



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

September 13, 2019

Kristin Brown  
Superintendent  
Lyford Consolidated Independent School District  
8240 Simon Gomez Rd.  
Lyford, TX 78569

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Lyford Consolidated Independent School District and El Sauz Ranch Wind, LLC, Application 1378

Dear Superintendent Brown:

On July 31, 2019, the Comptroller issued written notice that El Sauz Ranch Wind, LLC (applicant) submitted a completed application (Application 1378) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on May 13, 2019, to the Lyford Consolidated Independent School District (school district) by the applicant.

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

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

**Determination required by 313.025(h)**

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

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<sup>1</sup> All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d) Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1378.

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 31, 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](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Craven".

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of El Sauz Ranch Wind, LLC (project) applying to Lyford Consolidated Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

**Table 1** is a summary of investment, employment and tax impact of El Sauz Ranch Wind, LLC.

Applicant	El Sauz Ranch Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Lyford Consolidated ISD
2017-2018 Average Daily Attendance	1,429
County	Willacy
Proposed Total Investment in District	\$61,219,161
Proposed Qualified Investment	\$61,219,161
Limitation Amount	\$20,000,000
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	\$786
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$786
Minimum annual wage committed to by applicant for qualified jobs	\$40,867
Minimum weekly wage required for non-qualifying jobs	\$683
Minimum annual wage required for non-qualifying jobs	\$35,491
Investment per Qualifying Job	\$20,406,387
Estimated M&O levy without any limit (15 years)	\$7,197,745
Estimated M&O levy with Limitation (15 years)	\$4,397,030
Estimated gross M&O tax benefit (15 years)	\$2,800,715

\* 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 El Sauz Ranch Wind, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	269	295	564	\$9,711,636	\$29,288,364	\$39,000,000
2022	3	25	28	\$122,602	\$4,877,398	\$5,000,000
2023	3	17	20	\$122,602	\$3,877,398	\$4,000,000
2024	3	3	6	\$122,602	\$1,877,398	\$2,000,000
2025	3	(4)	-1	\$122,602	\$877,398	\$1,000,000
2026	3	(6)	-3	\$122,602	\$877,398	\$1,000,000
2027	3	(6)	-3	\$122,602	-\$122,602	\$0
2028	3	(4)	-1	\$122,602	-\$122,602	\$0
2029	3	(1)	2	\$122,602	\$877,398	\$1,000,000
2030	3	1	4	\$122,602	\$877,398	\$1,000,000
2031	3	3	6	\$122,602	\$877,398	\$1,000,000
2032	3	5	8	\$122,602	\$877,398	\$1,000,000
2033	3	6	9	\$122,602	\$877,398	\$1,000,000
2034	3	7	10	\$122,602	\$877,398	\$1,000,000
2035	3	7	10	\$122,602	\$877,398	\$1,000,000
2036	3	7	10	\$122,602	\$1,877,398	\$2,000,000

