



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

October 22, 2019

Ralph Traynham
Superintendent
Fort Stockton Independent School District
101 West Division Street
Fort Stockton, Texas 79735

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Fort Stockton Independent School District and Taygete Energy Project II, LLC, Application 1377

Dear Superintendent Traynham:

On August 28, 2019, the Comptroller issued written notice that Taygete Energy Project II, LLC, (applicant) submitted a completed application (Application 1377) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on May 20, 2019, to the Fort Stockton 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 1377.

Based on the information provided by the applicant, the Comptroller has 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).

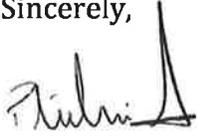
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 August 28, 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
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Taygete Energy Project II, LLC (project) applying to Fort Stockton 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 Taygete Energy Project II, LLC.

Applicant	Taygete Energy Project II, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Fort Stockton ISD
2017-2018 Average Daily Attendance	2,239
County	Pecos
Proposed Total Investment in District	\$310,668,446
Proposed Qualified Investment	\$277,060,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	1*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,140
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,140
Minimum annual wage committed to by applicant for qualified jobs	\$59,270
Minimum weekly wage required for non-qualifying jobs	\$916
Minimum annual wage required for non-qualifying jobs	\$47,620
Investment per Qualifying Job	\$310,668,446
Estimated M&O levy without any limit (15 years)	\$20,566,659
Estimated M&O levy with Limitation (15 years)	\$6,609,943
Estimated gross M&O tax benefit (15 years)	\$13,956,716

* 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 Taygete Energy Project II, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	250	809	1058.59	\$12,750,000	\$57,196,000	\$69,946,000
2021	250	818	1068	\$12,750,000	\$64,765,000	\$77,515,000
2022	1	56	57	\$59,270	\$13,856,730	\$13,916,000
2023	1	1	2	\$59,270	\$7,997,730	\$8,057,000
2024	1	(26)	-25	\$59,270	\$3,724,730	\$3,784,000
2025	1	(34)	-33	\$59,270	\$1,283,730	\$1,343,000
2026	1	(40)	-39	\$59,270	-\$181,270	-\$122,000
2027	1	(32)	-31	\$59,270	-\$791,270	-\$732,000
2028	1	(26)	-25	\$59,270	-\$791,270	-\$732,000
2029	1	(22)	-21	\$59,270	-\$791,270	-\$732,000
2030	1	(15)	-14	\$59,270	-\$1,036,270	-\$977,000
2031	1	(9)	-8	\$59,270	-\$59,270	\$0
2032	1	1	2	\$59,270	-\$59,270	\$0
2033	1	1	2	\$59,270	\$428,730	\$488,000
2034	1	5	6	\$59,270	\$917,730	\$977,000
2035	1	9	10	\$59,270	\$917,730	\$977,000
2036	1	11	12	\$59,270	\$1,161,730	\$1,221,000

