



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 13, 2019

Curtis Rhodes  
Superintendent  
Needville Independent School District  
P.O. Box 412  
Needville, Texas 77461

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Needville Independent School District and AP Solar 2, LLC, Application 1393

Dear Superintendent Rhodes:

On October 16, 2019, the Comptroller issued written notice that AP Solar2, LLC (applicant) submitted a completed application (Application 1393) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on July 9, 2019, to the Needville 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 B; 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.

<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 1393.

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 B.

**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 October 16, 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,



FOR

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of AP Solar 2, LLC (project) applying to Needville 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 AP Solar 2, LLC.

Applicant	AP Solar 2, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Needville ISD
2018-2019 Average Daily Attendance	3,125
County	Fort Bend
Proposed Total Investment in District	\$350,000,000
Proposed Qualified Investment	\$350,000,000
Limitation Amount	\$60,000,000
Qualifying Time Period (Full Years)	2021-2022
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	\$1,309
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,309
Minimum annual wage committed to by applicant for qualified jobs	\$68,091
Minimum weekly wage required for non-qualifying jobs	\$997
Minimum annual wage required for non-qualifying jobs	\$51,845
Investment per Qualifying Job	\$116,666,667
Estimated M&O levy without any limit (15 years)	\$28,297,500
Estimated M&O levy with Limitation (15 years)	\$15,487,500
Estimated gross M&O tax benefit (15 years)	\$12,810,000

\* 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 AP Solar 2, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	300	428	728	\$21,145,800	\$36,854,200	\$58,000,000
2021	3	38	41	\$204,273	\$6,795,727	\$7,000,000
2022	3	30	33	\$204,273	\$4,795,727	\$5,000,000
2023	3	12	15	\$204,273	\$2,795,727	\$3,000,000
2024	3	2	5	\$204,273	\$1,795,727	\$2,000,000
2025	3	(2)	1	\$204,273	\$1,795,727	\$2,000,000
2026	3	(3)	0	\$204,273	\$795,727	\$1,000,000
2027	3	(2)	1	\$204,273	\$795,727	\$1,000,000
2028	3	0	3	\$204,273	\$795,727	\$1,000,000
2029	3	2	5	\$204,273	\$795,727	\$1,000,000
2030	3	4	7	\$204,273	\$795,727	\$1,000,000
2031	3	5	8	\$204,273	\$795,727	\$1,000,000
2032	3	7	10	\$204,273	\$1,795,727	\$2,000,000
2033	3	8	11	\$204,273	\$1,795,727	\$2,000,000
2034	3	8	11	\$204,273	\$1,795,727	\$2,000,000
2035	3	9	12	\$204,273	\$1,795,727	\$2,000,000

Source: CPA REMI, AP Solar 2, 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		Needville ISD I&S Tax Levy	Needvilled ISD M&O Tax Levy	Needville ISD M&O and I&S Tax Levies	Fort Bend County (M&O only) Tax Levy	Wharton JC Tax Levy	Drainage District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3695	1.0500		0.3820	0.1435	0.0190	
2020	\$175,000,000	\$175,000,000		\$646,665	\$1,837,500	\$2,484,165	\$668,500	\$251,055	\$33,250	\$3,436,970
2021	\$350,000,000	\$350,000,000		\$1,293,331	\$3,675,000	\$4,968,331	\$1,337,000	\$502,110	\$66,500	\$6,873,941
2022	\$332,500,000	\$332,500,000		\$1,228,664	\$3,491,250	\$4,719,914	\$1,270,150	\$477,005	\$63,175	\$6,530,243
2023	\$297,500,000	\$297,500,000		\$1,099,331	\$3,123,750	\$4,223,081	\$1,136,450	\$426,794	\$56,525	\$5,842,849
2024	\$262,500,000	\$262,500,000		\$969,998	\$2,756,250	\$3,726,248	\$1,002,750	\$376,583	\$49,875	\$5,155,455
2025	\$227,500,000	\$227,500,000		\$840,665	\$2,388,750	\$3,229,415	\$869,050	\$326,372	\$43,225	\$4,468,061
2026	\$192,500,000	\$192,500,000		\$711,332	\$2,021,250	\$2,732,582	\$735,350	\$276,161	\$36,575	\$3,780,667
2027	\$157,500,000	\$157,500,000		\$581,999	\$1,653,750	\$2,235,749	\$601,650	\$225,950	\$29,925	\$3,093,273
2028	\$122,500,000	\$122,500,000		\$452,666	\$1,286,250	\$1,738,916	\$467,950	\$175,739	\$23,275	\$2,405,879
2029	\$87,500,000	\$87,500,000		\$323,333	\$918,750	\$1,242,083	\$334,250	\$125,528	\$16,625	\$1,718,485
2030	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
2031	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
2032	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
2033	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
2034	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
2035	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
2036	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
			<b>Total</b>	<b>\$9,958,645</b>	<b>\$28,297,500</b>	<b>\$38,256,145</b>	<b>\$10,294,900</b>	<b>\$3,866,247</b>	<b>\$512,050</b>	<b>\$52,929,342</b>