Source: CPA REMI, El Sauz Ranch Wind, 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*	Lyford CISD I&S Tax Levy	Lyford CISD M&O Tax Levy	Lydord CISD M&O and I&S Tax Levies	Willacy County Tax Levy	Estimated Total Property Taxes
			<b>0.1500</b>		<b>1.0500</b>		<b>0.6392</b>	
2021	\$61,219,161	\$61,219,161		\$91,829	\$642,801	\$734,630	\$391,313	\$1,125,943
2022	\$58,158,203	\$58,158,203		\$87,237	\$610,661	\$697,898	\$371,747	\$1,069,646
2023	\$55,250,293	\$55,250,293		\$82,875	\$580,128	\$663,004	\$353,160	\$1,016,163
2024	\$52,487,778	\$52,487,778		\$78,732	\$551,122	\$629,853	\$335,502	\$965,355
2025	\$49,863,389	\$49,863,389		\$74,795	\$523,566	\$598,361	\$318,727	\$917,087
2026	\$47,370,220	\$47,370,220		\$71,055	\$497,387	\$568,443	\$302,790	\$871,233
2027	\$45,001,709	\$45,001,709		\$67,503	\$472,518	\$540,021	\$287,651	\$827,671
2028	\$42,751,623	\$42,751,623		\$64,127	\$448,892	\$513,019	\$273,268	\$786,288
2029	\$40,614,042	\$40,614,042		\$60,921	\$426,447	\$487,369	\$259,605	\$746,973
2030	\$38,583,340	\$38,583,340		\$57,875	\$405,125	\$463,000	\$246,625	\$709,625
2031	\$36,654,173	\$36,654,173		\$54,981	\$384,869	\$439,850	\$234,293	\$674,144
2032	\$34,821,464	\$34,821,464		\$52,232	\$365,625	\$417,858	\$222,579	\$640,436
2033	\$33,080,391	\$33,080,391		\$49,621	\$347,344	\$396,965	\$211,450	\$608,415
2034	\$31,426,372	\$31,426,372		\$47,140	\$329,977	\$377,116	\$200,877	\$577,994
2035	\$29,855,053	\$29,855,053		\$44,783	\$313,478	\$358,261	\$190,833	\$549,094
2036	\$28,362,300	\$28,362,300		\$42,543	\$297,804	\$340,348	\$181,292	\$521,639
			<b>Total</b>	<b>\$1,028,249</b>	<b>\$7,197,745</b>	<b>\$8,225,994</b>	<b>\$4,381,713</b>	<b>\$12,607,707</b>

Source: CPA, El Sauz Ranch Wind, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Willacy 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		Lyford CISD I&S Tax Levy	Lyford CISD M&O Tax Levy	Lydord CISD M&O and I&S Tax Levies	Willacy County Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1500	1.0500		0.6392	
2021	\$61,219,161	\$61,219,161		\$91,829	\$642,801	\$734,630	\$78,263	\$812,893
2022	\$58,158,203	\$20,000,000		\$87,237	\$210,000	\$297,237	\$74,349	\$371,587
2023	\$55,250,293	\$20,000,000		\$82,875	\$210,000	\$292,875	\$70,632	\$363,507
2024	\$52,487,778	\$20,000,000		\$78,732	\$210,000	\$288,732	\$67,100	\$355,832
2025	\$49,863,389	\$20,000,000		\$74,795	\$210,000	\$284,795	\$63,745	\$348,540
2026	\$47,370,220	\$20,000,000		\$71,055	\$210,000	\$281,055	\$60,558	\$341,613
2027	\$45,001,709	\$20,000,000		\$67,503	\$210,000	\$277,503	\$57,530	\$335,033
2028	\$42,751,623	\$20,000,000		\$64,127	\$210,000	\$274,127	\$54,654	\$328,781
2029	\$40,614,042	\$20,000,000		\$60,921	\$210,000	\$270,921	\$51,921	\$322,842
2030	\$38,583,340	\$20,000,000		\$57,875	\$210,000	\$267,875	\$49,325	\$317,200
2031	\$36,654,173	\$20,000,000		\$54,981	\$210,000	\$264,981	\$46,859	\$311,840
2032	\$34,821,464	\$34,821,464		\$52,232	\$365,625	\$417,858	\$222,579	\$640,436
2033	\$33,080,391	\$33,080,391		\$49,621	\$347,344	\$396,965	\$211,450	\$608,415
2034	\$31,426,372	\$31,426,372		\$47,140	\$329,977	\$377,116	\$200,877	\$577,994
2035	\$29,855,053	\$29,855,053		\$44,783	\$313,478	\$358,261	\$190,833	\$549,094
2036	\$28,362,300	\$28,362,300		\$42,543	\$297,804	\$340,348	\$181,292	\$521,639
			<b>Total</b>	<b>\$1,028,249</b>	<b>\$4,397,030</b>	<b>\$5,425,279</b>	<b>\$1,681,968</b>	<b>\$7,107,247</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$2,800,715</b>	<b>\$2,800,715</b>	<b>\$2,699,745</b>	<b>\$5,500,460</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, El Sauz Ranch Wind, LLC

