 | \$1,000,000 |
| 2035 | 3 | 5 | 8 | \$103,431 | \$896,569 | \$1,000,000 |

Source: CPA REMI, Las Lomas 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 | Tax Rate* | Zapata County ISD I&S Tax Levy | Zapata County ISD M&O Tax Levy | Zapata County ISD M&O and I&S Tax Levies | Zapata County Tax Levy | Zapata County Water Control District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|--------------------------------|--------------------------------|--|------------------------|---|--------------------------------|
| | | | | 0.0000 | 1.0400 | | 0.6940 | 0.3600 | |
| 2021 | \$196,000,000 | \$196,000,000 | | \$0 | \$2,038,400 | \$2,038,400 | \$1,360,291 | \$705,600 | \$4,104,291 |
| 2022 | \$182,280,000 | \$182,280,000 | | \$0 | \$1,895,712 | \$1,895,712 | \$1,265,071 | \$656,208 | \$3,816,991 |
| 2023 | \$169,520,000 | \$169,520,000 | | \$0 | \$1,763,008 | \$1,763,008 | \$1,176,513 | \$610,272 | \$3,549,793 |
| 2024 | \$157,654,000 | \$157,654,000 | | \$0 | \$1,639,602 | \$1,639,602 | \$1,094,160 | \$567,554 | \$3,301,316 |
| 2025 | \$146,618,000 | \$146,618,000 | | \$0 | \$1,524,827 | \$1,524,827 | \$1,017,567 | \$527,825 | \$3,070,219 |
| 2026 | \$136,355,000 | \$136,355,000 | | \$0 | \$1,418,092 | \$1,418,092 | \$946,339 | \$490,878 | \$2,855,309 |
| 2027 | \$126,810,000 | \$126,810,000 | | \$0 | \$1,318,824 | \$1,318,824 | \$880,094 | \$456,516 | \$2,655,434 |
| 2028 | \$117,933,000 | \$117,933,000 | | \$0 | \$1,226,503 | \$1,226,503 | \$818,486 | \$424,559 | \$2,469,548 |
| 2029 | \$109,678,000 | \$109,678,000 | | \$0 | \$1,140,651 | \$1,140,651 | \$761,194 | \$394,841 | \$2,296,686 |
| 2030 | \$102,001,000 | \$102,001,000 | | \$0 | \$1,060,810 | \$1,060,810 | \$707,913 | \$367,204 | \$2,135,927 |
| 2031 | \$96,901,000 | \$96,901,000 | | \$0 | \$1,007,770 | \$1,007,770 | \$672,518 | \$348,844 | \$2,029,132 |
| 2032 | \$92,056,000 | \$92,056,000 | | \$0 | \$957,382 | \$957,382 | \$638,893 | \$331,402 | \$1,927,677 |
| 2033 | \$87,453,000 | \$87,453,000 | | \$0 | \$909,511 | \$909,511 | \$606,947 | \$314,831 | \$1,831,289 |
| 2034 | \$83,080,000 | \$83,080,000 | | \$0 | \$864,032 | \$864,032 | \$576,597 | \$299,088 | \$1,739,717 |
| 2035 | \$78,926,000 | \$78,926,000 | | \$0 | \$820,830 | \$820,830 | \$547,767 | \$284,134 | \$1,652,731 |
| | | | Total | \$0 | \$19,585,956 | \$19,585,956 | \$13,070,349 | \$6,779,754 | \$39,436,059 |