Source: CPA REMI, Taygete Energy Project II, 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*	Fort Stockton ISD I&S Tax Levy	Fort Stockton ISD M&O Tax Levy	Fort Stockton M&O and I&S Tax Levies	Pecos County Tax Levy	Midland College Tax Levy	Middle Pecos G'rdwater District Tax Levy	Estimated Total Property Taxes
				0.1975	0.9700		0.7990	0.0345	0.0249	
2021	\$68,375,000	\$68,375,000		\$135,068	\$663,238	\$798,305	\$546,316	\$23,589	\$17,025	\$1,385,236
2022	\$266,912,500	\$266,912,500		\$527,259	\$2,589,051	\$3,116,310	\$2,132,631	\$92,085	\$66,461	\$5,407,487
2023	\$240,233,750	\$240,233,750		\$474,558	\$2,330,267	\$2,804,825	\$1,919,468	\$82,881	\$59,818	\$4,866,992
2024	\$216,222,250	\$216,222,250		\$427,125	\$2,097,356	\$2,524,481	\$1,727,616	\$74,597	\$53,839	\$4,380,533
2025	\$194,611,306	\$194,611,306		\$384,435	\$1,887,730	\$2,272,165	\$1,554,944	\$67,141	\$48,458	\$3,942,708
2026	\$175,160,893	\$175,160,893		\$346,013	\$1,699,061	\$2,045,073	\$1,399,536	\$60,431	\$43,615	\$3,548,655
2027	\$157,654,985	\$157,654,985		\$311,432	\$1,529,253	\$1,840,685	\$1,259,663	\$54,391	\$39,256	\$3,193,995
2028	\$141,899,159	\$141,899,159		\$280,308	\$1,376,422	\$1,656,729	\$1,133,774	\$48,955	\$35,333	\$2,874,792
2029	\$127,718,431	\$127,718,431		\$252,295	\$1,238,869	\$1,491,164	\$1,020,470	\$44,063	\$31,802	\$2,587,499
2030	\$114,955,317	\$114,955,317		\$227,083	\$1,115,067	\$1,342,149	\$918,493	\$39,660	\$28,624	\$2,328,926
2031	\$103,468,079	\$103,468,079		\$204,391	\$1,003,640	\$1,208,031	\$826,710	\$35,696	\$25,764	\$2,096,201
2032	\$93,129,149	\$93,129,149		\$183,967	\$903,353	\$1,087,320	\$744,102	\$32,130	\$23,189	\$1,886,741
2033	\$83,823,718	\$83,823,718		\$165,585	\$813,090	\$978,675	\$669,752	\$28,919	\$20,872	\$1,698,218
2034	\$75,448,456	\$75,448,456		\$149,041	\$731,850	\$880,891	\$602,833	\$26,030	\$18,787	\$1,528,540
2035	\$67,910,365	\$67,910,365		\$134,150	\$658,731	\$792,881	\$542,604	\$23,429	\$16,910	\$1,375,823
2036	\$61,125,745	\$61,125,745		\$120,748	\$592,920	\$713,668	\$488,395	\$21,088	\$15,220	\$1,238,371
			Total	\$4,188,389	\$20,566,659	\$24,755,048	\$16,940,990	\$731,495	\$527,948	\$42,955,481

Source: CPA, Taygete Energy Project II, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Pecos 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*	Fort Stockton ISD I&S Tax Levy	Fort Stockton ISD M&O Tax Levy	Fort Stockton M&O and I&S Tax Levies	Pecos County Tax Levy	Midland College Tax Levy	Middle Pecos G'rdwater District Tax Levy	Estimated Total Property Taxes
				0.1975	0.9700		0.7990	0.0345	0.0249	
2021	\$68,375,000	\$68,375,000		\$135,068	\$663,238	\$798,305	\$546,316	\$23,589	\$17,025	\$1,368,211
2022	\$266,912,500	\$30,000,000		\$527,259	\$291,000	\$818,259	\$469,179	\$92,085	\$66,461	\$1,379,523
2023	\$240,233,750	\$30,000,000		\$474,558	\$291,000	\$765,558	\$422,283	\$82,881	\$59,818	\$1,270,721
2024	\$216,222,250	\$30,000,000		\$427,125	\$291,000	\$718,125	\$380,075	\$74,597	\$53,839	\$1,172,798
2025	\$194,611,306	\$30,000,000		\$384,435	\$291,000	\$675,435	\$342,088	\$67,141	\$48,458	\$1,084,664
2026	\$175,160,893	\$30,000,000		\$346,013	\$291,000	\$637,013	\$307,898	\$60,431	\$43,615	\$1,005,341
2027	\$157,654,985	\$30,000,000		\$311,432	\$291,000	\$602,432	\$277,126	\$54,391	\$39,256	\$933,949
2028	\$141,899,159	\$30,000,000		\$280,308	\$291,000	\$571,308	\$249,430	\$48,955	\$35,333	\$869,693
2029	\$127,718,431	\$30,000,000		\$252,295	\$291,000	\$543,295	\$224,503	\$44,063	\$31,802	\$811,861
2030	\$114,955,317	\$30,000,000		\$227,083	\$291,000	\$518,083	\$202,068	\$39,660	\$28,624	\$759,811
2031	\$103,468,079	\$30,000,000		\$204,391	\$291,000	\$495,391	\$181,876	\$35,696	\$25,764	\$712,964
2032	\$93,129,149	\$93,129,149		\$183,967	\$903,353	\$1,087,320	\$744,102	\$32,130	\$23,189	\$1,863,552
2033	\$83,823,718	\$83,823,718		\$165,585	\$813,090	\$978,675	\$669,752	\$28,919	\$20,872	\$1,677,346
2034	\$75,448,456	\$75,448,456		\$149,041	\$731,850	\$880,891	\$602,833	\$26,030	\$18,787	\$1,509,754
2035	\$67,910,365	\$67,910,365		\$134,150	\$658,731	\$792,881	\$542,604	\$23,429	\$16,910	\$1,358,914
2036	\$61,125,745	\$61,125,745		\$120,748	\$592,920	\$713,668	\$488,395	\$21,088	\$15,220	\$1,223,151
			Total	\$4,188,389	\$6,609,943	\$10,798,333	\$6,104,212	\$731,495	\$527,948	\$17,634,039
			Diff	\$0	\$13,956,716	\$13,956,716	\$10,836,778	\$0	\$0	\$25,321,442