\*Tax Rate per \$100 Valuation

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

## Attachment B – Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$642,801	\$642,801	\$0	\$0
<b>Limitation Period (10 Years)</b>	2022	\$210,000	\$852,801	\$400,661	\$400,661
	2023	\$210,000	\$1,062,801	\$370,128	\$770,789
	2024	\$210,000	\$1,272,801	\$341,122	\$1,111,911
	2025	\$210,000	\$1,482,801	\$313,566	\$1,425,476
	2026	\$210,000	\$1,692,801	\$287,387	\$1,712,864
	2027	\$210,000	\$1,902,801	\$262,518	\$1,975,382
	2028	\$210,000	\$2,112,801	\$238,892	\$2,214,274
	2029	\$210,000	\$2,322,801	\$216,447	\$2,430,721
	2030	\$210,000	\$2,532,801	\$195,125	\$2,625,846
	2031	\$210,000	\$2,742,801	\$174,869	\$2,800,715
<b>Maintain Viable Presence (5 Years)</b>	2032	\$365,625	\$3,108,427	\$0	\$2,800,715
	2033	\$347,344	\$3,455,771	\$0	\$2,800,715
	2034	\$329,977	\$3,785,748	\$0	\$2,800,715
	2035	\$313,478	\$4,099,226	\$0	\$2,800,715
	2036	\$297,804	\$4,397,030	\$0	\$2,800,715
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2037	\$282,914	\$4,679,944	\$0	\$2,800,715
	2038	\$268,768	\$4,948,712	\$0	\$2,800,715
	2039	\$255,330	\$5,204,042	\$0	\$2,800,715
	2040	\$242,563	\$5,446,605	\$0	\$2,800,715
	2041	\$230,435	\$5,677,040	\$0	\$2,800,715
	2042	\$218,913	\$5,895,954	\$0	\$2,800,715
	2043	\$207,968	\$6,103,921	\$0	\$2,800,715
	2044	\$197,569	\$6,301,491	\$0	\$2,800,715
	2045	\$187,691	\$6,489,182	\$0	\$2,800,715
	2046	\$178,306	\$6,667,488	\$0	\$2,800,715

**\$6,667,488**

is greater than

**\$2,800,715**

<b>Analysis Summary</b>	
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, El Sauz Ranch Wind, 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 El Sauz Ranch Wind, 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:

- El Sauz Ranch Wind, LLC, is a special purpose entity formed to facilitate the development and commercialization of a utility-scale wind energy project. APEX Clean Energy, Inc., the exclusive developer of El Sauz Ranch Wind, is in the business of initiating, developing, producing and owning and operating electricity from renewable energy projects including wind, solar, and geothermal.
- Per APEX in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “APEX 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: Oklahoma, Colorado, North Dakota, South Dakota, Idaho, Wyoming, Minnesota, Iowa, Kansas, Illinois, Indiana, Ohio, New York, Maine, Virginia and Tennessee.
  - B. Without a Value Limitation program, APEX would seek to move to alternative sites outside of the State of Texas.
  - C. “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 El Sauz Ranch Wind 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.”
- Article dated February 12, 2019 from *The Monitor (Raymondville, TX)* states “The latest developer to join the party might be APEX. The Charlottesville, VA., developer is expected to meet with county commissioners Thursday to propose the development of a wind farm at the famed El Sauz Ranch. Ferguson said the proposed wind farm would generate 300 megawatts of electricity a year.”

- Article dated April 17, 2019 from The Brownsville Herald (Raymondville, TX) states “Now, Apex Clean Energy plans about 100 turbines in the famed El Sauz Ranch while London-based EDF is proposing about 125 turbines along the county’s southeastern edge.”
- Attached map depicting El Sauz Ranch Wind from the APEX clean energy website.

**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?**

El Sauz Ranch Wind, LLC was formed in 2018. In support of its creation, the participating members of APEX, executed documents necessary to form the entity including an Operating Agreement and a Development Agreement with El Sauz Ranch Wind, LLC.