Source: CPA, Las Lomas Wind project, LLC

*Tax Rate per \$100 Valuation

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

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

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate* | Zapata County ISD I&S Tax Levy | Zapata County ISD M&O Tax Levy | Zapata County ISD M&O and I&S Tax Levies | Zapata County Tax Levy | Zapata County Water Control District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|--------------------------------|--------------------------------|--|------------------------|---|--------------------------------|
| | | | | 0.0000 | 1.0400 | | 0.6940 | 0.3600 | |
| 2021 | \$196,000,000 | \$25,000,000 | | \$0 | \$260,000 | \$260,000 | \$0 | \$705,600 | \$965,600 |
| 2022 | \$182,280,000 | \$25,000,000 | | \$0 | \$260,000 | \$260,000 | \$0 | \$656,208 | \$916,208 |
| 2023 | \$169,520,000 | \$25,000,000 | | \$0 | \$260,000 | \$260,000 | \$0 | \$610,272 | \$870,272 |
| 2024 | \$157,654,000 | \$25,000,000 | | \$0 | \$260,000 | \$260,000 | \$0 | \$567,554 | \$827,554 |
| 2025 | \$146,618,000 | \$25,000,000 | | \$0 | \$260,000 | \$260,000 | \$0 | \$527,825 | \$787,825 |
| 2026 | \$136,355,000 | \$25,000,000 | | \$0 | \$260,000 | \$260,000 | \$0 | \$490,878 | \$750,878 |
| 2027 | \$126,810,000 | \$25,000,000 | | \$0 | \$260,000 | \$260,000 | \$0 | \$456,516 | \$716,516 |
| 2028 | \$117,933,000 | \$25,000,000 | | \$0 | \$260,000 | \$260,000 | \$0 | \$424,559 | \$684,559 |
| 2029 | \$109,678,000 | \$25,000,000 | | \$0 | \$260,000 | \$260,000 | \$0 | \$394,841 | \$654,841 |
| 2030 | \$102,001,000 | \$25,000,000 | | \$0 | \$260,000 | \$260,000 | \$0 | \$367,204 | \$627,204 |
| 2031 | \$96,901,000 | \$96,901,000 | | \$0 | \$1,007,770 | \$1,007,770 | \$672,518 | \$348,844 | \$2,029,132 |
| 2032 | \$92,056,000 | \$92,056,000 | | \$0 | \$957,382 | \$957,382 | \$638,893 | \$331,402 | \$1,927,677 |
| 2033 | \$87,453,000 | \$87,453,000 | | \$0 | \$909,511 | \$909,511 | \$606,947 | \$314,831 | \$1,831,289 |
| 2034 | \$83,080,000 | \$83,080,000 | | \$0 | \$864,032 | \$864,032 | \$576,597 | \$299,088 | \$1,739,717 |
| 2035 | \$78,926,000 | \$78,926,000 | | \$0 | \$820,830 | \$820,830 | \$547,767 | \$284,134 | \$1,652,731 |
| | | | | | | | | | |
| | | | Total | \$0 | \$7,159,526 | \$7,159,526 | \$3,042,721 | \$6,779,754 | \$16,982,001 |
| | | | Diff | \$0 | \$12,426,430 | \$12,426,430 | \$10,027,628 | \$0 | \$22,454,057 |