Source: CPA, Taygete Energy Project II, 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 Taygete Energy Project II, 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	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$663,238	\$663,238	\$0	\$0
Limitation Period (10 Years)	2022	\$291,000	\$954,238	\$2,298,051	\$2,298,051
	2023	\$291,000	\$1,245,238	\$2,039,267	\$4,337,319
	2024	\$291,000	\$1,536,238	\$1,806,356	\$6,143,674
	2025	\$291,000	\$1,827,238	\$1,596,730	\$7,740,404
	2026	\$291,000	\$2,118,238	\$1,408,061	\$9,148,465
	2027	\$291,000	\$2,409,238	\$1,238,253	\$10,386,718
	2028	\$291,000	\$2,700,238	\$1,085,422	\$11,472,140
	2029	\$291,000	\$2,991,238	\$947,869	\$12,420,009
	2030	\$291,000	\$3,282,238	\$824,067	\$13,244,075
	2031	\$291,000	\$3,573,238	\$712,640	\$13,956,716
Maintain Viable Presence (5 Years)	2032	\$903,353	\$4,476,590	\$0	\$13,956,716
	2033	\$813,090	\$5,289,680	\$0	\$13,956,716
	2034	\$731,850	\$6,021,530	\$0	\$13,956,716
	2035	\$658,731	\$6,680,261	\$0	\$13,956,716
	2036	\$592,920	\$7,273,181	\$0	\$13,956,716
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$533,687	\$7,806,867	\$0	\$13,956,716
	2038	\$480,374	\$8,287,242	\$0	\$13,956,716
	2039	\$432,390	\$8,719,632	\$0	\$13,956,716
	2040	\$389,202	\$9,108,834	\$0	\$13,956,716
	2041	\$350,330	\$9,459,164	\$0	\$13,956,716
	2042	\$315,343	\$9,774,507	\$0	\$13,956,716
	2043	\$283,852	\$10,058,359	\$0	\$13,956,716
	2044	\$255,508	\$10,313,867	\$0	\$13,956,716
	2045	\$229,996	\$10,543,863	\$0	\$13,956,716
	2046	\$207,034	\$10,750,897	\$0	\$13,956,716