Source: CPA, AP Solar 2, LLC

\*Tax Rate per \$100 Valuation

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

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*	Needville ISD I&S Tax Levy	Needville ISD M&O Tax Levy	Needville ISD M&O and I&S Tax Levies	Fort Bend County (M&O only) Tax Levy	Wharton JC Tax Levy	Drainage District Tax Levy	Estimated Total Property Taxes
			<b>0.3695</b>	<b>1.0500</b>		<b>0.3820</b>	<b>0.1435</b>	<b>0.0190</b>		
2020	\$175,000,000	\$175,000,000		\$646,665	\$1,837,500	\$2,484,165	\$668,500	\$251,055	\$33,250	\$3,436,970
2021	\$350,000,000	\$350,000,000		\$1,293,331	\$3,675,000	\$4,968,331	\$1,337,000	\$502,110	\$66,500	\$6,873,941
2022	\$332,500,000	\$60,000,000		\$1,228,664	\$630,000	\$1,858,664	\$373,424	\$477,005	\$18,573	\$2,727,666
2023	\$297,500,000	\$60,000,000		\$1,099,331	\$630,000	\$1,729,331	\$334,116	\$426,794	\$16,618	\$2,506,859
2024	\$262,500,000	\$60,000,000		\$969,998	\$630,000	\$1,599,998	\$294,809	\$376,583	\$14,663	\$2,286,052
2025	\$227,500,000	\$60,000,000		\$840,665	\$630,000	\$1,470,665	\$255,501	\$326,372	\$12,708	\$2,065,245
2026	\$192,500,000	\$60,000,000		\$711,332	\$630,000	\$1,341,332	\$216,193	\$276,161	\$10,753	\$1,844,438
2027	\$157,500,000	\$60,000,000		\$581,999	\$630,000	\$1,211,999	\$176,885	\$225,950	\$8,798	\$1,623,631
2028	\$122,500,000	\$60,000,000		\$452,666	\$630,000	\$1,082,666	\$137,577	\$175,739	\$6,843	\$1,402,824
2029	\$87,500,000	\$60,000,000		\$323,333	\$630,000	\$953,333	\$98,270	\$125,528	\$4,888	\$1,182,017
2030	\$70,000,000	\$60,000,000		\$258,666	\$630,000	\$888,666	\$78,616	\$100,422	\$3,910	\$1,071,614
2031	\$70,000,000	\$60,000,000		\$258,666	\$630,000	\$888,666	\$78,616	\$100,422	\$3,910	\$1,071,614
2032	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
2033	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
2034	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
2035	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
2036	\$70,000,000	\$70,000,000		\$258,666	\$735,000	\$993,666	\$267,400	\$100,422	\$13,300	\$1,374,788
			<b>Total</b>	<b>\$9,958,645</b>	<b>\$15,487,500</b>	<b>\$25,446,145</b>	<b>\$5,386,506</b>	<b>\$3,866,247</b>	<b>\$267,915</b>	<b>\$34,966,813</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$12,810,000</b>	<b>\$12,810,000</b>	<b>\$4,908,394</b>	<b>\$0</b>	<b>\$244,135</b>	<b>\$17,962,529</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, AP Solar 2, 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 AP Solar 2, 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	\$1,837,500	\$1,837,500	\$0	\$0
	2021	\$3,675,000	\$5,512,500	\$0	\$0
<b>Limitation Period (10 Years)</b>	2022	\$630,000	\$6,142,500	\$2,861,250	\$2,861,250
	2023	\$630,000	\$6,772,500	\$2,493,750	\$5,355,000
	2024	\$630,000	\$7,402,500	\$2,126,250	\$7,481,250
	2025	\$630,000	\$8,032,500	\$1,758,750	\$9,240,000
	2026	\$630,000	\$8,662,500	\$1,391,250	\$10,631,250
	2027	\$630,000	\$9,292,500	\$1,023,750	\$11,655,000
	2028	\$630,000	\$9,922,500	\$656,250	\$12,311,250
	2029	\$630,000	\$10,552,500	\$288,750	\$12,600,000
	2030	\$630,000	\$11,182,500	\$105,000	\$12,705,000
	2031	\$630,000	\$11,812,500	\$105,000	\$12,810,000
<b>Maintain Viable Presence (5 Years)</b>	2032	\$735,000	\$12,547,500	\$0	\$12,810,000
	2033	\$735,000	\$13,282,500	\$0	\$12,810,000
	2034	\$735,000	\$14,017,500	\$0	\$12,810,000
	2035	\$735,000	\$14,752,500	\$0	\$12,810,000
	2036	\$735,000	\$15,487,500	\$0	\$12,810,000
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2037	\$735,000	\$16,222,500	\$0	\$12,810,000
	2038	\$735,000	\$16,957,500	\$0	\$12,810,000
	2039	\$735,000	\$17,692,500	\$0	\$12,810,000
	2040	\$735,000	\$18,427,500	\$0	\$12,810,000
	2041	\$735,000	\$19,162,500	\$0	\$12,810,000
	2042	\$735,000	\$19,897,500	\$0	\$12,810,000
	2043	\$735,000	\$20,632,500	\$0	\$12,810,000
	2044	\$735,000	\$21,367,500	\$0	\$12,810,000
	2045	\$735,000	\$22,102,500	\$0	\$12,810,000
	2046	\$735,000	\$22,837,500	\$0	\$12,810,000