Source: CPA, Las Lomas 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 Las Lomas 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 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 | \$0 | \$0 | \$0 | \$0 |
| Limitation Period (10 Years) | 2021 | \$260,000 | \$260,000 | \$1,778,400 | \$1,778,400 |
| | 2022 | \$260,000 | \$520,000 | \$1,635,712 | \$3,414,112 |
| | 2023 | \$260,000 | \$780,000 | \$1,503,008 | \$4,917,120 |
| | 2024 | \$260,000 | \$1,040,000 | \$1,379,602 | \$6,296,722 |
| | 2025 | \$260,000 | \$1,300,000 | \$1,264,827 | \$7,561,549 |
| | 2026 | \$260,000 | \$1,560,000 | \$1,158,092 | \$8,719,641 |
| | 2027 | \$260,000 | \$1,820,000 | \$1,058,824 | \$9,778,465 |
| | 2028 | \$260,000 | \$2,080,000 | \$966,503 | \$10,744,968 |
| | 2029 | \$260,000 | \$2,340,000 | \$880,651 | \$11,625,619 |
| | 2030 | \$260,000 | \$2,600,000 | \$800,810 | \$12,426,430 |
| Maintain Viable Presence (5 Years) | 2031 | \$1,007,770 | \$3,607,770 | \$0 | \$12,426,430 |
| | 2032 | \$957,382 | \$4,565,153 | \$0 | \$12,426,430 |
| | 2033 | \$909,511 | \$5,474,664 | \$0 | \$12,426,430 |
| | 2034 | \$864,032 | \$6,338,696 | \$0 | \$12,426,430 |
| | 2035 | \$820,830 | \$7,159,526 | \$0 | \$12,426,430 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2036 | \$779,792 | \$7,939,318 | \$0 | \$12,426,430 |
| | 2037 | \$740,802 | \$8,680,121 | \$0 | \$12,426,430 |
| | 2038 | \$703,758 | \$9,383,878 | \$0 | \$12,426,430 |
| | 2039 | \$668,574 | \$10,052,453 | \$0 | \$12,426,430 |
| | 2040 | \$635,149 | \$10,687,602 | \$0 | \$12,426,430 |
| | 2041 | \$603,387 | \$11,290,989 | \$0 | \$12,426,430 |
| | 2042 | \$573,217 | \$11,864,206 | \$0 | \$12,426,430 |
| | 2043 | \$544,554 | \$12,408,760 | \$0 | \$12,426,430 |
| | 2044 | \$520,000 | \$12,928,760 | \$0 | \$12,426,430 |
| | 2045 | \$520,000 | \$13,448,760 | \$0 | \$12,426,430 |

\$13,448,760
 is greater than **\$12,426,430**

| 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, Las Lomas Wind Project, 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 Las Lomas 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:

- ENGIE in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “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.”
 - B. “The applicant is actively assessing and developing opportunities for this project in Oklahoma, Nebraska, Indiana, South Dakota and Colorado. With Texas wholesale electric 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.”
 - C. “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.
- According to the Texas Public Policy Foundation news release dated August 1, 2019, “ New Wind Farms are Flooding Rural Texas. Wherever you go in rural Texas today, you are likely to run across a new wind farm or solar farm constructed. Zapata County – A new wind farm, Las Lomas Wind Energy, LLC is seeking subsidies from: Zapata County-considering a \$920,400 annual tax incentive. Zapata County ISD – considering limiting the taxable value of the project to \$25 million.”

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



CUMMINGS WESTLAKE

LAS LOMAS WIND PROJECT, LLC

Chapter 313 Application Zapata County ISD

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 opportunities for this project in Oklahoma, Nebraska, Indiana, South Dakota and Colorado. 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 today's 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)
Zapata County ISD–Las Lomas Wind Project, LLC App. #1358

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

1. *Is the Las Lomas Wind Project, LLC currently known by any other project names?*
2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when was it assigned.*
3. *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*

Applicant Response (via email on May 21, 2019):

1. *The project is not known by any other name..*
2. IGNR is 16INR0111 and was assigned on September 14, 2019.
3. The project has not been known by any other name in any media, or investor presentations of with any federal or state agency.

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)

Las Lomas Wind Project, LLC App. #1358

Comptroller Questions (via email on August 27, 2019):

1. Section 8 Question 4 is marked no, however, this is on your website. Please address the information of the website and change section 8 question 4.
<http://www.bordasenergy.com/our-projects/>

Applicant Response (via email on August 27, 2019):

1. The website information you are wanting additional information on comes from the Bordas Renewable Energy website. The entity making this Application (Las Lomas Wind Project LLC) is owned by ENGIE, N.A. ENGIE N.A. acquired the rights to continue to try to develop the project from Bordas in December 2018. As noted in early announcement by Bordas, when they were developing the project the Bordas team anticipated having the project in commercial operation by now. Currently ENGIE, N.A. is still evaluating the economics of the project. Since the project viability is still being evaluated, there have been no SEC filings or public announcements made by ENGIE, N.A. relative to the future of the Las Lomas Wind Project since they acquired the rights to continue attempting development. The response to Question 4 in section 8 of the Application accurately reflects that neither the Applicant (Las Lomas Wind Project LLC) nor the parent firm (ENGIE, N.A.) have made any SEC or public announcements relative to the project.