\$10,750,897

is less than

\$13,956,716

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, Taygete Energy Project II, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2019	0	0	0	\$0	\$0	\$0	0	0	\$0
2020	250	809	1058.59	\$12,750,000	\$57,196,000	\$69,946,000	6653000	-1938000	\$8,591,000
2021	250	818	1068	\$12,750,000	\$64,765,000	\$77,515,000	6660000	-1167000	\$7,827,000
2022	1	56	57	\$59,270	\$13,856,730	\$13,916,000	633000	1404000	-\$771,000
2023	1	1	2	\$59,270	\$7,997,730	\$8,057,000	359000	1396000	-\$1,037,000
2024	1	(26)	-25	\$59,270	\$3,724,730	\$3,784,000	275000	1320000	-\$1,045,000
2025	1	(34)	-33	\$59,270	\$1,283,730	\$1,343,000	153000	1228000	-\$1,075,000
2026	1	(40)	-39	\$59,270	-\$181,270	-\$122,000	130000	1114000	-\$984,000
2027	1	(32)	-31	\$59,270	-\$791,270	-\$732,000	92000	984000	-\$892,000
2028	1	(26)	-25	\$59,270	-\$791,270	-\$732,000	99000	877000	-\$778,000
2029	1	(22)	-21	\$59,270	-\$791,270	-\$732,000	99000	786000	-\$687,000
2030	1	(15)	-14	\$59,270	-\$1,036,270	-\$977,000	137000	694000	-\$557,000
2031	1	(9)	-8	\$59,270	-\$59,270	\$0	153000	618000	-\$465,000
2032	1	1	2	\$59,270	-\$59,270	\$0	160000	572000	-\$412,000
2033	1	1	2	\$59,270	\$428,730	\$488,000	130000	473000	-\$343,000
2034	1	5	6	\$59,270	\$917,730	\$977,000	99000	420000	-\$321,000
2035	1	9	10	\$59,270	\$917,730	\$977,000	99000	366000	-\$267,000
2036	1	11	12	\$59,270	\$1,161,730	\$1,221,000	84000	313000	-\$229,000
2037	1	11	12	\$59,270	\$1,161,730	\$1,221,000	46000	259000	-\$213,000
2038	1	7	8	\$59,270	\$1,893,730	\$1,953,000	61000	244000	-\$183,000
2039	1	13	14	\$59,270	\$1,893,730	\$1,953,000	31000	191000	-\$160,000
2040	1	11	12	\$59,270	\$1,649,730	\$1,709,000	46000	145000	-\$99,000
2041	1	11	12	\$59,270	\$1,405,730	\$1,465,000	0	99000	-\$99,000
2042	1	11	12	\$59,270	\$1,893,730	\$1,953,000	46000	76000	-\$30,000
2043	1	11	12	\$59,270	\$2,381,730	\$2,441,000	122000	69000	\$53,000
2044	1	9	10	\$59,270	\$3,846,730	\$3,906,000	168000	92000	\$76,000
2045	1	15	16	\$59,270	\$3,358,730	\$3,418,000	137000	8000	\$129,000
2046	1	15	16	\$59,270	\$4,335,730	\$4,395,000	214000	31000	\$183,000
Total							\$16,886,000	\$10,674,000	\$6,212,000
							\$16,962,897	is greater than	\$13,956,716

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 Taygete Energy Project II, 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:

- The applicant’s parent company, 7X Energy, Inc., is a national solar developer with the ability to locate project of this type in other counties and states in the US with strong solar characteristics.
- Per 7X Energy, Inc., in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely. The additional places where Applicant is considering investing and developing projects include states that offer market incentives for generation resources like property tax incentives , including North Carolina, Mississippi, Nevada, Georgia, Alabama, Utah, New Mexico, California, Arizona, and Virginia.”
 - B. “Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.”
 - C. “Without the tax incentives in Texas, a project with a power purchase agreement becomes non-financeable and the developer would have to abandon the project and go to a different market.”
- According to *PVTECH* on April 23, 2019, “7X Energy has entered into a second purchase agreement for the remaining power of its 690MW Taygete Energy project, located in Pecos County, Texas.”
- On April 23, 2013 the *Business Wire* reported “7X Energy, Inc., (“7X”), a leading solar developer with projects across the U.S., announces it has entered into a second power purchase agreement (PPA) for the remaining power of its 690 MWp Taygete Energy Project (“Taygete” or “Project”) located in Pecos County, Texas. The solar energy from the Taygete facility will be purchased by two large corporate entities in SolarBlocks™, a fixed shape solar energy product offered by 7X Energy. Taygete will be built in two phases with the first phase starting construction in Q3 2019 and the second phase in Q1

2020. Once constructed, Taygete will be the largest solar facility in Texas and the 5th largest solar photovoltaic (PV) project in the United States.”