**\$22,837,500**
   is greater than  **\$12,810,000**

<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, AP Solar 2, 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 AP Solar 2, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per AP Solar 2, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “While AP Solar is not currently evaluating a project outside of Texas that is competing directly with this Fort Bend County project, all of AP Solar’s investment decisions are determined by project costs, including state and local tax burdens, available incentives for renewable energy generation, and the power purchase market, and whether AP Solar can attract investment into such projects. AP Solar is currently monitoring project viability in other US states on these same parameters.”
  - B. “Since this Fort Bend County Project is still in the early stages of development, further investment could, if necessary, be redeployed to other solar projects. Each AP Solar project individually competes for a finite pool of investment capital in the US. State and local tax incentives contribute to the lowering of the cost of power and makes our investment more viable and marketable. AP Solar is continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics and these could easily shift investment outside of Texas.”
- Provided by Applicant
  - A. “Due to the extremely competitive power market in ERCOT most renewable energy economic model assumptions are based on the Project securing both Chapter 312 local tax incentives and Chapter 313 appraised value limitation. 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. Therefore, AP Solar would be unable to finance and build the Fighting Jays solar project in Texas. Without the 313 Value Limitation, AP Solar would probably be forced to abandon the Fighting Jays Solar project and work to invest in other projects in other states, where the rate of return is higher.”
  - B. “The Fighting Jays Solar Project (“Project”) is an approximately 350 MWac utility-scale solar (photovoltaic) field to be located on up to 2,642 acres in Fort Bend County. AP Solar 2, LLC



("APS2") is the entity formed to own and operate the Project, and APS2 has entered into an exclusive development agreement with AP Solar Holdings, LLC to develop and construct the Project. Pending completion of development activities, including obtaining an interconnection agreement with the transmission service provider, construction is expected to begin on the Project in the 2nd Quarter 2020, and commercial operation is expected to commence in the 2nd Quarter, 2021."

- C. "AP Solar Holdings, LLC ("AP Solar") is a renewable energy company currently developing a number of solar generation projects within the Energy Reliability Council of Texas ("ERCOT") service territory. AP Solar has numerous potential solar sites already under option and lease, and these sites are located in areas of ERCOT with strong power demand fundamentals. The AP Solar development team has previously developed and financed over 3.3 gigawatts of solar, wind and thermal power generation projects in ERCOT. The team has an unparalleled understanding of the ERCOT electricity market, and it does not require a long-term power purchase agreement to be in place in order to move ahead developing and constructing its projects."
- D. An ERCOT filing was made and is in process; the INR Number is 21INR0278 and it was assigned on or about 03/13/19.