OUR PROJECTS

PAST PROJECTS



Cedro Hill

**First large scale wind project in Webb County, Texas
150 MW wind project | \$300 million investment
20 year Power Purchase Agreement with CPS San
Antonio
Commercial Operation Date of November 2010
Project is owned and operated by NRG Energy**



FUTURE PROJECTS



Las Lomas

The Las Lomas Wind Project will be Bordas' first wind project located in Zapata and Starr Counties, Texas. Las Lomas is projected to be a 150-200 MW wind project and will be located near the towns of Lopeno and Falcon. We are targeting commercial operation in late 2018 or early 2019.



Zapata Ridge

The Zapata Ridge Wind Project is being developed as a 150 – 250 MW wind project in northern Zapata County near the town of San Ygnacio, Texas. This proposed wind project will encompass approximately 75,000 acres and has a targeted commercial operation date of 2019.



New Wind and Solar Farms are Flooding Rural Texas

By **Bill Peacock, Carly Good** | August 1, 2019

Wherever you go in rural Texas today, you are likely to run across a new wind farm or solar farm being constructed.

And why wouldn't they be?

Taxpayers and consumers are currently paying more than \$2 billion annually to renewable energy companies operating in Texas. And with the threat that eligibility for the biggest renewable subsidy, the federal Production Tax Credit (PTC), might expire at the end of the year, there is a mad rush by renewable companies—many of which are multibillion-dollar, multinational conglomerates—to take even more of our money from us through the largess of our local, state, and federal governments.

The cost of these renewable energy projects, though, is not just measured in dollars.

The reliability of the Texas electricity grid is being strained by both wind and solar farms that cannot guarantee electricity when Texans most need it, and then (as the case with wind) drive down prices at night by dumping electricity onto the market when we don't need it. The result is a lack of new investment in natural gas or coal-fired plants that can provide reliable and affordable energy when we need it—usually between 4-7 p.m. on hot summer afternoons.

Additionally, these plants are scarring rural Texas and creating a cleanup problem beyond what any of us can currently imagine one they can no longer generate electricity.

Below is a list of companies seeking local tax abatements from counties, school districts, hospital districts, etc. across the state. A total of 34 projects in 27 counties want taxpayers to subsidize their businesses so they can make more profits. And with each of these projects likely to produce fewer than ten permanent jobs each, there isn't anything in it for county residents.

Here is the list:

Cooke County

Two new renewable energy generators, **BT Cooke Solar, LLC** and **Wildcat Creek Wind** are seeking subsidies from:

- **Cooke County** – considering a \$56,500 annual tax incentive for BT Cooke Solar, LLC and an unspecified amount for Wildcat Creek Wind
- **Era ISD** – considering limiting the taxable value of the project by \$20 million for BT Cooke Solar, LLC
- **Muenster ISD** – considering limiting the taxable value of the project for Wildcat Creek Wind

Ector County

Two new solar farms, **Rockhound Solar A** and **Rockhound Solar B**, are seeking subsidies from:

- **Ector County** – considering a \$559,600 annual tax incentive for Rockhound Solar A and \$337,600 for Rockhound Solar B
- **Ector County ISD** – considering limiting the taxable value of the project by \$100 million for both
- **Ector County Hospital District** – considering a \$185,600 annual tax incentive for Rockhound Solar A and \$95,800 for Rockhound Solar B
- **Odessa College** – considering a \$104,800 annual tax incentive for Rockhound Solar A and \$170,500 for Rockhound Solar B

Knox County

A new wind farm, **Griffin Trail Wind, LLC**, is seeking subsidies from:

- **Knox County** – considering a \$6,629,208 annual tax incentive
- **Benjamin ISD** – considering limiting the taxable value of the project by \$20 million
- **Seymour ISD** – considering limiting the taxable value of the project by \$30 million
- **Knox County Hospital District** – considering a \$3,575,058 annual tax incentive