- Per *The Fort Stockton Pioneer* on April 30, 2019, “The state of Texas' largest solar farm will be in Pecos County upon the completion of 7x Energy's 2,000-acre Taygete Energy Project.
- Per *The Fort Stockton Pioneer* on May 27, 2019, The board approved several items regarding the Taygete Energy Project, LLC. which will be the largest solar farm in Texas. The board approved the application allowing Taygete to proceed in the process with the comptroller, letting them know the district is in favor of the project. They also approved allowing Taygete to waive the job creation requirement, which currently requires 10 full time jobs. Solar farms require a small workforce of around one to five employees.
- 7X Energy web site: Project Details
- Supplemental information provided by the applicant stated the following:
 - A. In ERCOT’s records, the project is known as Taygete Energy Project II.
 - B. The project received the IGNR number from ERCOT, 21INR0233 on December 2018.

Supporting Information

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

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

Supporting Information

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

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

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

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

TAB 5

Documentation to assist in determining if limitation is a determining factor

The applicant's parent company, 7X Energy, Inc., is a national solar developer with the ability to locate projects of this type in other counties and states in the US with strong solar characteristics. The applicant is actively developing other projects throughout the US. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely. In fact, the applicant owns interests in greenfield solar projects in more than twenty (20) states other than Texas. The additional places where Applicant is considering investing and developing projects include states that offer market incentives for generation resources like property tax incentives, including North Carolina, Mississippi, Nevada, Georgia, Alabama, Utah, New Mexico, California, Arizona, and Virginia.

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

The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

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

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
Fort Stockton ISD – Taygete Energy Project II ,LLC App. #1377

Comptroller Questions (via email on July 10, 2019):

1. *Is the Taygete Energy Project II, 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 it was 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 August 1, 2019):

1. *Is the Taygete Energy Project II, LLC currently known by any other project names?*
No. Just Taygete II.
2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when it was assigned?*
Yes. IGNR #211NR0233. December 2018
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.*
The LLC that owned the project was formerly known as GSE Three, LLC.
None. We have always just referenced it as the Taygete II project.

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7X Energy signs second PPA for remaining power of 690MW Texas project

By [Conor Ryan](#) Apr 23, 2019 11:49 PM BST 0

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Once constructed, Taygate will be the largest solar facility in Texas and the fifth largest PV installation located in the U.S. Image

[Oregon Department of Transportation / Flickr](#)

7X Energy has entered into a second power purchase agreement for the remaining power of its 690MW Taygete Energy Project, located in Pecos County, Texas.

The PV energy generated by the Taygete facility will be purchased by two large corporate entities in SolarBlocks,, a fixed shape solar energy product offered by 7X Energy. The project will be developed in two phases, with the first phase set to start construction in the third quarter of 2019. The second phase will begin construction in the first quarter of 2020.

Once constructed, Taygete will be the largest solar facility in Texas and the fifth largest PV installation located in the US.

Joe Shuster, judge of Pecos County, said: "Pecos County is proud to have 7X Energy's Taygete Energy Project and, upon completion, not only will it be the largest solar farm in the State of Texas, it will also make Pecos County the largest solar-producing county in the state. This new industry brings multiple jobs to the county, provides good revenue to the landowners, provides electricity to the local grid, and helps create a stable tax base so that Pecos County can continue to provide services such as law enforcement, fire protection, maintenance of roads and bridges, medical, and emergency medical services to county residents."

The Taygete Energy Project stands as a capital investment in Texas of over US\$650 million and is expected to bring approximately 500 jobs to Pecos County during peak construction with actual construction spanning over a two-year period.