APEX has entered into the following representative agreements and contracts for the development of a project within Lyford CISD and intends to assign these assets to El Sauz Ranch Wind, LLC:

- Grants of leases and easements of land,
- Avian Study and contract,
- Bat Acoustic Study and contract,
- Threatened & Endangered Species Studies and contract,
- FIS Submission, and
- Interconnection Application with ERCOT

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

Yes. APEX management team is uniquely qualified to develop and construct wind and other renewable energy projects in the United States. In North America, APEX currently operates over 2,500 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:

Oklahoma	Kansas
Colorado	Illinois
North Dakota	Indiana
South Dakota	Ohio
Idaho	New York
Wyoming	Maine
Minnesota	Virginia
Iowa	Tennessee

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

El Sauz Ranch Wind is currently in a period of assessment to determine whether the identified site within Lyford CISD represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable. As such, the development resources necessary to advance the Project for a planned 300 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 El Sauz Ranch Wind 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 \$266.17M 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)  
Lyford ISD – El Sauz Ranch Wind, LLC App. #1378

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

1. *Is El Sauz Ranch Wind, 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 July 29, 2019):

1. *Is El Sauz Ranch Wind, LLC currently known by any other project names?*  
*No.*
2. *Has this project applied to ERCOT at this time? Yes.*  
*If so, please provide the project's IGNR number and when was it assigned.*  
*Yes, 20INR0097 – June 11, 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.*  
*None.*

Local News

# Cameron and Willacy counties becoming mecca for wind farms

Read the E-Edition

Fernando Del Valle - February 12, 2019

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Turbines at the San Roman wind farm are shown, Friday, July 29, 2016, near Bayview, Texas. Work continues to erect other turbine structures in the project area. (Jason Hoekema | The Brownsville Herald)

RAYMONDVILLE — Ten years ago, flat swaths of farmland stretched across most of the area’s horizon.

Today, towering wind turbines are transforming the landscape, jutting from farmers’ fields from northern Cameron into Willacy County.

Some say it's the wind that's turning Willacy County into an international wind farm magnet.

"It's a great place for wind farms," Jeff Ferguson, Apex Clean Energy's senior vice president for development, said yesterday.

The latest developer to join the party might be Apex.

The Charlottesville, Va., developer is expected to meet with county commissioners Thursday to propose the development of a wind farm at the famed El Sauz Ranch.

The company is proposing construction of about 100 turbines, County Judge Aurelio Guerra stated yesterday.

Ferguson said the proposed wind farm would generate 300 megawatts of electricity a year.

The proposal comes as commissioners consider agreements with developers of two other wind farms, Chief Appraiser Agustin Lopez said.

Since 2009, wind farms have helped fuel Willacy County's farm-based economy, pumping tens of thousands of dollars into the area's poor school districts.

Now, many farmers here are counting on turbine leases to boost their incomes.

### **It's the wind**

Developers say it's a natural phenomenon based on the temperatures of land and waters in the Gulf of Mexico that drives their companies to build wind farms here.

"It's kind of a unique wind resource," Ferguson said. "It's caused by the differential in temperatures between ocean water

and surface temperature on land. That differential is greater in summer months at the same time customers use their air conditioners.”

Guerra said the project, expected to begin late this year, is projected to be completed in late 2020.

Willacy’s wind helped drive developer Joe Wetegrove to work with EDF Energy to plan a wind farm on the county’s southeastern edge.

Now, EDF, a London-based company, is proposing about 125 turbines to generate 272 megawatts of power a year.

“Most people don’t really realize this — the coastal wind is the best wind,” Wetegrove said. “The coastal wind blows from 6 in the morning to 8 at night. The highest use of power is at 7 in the morning and 9 at night. That’s also the highest rate — the highest price per kilowatt.”

Wetegrove called Willacy’s wind speed “optimal.”

“On average, the wind blows 15 to 18 mph day,” he said. “Man, that’s a good wind. It’s what the turbines are built for.”