Wharton County

A new solar farm, **Hecate Energy Ramsey, LLC**, is seeking subsidies from:

- **Wharton County** – considering a \$627,340 annual tax incentive
- **Louise ISD** – considering limiting the taxable value of the project by \$20 million

Bailey County

A new solar farm, **Willing Solar Energy, LLC**, is seeking subsidies from:

- **Bailey County** – considering an \$843,693 annual tax incentive
- **Muleshoe ISD** – considering limiting the taxable value of the project by \$20 million

- Knox County Hospital District – considering a \$421,846 annual tax incentive

Cameron County

A new wind farm, **Monte Alto Windpower, LLC**, is seeking subsidies from:

- **Cameron County** – considering a \$187,645 annual tax incentive
- **Santa Rosa ISD** – considering limiting the taxable value of the project by \$15 million

Coke County

Two new renewable energy generators, **BNB Tennyson Solar, LLC**, and **Grape Creek Wind, LLC**, are seeking subsidies from:

- **Coke County** – considering a \$278,971 annual tax incentive for BNB Tennyson Solar and \$2,007,044 for Grape Creek Wind
- **Bronte ISD** – considering limiting the taxable value of the project by \$20 million for both
- **Robert Lee ISD** – considering limiting the taxable value of the project by \$25 million for both
- **Water Valley ISD** – considering limiting the taxable value of Grape Creek Wind by \$20 million

Fannin County

A new solar farm, **B.T. Coniglio Solar, LLC**, is seeking subsidies from:

- **Fannin County** – considering a \$259,700 annual tax incentive
- **Bonham ISD** – considering limiting the taxable value of the project by \$20 million

Hardeman County

A new wind farm, **Blue Summit III Wind, LLC**, is seeking subsidies from:

- **Hardeman County** – considering a \$203,000 annual tax incentive
- **Chillicothe ISD** – considering limiting the taxable value of the project by \$20 million

Hidalgo County

Two new wind farms, **La Joya Windpower, LLC**, and **Monte Alto Windpower, LLC**, are seeking subsidies from:

- **Hidalgo County** – considering an \$858,816 annual tax incentive for La Joya Windpower and \$561,652 for Monte Alto Windpower

- La Joya ISD – considering limiting the taxable value of the project by \$25 million for La Joya Windpower
- La Villa ISD – considering limiting the taxable value of the project by \$20 million for Monte Alto Windpower
- South Texas College – considering a \$77,700 annual tax incentive for La Joya Windpower

Hill County

A new solar farm, **Sun Valley Solar, LLC**, is seeking subsidies from:

- Hill County – considering a \$395,647.20 annual tax incentive
- Abbott ISD – considering limiting the taxable value of the project by \$20 million

Jackson County

A new solar farm, **Ganado Solar, LLC**, is seeking subsidies from:

- Jackson County – considering a \$224,933 annual tax incentive
- Ganado ISD – considering limiting the taxable value of the project by \$30 million
- Jackson County Hospital District – considering limiting the taxable value of the project by \$30 million

Kaufman County

A new solar farm, **Lily Solar, LLC**, is seeking subsidies from:

- Kaufman County – considering a \$279,133.09 annual tax incentive
- Trinity Valley Community College – considering a \$80,770.55 annual tax incentive
- Scurry-Rosser ISD – considering limiting the taxable value of the project by \$40 million

Kenedy County

A new wind farm, **Texas Gulf Wind 2, LLC**, is seeking subsidies from:

- Kenedy County – considering a \$337,500 annual tax incentive
- Kenedy County Wide CSD – considering limiting the taxable value of the project by \$30 million

Kinney County

A new solar farm, **Zier Solar, LLC**, is seeking subsidies from:

- **Kinney County** – considering a \$787,889 annual tax incentive
- **Brackett ISD** – considering limiting the taxable value of the project by \$10 million
- **Kinney County Groundwater Conservation District** – considering a \$7,320 annual tax incentive
- **Kinney County Road and Bridge** – considering a \$32,627 annual tax incentive