Tags: [us](#) [usa](#) [texas](#) [7x energy](#)

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Project

April 23

Taygete Energy Project will be largest solar facility in Texas

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3, 2019 09:00 AM Eastern Daylight Time

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...IN, Texas--(BUSINESS WIRE)--7X Energy, Inc. ("7X"), a leading solar developer with projects across the U.S., announces it has entered into a second power purchase agreement (PPA) for the remaining power of its 690 MWp Taygete Energy Project ("Taygete" or "Project") located in Pecos County, Texas. The solar energy from the Taygete facility will be purchased by two large corporate entities in SolarBlocks™, a fixed shape solar energy product offered by 7X Energy. Taygete will be built in two phases with the first phase starting construction in Q3 2019 and the second phase in Q3 2020. Once constructed, Taygete will be the largest solar facility in Texas and the 5th largest solar photovoltaic (PV) facility in the United States.

"Taygete is a fantastic project and an example of how 7X is leading the energy transition"

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"Pecos County is proud to have 7X Energy's Taygete Energy Project and, upon completion, not only will it be the largest solar farm in the State of Texas, it will also make Pecos County the largest solar-producing county in the state," said Judge Joe Shuster, Pecos County. "This new industry brings multiple jobs to the county, provides good revenue to the landowners, provides electricity to the local grid, and helps create a stable tax base so that Pecos County can continue to provide services such as law enforcement, fire protection, maintenance of roads and bridges, medical, and emergency medical services to county residents."

The Taygete Energy Project represents a capital investment in Texas of over \$650 million and is expected to bring approximately 500 jobs to Pecos County during peak construction with actual construction spanning over a two-year period. The project will generate tens of millions of dollars of property tax revenue to the county and other local taxing authorities over the 35-plus-year life of the project. These revenues can be used to support regional needs.

"Taygete is a fantastic project and an example of how 7X is leading the energy transition," said Clay Butler, President and CEO of 7X. "Big solar is a win-win for Texas, serving as an economic boost to agriculture, jobs, and infrastructure while cutting electricity costs for buyers."

The 690 MWp Taygete project will be 7X Energy's third successful large-scale solar project in Texas. In addition to Taygete, 7X originated and developed the 136 MWp Lapetus project and originated and jointly developed the 315 MWp

Phoebe* project. The three projects combined represent a capital injection of over \$1 billion dollars into the Lonestar state.

For additional information on the Taygete Energy Project, please visit [here](#).

*The joint development arrangement with Longroad has been successfully completed and thus ended on December 31, 2018

About 7X Energy

7X Energy (7X), headquartered in Austin, Texas, is a leading developer in the solar industry. The company is independently owned and consists of a diverse team of seasoned industry veterans, with over 10,000 MW of collective utility-scale development expertise, focused on the development and sale of renewable energy to commercial and wholesale customers. Contact us at www.7x.energy.

Contacts

Raheleh Folkerts

Raheleh.Folkerts@7x.energy

512-992-0439

7X ENERGY, INC.

- o **Headquarters:** Austin, TX
- o **Website:** www.7X.energy
- o **CEO:** Clay Butler
- o **Employees:** 34
- o **Organization:** PRI

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MONDAY, AUGUST 26, 2019



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Pecos County lands states largest solar farm



Posted Tuesday, April 30, 2019 12:38 pm

Aurora Sain

The state of Texas' largest solar farm will be in Pecos County upon the completion of 7x Energy's 2,000-acre Taygete Energy Project.

The plant, which is estimated to be open in 2021, will be built in the Cayanosa area and will produce 690 Mwp.

"We do have several other solar farms in Pecos County but this will make us the biggest solar farm producers in the state of Texas," said County Judge Joe Shuster.

Pecos County is a prime location for solar farms given its more than 300 days with sunshine and existing infrastructure to power grids.

Shuster estimates construction will employ between 350

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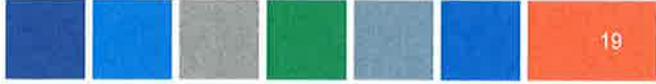
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and 500 people for a six-to-nine month span.