**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

### Limitation as Determining Factor

#### **Section 8, Item 2: Agreements, Contracts or Letters of Intent**

AP Solar has entered into the following agreements and contracts for the development of the Fighting Jays Solar Project:

- Lease Agreement for Solar Energy Site Lease (12/21/18) - currently in Feasibility Period
- Phase I Environmental Site Assessment (03/15/19)
- Desktop Environmental Review (03/15/19)
- Conceptual Design (02/04/19)
- Generation Interconnection Request - SS/FIS Applications (03/13/19)
- Texas Tax Code, Chapter 312 Agreement (negotiation ongoing)

#### **Section 8, Item 7: Is the applicant evaluating other locations not in Texas for the proposed project?**

While AP Solar is not currently evaluating a project outside of Texas that is competing directly with this Fort Bend County project, all of AP Solar's investment decisions are determined by project costs, including state and local tax burdens, available incentives for renewable energy generation, and the power purchase market, and whether AP Solar can attract investment into such projects. AP Solar is currently monitoring project viability in other US states on these same parameters.

#### **Section 8, Item 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?**

AP Solar is working to develop solar generation projects that will attract investment in the US market and be successful long-term. AP is planning to build multiple projects, with a current preference of remaining within the ERCOT service territory, if possible. Since this Fort Bend County Project is still in the early stages of development, further investment could, if necessary, be redeployed to other solar projects. Each AP Solar project individually competes for a finite pool of investment capital in the US. State and local tax incentives contribute to the lowering of the cost of power and makes our investment more viable and marketable. AP Solar is continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics and these could easily shift investment outside of Texas.

Due to the extremely competitive power market in ERCOT most renewable energy economic model assumptions are based on the Project securing both Chapter 312 local tax incentives and Chapter 313 appraised value limitation. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to a level that could make out of state projects more competitive than Texas projects.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)  
– Needville ISD– AP Solar 2, LLC App. #1393

Comptroller Questions (via email on November 26, 2019):

1. Is AP Solar 2, LLC currently known by any other project names, besides The Fighting Jays Solar Project?
2. Please also list any other names by which this project may have been known in the past--in media reports, investor presentations, or any listings with any federal or state agency.
3. Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when was it assigned.

Comptroller Questions (via email on December 6, 2019):

1. Further explain why the Chapter 313 is necessary for the viability of the Project? I understand that without Chapter 313 it lessens the rate of return and the project becomes less competitive, but can you explain how this directly impacts the viability of the Project.

Applicant Response (via email on November 26, 2019):

1. There are no other known names for the project besides AP Solar 2 LLC and Fighting Jays Solar Project.
2. An ERCOT filing was made and is in process; the INR Number is 21INR0278 and it was assigned on or about 03/13/19.

Applicant Response (via email on December 9, 2019):

1. Due to the extremely competitive power market in ERCOT most renewable energy economic model assumptions are based on the Project securing both Chapter 312 local tax incentives and Chapter 313 appraised value limitation. 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. Therefore, AP Solar would be unable to finance and build the Fighting Jays solar project in Texas. Without the 313 Value Limitation, AP Solar would probably be forced to abandon the Fighting Jays Solar project and work to invest in other projects in other states, where the rate of return is higher.

## **Tab 4**

### **Detailed Description of the Project**

#### **Project Definition**

The Fighting Jays Solar Project ("Project") is an approximately 350 MWac utility-scale solar (photovoltaic) field to be located on up to 2,642 acres in Fort Bend County. AP Solar 2, LLC ("APS2") is the entity formed to own and operate the Project, and APS2 has entered into an exclusive development agreement with AP Solar Holdings, LLC to develop and construct the Project. Pending completion of development activities, including obtaining an interconnection agreement with the transmission service provider, construction is expected to begin on the Project in the 2<sup>nd</sup> Quarter 2020, and commercial operation is expected to commence in the 2<sup>nd</sup> Quarter, 2021.

#### **About AP Solar Holdings, LLC**

AP Solar Holdings, LLC ("AP Solar") is a renewable energy company currently developing a number of solar generation projects within the Energy Reliability Council of Texas ("ERCOT") service territory. AP Solar has numerous potential solar sites already under option and lease, and these sites are located in areas of ERCOT with strong power demand fundamentals. The AP Solar development team has previously developed and financed over 3.3 gigawatts of solar, wind and thermal power generation projects in ERCOT. The team has an unparalleled understanding of the ERCOT electricity market, and it does not require a long-term power purchase agreement to be in place in order to move ahead developing and constructing its projects.