Lamar County

Two new solar farms, **Samson Solar Energy II, LLC**, and **Samson Solar Energy III, LLC**, are seeking subsidies from:

- **Lamar County** – considering a \$304,554 annual tax incentive for Samson Solar Energy II and an additional \$304,554 for Samson Solar Energy III
- **Prairiland ISD** – considering limiting the taxable value of the project by \$20 million for both

Limestone County

A new wind farm, **Prairie Hill Wind Project, LLC**, is seeking subsidies from:

- **Limestone County** – considering a \$1,841,400 annual tax incentive
- **Mart ISD** – considering limiting the taxable value of the project by \$15 million
- **South Limestone County Hospital District** – considering a \$743,800 annual incentive

Nolan County

A new wind farm, **Maryneal Windpower, LLC**, is seeking subsidies from:

- **Nolan County** – considering a \$581,408 annual tax incentive
- **Highland ISD** – considering limiting the taxable value of the project by \$30 million
- **Rolling Plains Memorial Hospital District** – considering a \$498,398 annual tax incentive

Parmer County

A new wind farm, **Lazbuddie Wind Energy, LLC**, is seeking subsidies from:

- **Parmer County** – considering a \$193,000 annual tax incentive
- **Lazbuddie ISD** – considering limiting the taxable value of the project by \$20 million

Pecos County

Two new solar farms, **EnergieKontor US Texas SP 1, LLC**, and **Taygete Energy Project II, LLC**, are seeking subsidies from:

- **Pecos County** – considering a \$539,765 annual tax incentive for EnergieKontor US Texas SP 1 and \$914,058 for Taygete Energy Project II
- **Fort Stockton ISD** – considering limiting the taxable value of the project by \$30 million for both

Runnels County

A new wind farm, **23IRC8me, LLC**, is seeking subsidies from:

- **Runnels County** – considering a \$265,274.40 annual tax incentive
- **Bronte ISD** – considering limiting the taxable value of the project by \$20 million
- **Runnels County Hospital District** – considering a \$164,287.20 annual tax incentive

Sterling County

A new solar farm, **BlueBell Solar II, LLC**, is seeking subsidies from:

- **Sterling County** – considering a \$218,759 annual tax incentive
- **Sterling City ISD** – considering limiting the taxable value of the project by \$30 million

Terry County

A new solar farm, **Algodon Solar Energy, LLC**, is seeking subsidies from:

- **Terry County** – considering a \$324,000 annual tax incentive
- **Wellman-Union ISD** – considering limiting the taxable value of the project by \$20 million

Upton County

Two new solar farms, **Morada del Sol, LLC**, and **34TA 8me, LLC**, are seeking subsidies from:

- **Upton County** – considering a \$4,114,496 annual tax incentive for Morada del Sol and \$280,000 for 34TA 8me
- **McCamey ISD** – considering limiting the taxable value of the project by \$25 million for Morada del Sol
- **Rankin ISD** – considering limiting the taxable value of the project by \$25 million for 34TA 8me

- Upton Emergency Services District #2 – considering a \$8,194,562 annual tax incentive for Morada del Sol
- Rankin Hospital District – considering a \$188,000 annual tax incentive for 34TA 8me
- Upton Water District – considering a \$2,400 annual tax incentive for 34TA 8me

Wichita County

A new solar farm, **Bacon Switch Solar, LLC**, is seeking subsidies from:

- Wichita County – considering a \$96,647 annual tax incentive
- Burkburnett ISD – considering limiting the taxable value of the project by \$30 million

Willacy County

A new wind farm, **El Sauz Ranch Wind, LLC**, is seeking subsidies from:

- Willacy County – considering a \$1,361,088 annual tax incentive
- San Perlita ISD – considering limiting the taxable value of the project by \$15 million

Zapata County

A new wind farm, **Las Lomas Wind Energy, LLC**, is seeking subsidies from:

- Zapata County – considering a \$920,400 annual tax incentive
- Zapata County ISD – considering limiting the taxable value of the project by \$25 million