After completion, the solar farm will employ 10 to 12 people permanently.

Over the life of the facility, the project is forecast to produce tens of millions of dollars in tax revenue.



Comments

Other items that may interest you

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Thursday, August 22, 2019

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Prowlers face Crane Saturday in Comanche Volleyball Classic

VOLLEYBALL: Prowlers def. Grandfalls 25-12, 25-16

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School district holding on to Comanche property



Posted Monday, May 27, 2019 8:00 am

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Aurora Sain

Once again, the Comanche School Property was a topic of discussion at the monthly Fort Stockton Independent School District board meeting.

After a long discussion in April on the property, the board decided Monday night to move forward themselves.

In April the Economic Development Council approached the district about the property since it had been left without discussion for several years.

The EDC had buyers interested in developing the property into houses or apartments.

The EDC said it would demolish the current school property, re-zone and get the area ready for homebuilders to build on it which would cost around \$800,000.

The school board went into closed session in April, but reported nothing out of closed session.

The property was a hot topic dating back to 2006 when then-Superintendent Roy Mayfield was advised to "take all necessary steps to advertise the sale of the property."

At Monday night's meeting the board decided to go forward with the asbestos abatement on the property costing around \$188,000.

There are items needed to be removed from the property which the district will be responsible for as well as getting a water source to the property for the abatement crew.

When asked if the abatement was the first step before they decide to sell the property, Superintendent Ralph Traynham said they had no plans to sell the property.

In other news:

- The board approved several items regarding the Taygete Energy Project, LLC. which will be the largest solar farm in Texas.

The board approved the application allowing Taygete to proceed in the process with the comptroller, letting them know the district is in favor of the project.

They also approved allowing Taygete to waive the job creation requirement, which currently requires 10 full-time jobs.

Solar farms require a small workforce of around one to five employees.

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Taygete will be giving the district around \$2.2 million in taxes to the general fund.

There will be around 350 to 400 people working on the construction of the project.

- The board approved the renewal of the Germblast contract for infection control for the schools for \$39,427.

The company comes at least 3 times a year and treats the athletic equipment or classrooms for contagious sickness.

- The district approved replacing the special events center scoreboard for \$67,631.
- The high school tennis courts will be receiving sun covers from the Playwell Group for \$53,116.
- The Fort Stockton Athletic Booster Club donated \$350 to be used towards the athletic department.
- Gameday Productions donated \$500 to be used towards the athletic department.
- The board approved allowing the superintendent to make final hiring decisions without the need to come to the board first.



Comments

Other items that may interest you

Public hearing tonight on Fort



the state of Texas.

Solar energy from the Taygete facility will be sold under a multi-year fixed priced power purchase agreement, which will bring the total developed by 7X in ERCOT to over 800 MWp.

PROJECT DETAILS

Project

Taygete

Location

Pecos County, TX on ~2000 acres

Projected Capacity

690 MWp

Number of Modules

Approximately 900,000

Developer

Energy Buyer

7X Energy is the originating and sole developer and owns 100% of the equity in the project

Confidential

Contract Term

Multi-year

Operational Timeline

Breaking ground for Phase I Q4 2019 and Phase II Q1 2020; Operational (COD) for Phase I Q1 2021 and Phase II Q2 2021

PROJECT BENEFITS

Environmental

Taygete will produce over ~1,474,308 MWh of renewable energy in its first year of operation. This equates¹ to:

Carbon sequestered by almost 783,297 acres of forest in one year

Reduction in greenhouse gas emissions of almost 141,305 cars off the road for one year

Reduction in CO2 emissions of over 116,070 homes' electricity use for one year

Economic

During construction the project will generate approximately 500 jobs during the peak of construction

Over the life of the facility, Taygete will generate tens of millions of dollars of

property tax revenue to the county.

1 <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator> (2016 eGrid ERCOT CO2 lbs/MWh emissions factor)

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7X Energy is a trusted utility-scale solar development company. We combine innovation, flexibility, and experience to deliver cost-competitive solar energy to our customers.

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