Wetegrove said Willacy’s steady winds make it “bankable.”

“Consistency is very important,” he said. “Ninety percent of the time the wind comes from the southeast — so it’s consistent.”

## **How we got here**

It’s been about two years since more turbines sprang up across the county’s rural landscape.

Lopez said E.ON Climate & Renewables, a German-based developer, was the last company to build wind turbines here.

In December 2017, E.ON expanded its wind farm that now numbers 188 wind turbines near San Perlita, said Jeff Tulis, the company's spokesman in Austin.

In 2009, E.ON launched the county's first wind farm with 112 turbines.

Since then, the company has expanded its operations.

Now, commissioners are considering revising the county's agreements which offer tax breaks in exchange for money in lieu of taxes, Lopez said.

Lopez said it like looks like more wind farms are coming.

### **Wind farm operators**

E.ON Climate & Renewables

Duke Energy

### **Developers proposing wind farms**

EDF Energy

Apex Clean Energy

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## Wind turbines diversifying Willacy's farm-based economy

Story Comments

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By Maricela Rodriguez, Valley Morning Star

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Posted: Wednesday, April 17, 2019 9:32 am

By Fernando del Valle, Staff writer

RAYMONDVILLE — In the past 10 years, wind farms have been transforming Willacy County, pumping millions of dollars to help diversify the traditional agricultural economy.

And some developers expect the towering turbines to continue to change the rural landscape for the next 50 years.

Already, more are on their way.

While the physical landscape changes, much of the county's future might churn off wind farm dollars.

"I think you'll find wind farms significant here for the next half-century," Joe Wetegrove, who is involved in an EDF wind farm project, said.

Developers say a natural phenomenon based on the temperatures of land and waters in the Gulf of Mexico drives their companies to build wind farms here.

Since 2009, wind farms have pumped millions of dollars into the economy, helping to bolster its agricultural base.

"It's a win-win here in Willacy County for the landowners, for the county and for the taxpayers," County Judge Aurelio Guerra said.

Last year, E.ON Climate & Renewables and Duke Energy's wind farms have generated about \$1 million in tax revenue across the county, Agustin Lopez, chief appraiser of the Willacy County Appraisal District, said yesterday.

Meanwhile, tax abatement agreements have brought more than \$500,000 into the county's coffers, he said.

Now, Apex Clean Energy plans about 100 turbines in the famed El Sauz Ranch while London-based EDF is proposing about 125 turbines along the county's southeastern edge.

"In the history of Willacy County, we have never had anything like this," Lopez said. "It has helped tremendously. The whole county has benefited."



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For wind farms, the county's location along the Gulf of Mexico is turning it into an international draw.

"We have the prevailing easterly wind and it blows almost all the time," Lyford schools Superintendent Eduardo Infante said yesterday.

In Lyford, the wind farms have helped pump new money into the school district's low tax base.

"We have reaped the benefit of some additional monies," Infante said. "It's renewable energy and it's a new industry in the area."

In San Perlita, E.ON's two wind farms pump about \$75,000 a year into the small school district, Superintendent Albert Peña said.

"It helps us keep up with the cost of doing business," he said.

Meanwhile, wind farm revenue has helped fund drainage upgrades across much of the county's lowest-lying areas.

"It's been a fantastic improvement," Paul Greenhill, manager of Willacy County Drainage District No. 1, said.

With the money, the Lyford-area district has helped Drainage District No. 2 fund improvements in the Raymondville area, Greenhill said.

Greenhill said new money has helped the district hire crews and buy equipment.

"Before the wind farms, we sat there for many years and maintained the ditches," he said. "Now we've redone some so they work better."

Since E.ON launched the county's first wind farm with 112 turbines in 2009, the wind farms have helped diversify the county's farm-based economy while lessening its dependence on erratic oil and gas production, Guerra said.

"We are more diversified than in the past when we depended on oil and gas," he said. "When it wasn't pumped it put a strain on the school districts and the county."

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Posted in Valley on Wednesday, April 17, 2019 9:32 am.

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