



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 9, 2019

Bobby Azam
Superintendent
Andrews Independent School District
405 NW 3rd Street
Andrews, TX, 79714

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between Andrews Independent School
District and 2W Permian Solar, LLC, Application 1411

Dear Superintendent Azam:

On September 17, 2019, the Comptroller issued written notice that 2W Permian Solar, LLC (applicant) submitted a completed application (Application 1411) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on August 16, 2019, to the Andrews 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 1411.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of September 17, 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,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is fluid and cursive, with the first name "Lisa" and last name "Craven" clearly distinguishable.

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

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

Applicant	2W Permian Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Andrews ISD
2017-2018 Average Daily Attendance	3,840
County	Andrews
Proposed Total Investment in District	\$396,654,638
Proposed Qualified Investment	\$386,654,638
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	4*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,138
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$1,138
Minimum annual wage committed to by applicant for qualified jobs	\$59,160
Minimum weekly wage required for non-qualifying jobs	\$1,327
Minimum annual wage required for non-qualifying jobs	\$69,005
Investment per Qualifying Job	\$99,163,660
Estimated M&O levy without any limit (15 years)	\$24,596,219
Estimated M&O levy with Limitation (15 years)	\$6,821,056
Estimated gross M&O tax benefit (15 years)	\$17,775,163

* 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 2W Permian Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	350	332	682	\$20,706,000	\$28,294,000	\$49,000,000
2022	4	29	33	\$236,640	\$5,763,360	\$6,000,000
2023	4	17	21	\$236,640	\$4,763,360	\$5,000,000
2024	4	4	8	\$236,640	\$2,763,360	\$3,000,000
2025	4	10	14	\$236,640	\$2,763,360	\$3,000,000
2026	4	4	8	\$236,640	\$1,763,360	\$2,000,000
2027	4	2	6	\$236,640	\$1,763,360	\$2,000,000
2028	4	4	8	\$236,640	\$1,763,360	\$2,000,000
2029	4	0	4	\$236,640	\$763,360	\$1,000,000
2030	4	0	4	\$236,640	-\$236,640	\$0
2031	4	0	4	\$236,640	\$763,360	\$1,000,000
2032	4	4	8	\$236,640	-\$236,640	\$0
2033	4	0	4	\$236,640	-\$236,640	\$0
2034	4	0	4	\$236,640	-\$236,640	\$0
2035	4	(2)	2	\$236,640	-\$236,640	\$0
2036	4	0	4	\$236,640	-\$236,640	\$0

Source: CPA REMI, 2W Permian Solar, 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		Andrews ISD I&S Tax Levy	Andrews ISD M&O Tax Levy	Andrews ISD M&O and I&S Tax Levies	Andrews County Tax Levy	Andrews County Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1400	0.9900		0.5189	0.4846	
2022	\$356,702,267	\$356,702,267		\$499,383	\$3,531,352	\$4,030,736	\$1,850,928	\$1,728,401	\$7,610,065
2023	\$325,711,096	\$325,711,096		\$455,996	\$3,224,540	\$3,680,535	\$1,690,115	\$1,578,233	\$6,948,883
2024	\$294,723,453	\$294,723,453		\$412,613	\$2,917,762	\$3,330,375	\$1,529,320	\$1,428,082	\$6,287,778
2025	\$259,872,580	\$259,872,580		\$363,822	\$2,572,739	\$2,936,560	\$1,348,479	\$1,259,213	\$5,544,252
2026	\$225,024,824	\$225,024,824		\$315,035	\$2,227,746	\$2,542,781	\$1,167,654	\$1,090,358	\$4,800,792
2027	\$190,179,999	\$190,179,999		\$266,252	\$1,882,782	\$2,149,034	\$986,844	\$921,517	\$4,057,395
2028	\$151,471,381	\$151,471,381		\$212,060	\$1,499,567	\$1,711,627	\$785,985	\$733,955	\$3,231,566
2029	\$116,631,899	\$116,631,899		\$163,285	\$1,154,656	\$1,317,940	\$605,203	\$565,140	\$2,488,283
2030	\$93,394,491	\$93,394,491		\$130,752	\$924,605	\$1,055,358	\$484,624	\$452,543	\$1,992,525
2031	\$81,759,009	\$81,759,009		\$114,463	\$809,414	\$923,877	\$424,247	\$396,163	\$1,744,288
2032	\$77,858,770	\$77,858,770		\$109,002	\$770,802	\$879,804	\$404,009	\$377,265	\$1,661,078
2033	\$77,827,100	\$77,827,100		\$108,958	\$770,488	\$879,446	\$403,845	\$377,111	\$1,660,402
2034	\$77,797,330	\$77,797,330		\$108,916	\$770,194	\$879,110	\$403,690	\$376,967	\$1,659,767
2035	\$77,769,345	\$77,769,345		\$108,877	\$769,917	\$878,794	\$403,545	\$376,831	\$1,659,170
2036	\$77,743,040	\$77,743,040		\$108,840	\$769,656	\$878,496	\$403,409	\$376,704	\$1,658,609
			Total	\$3,478,253	\$24,596,219	\$28,074,472	\$12,891,897	\$12,038,483	\$53,004,852

Source: CPA, 2W Permian Solar, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Andrews 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		Andrews ISD I&S Tax Levy	Andrews ISD M&O Tax Levy	Andrews ISD M&O and I&S Tax Levies	Andrews County Tax Levy	Andrews County Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1400	0.9900		0.5189	0.4846	
2022	\$356,702,267	\$30,000,000		\$499,383	\$297,000	\$796,383	\$834,769	\$1,728,401	\$3,359,553
2023	\$325,711,096	\$30,000,000		\$455,996	\$297,000	\$752,996	\$762,242	\$1,578,233	\$3,093,470
2024	\$294,723,453	\$30,000,000		\$412,613	\$297,000	\$709,613	\$689,723	\$1,428,082	\$2,827,419
2025	\$259,872,580	\$30,000,000		\$363,822	\$297,000	\$660,822	\$608,164	\$1,259,213	\$2,528,198
2026	\$225,024,824	\$30,000,000		\$315,035	\$297,000	\$612,035	\$526,612	\$1,090,358	\$2,229,004
2027	\$190,179,999	\$30,000,000		\$266,252	\$297,000	\$563,252	\$445,067	\$921,517	\$1,929,836
2028	\$151,471,381	\$30,000,000		\$212,060	\$297,000	\$509,060	\$354,479	\$733,955	\$1,597,494
2029	\$116,631,899	\$30,000,000		\$163,285	\$297,000	\$460,285	\$272,947	\$565,140	\$1,298,371
2030	\$93,394,491	\$30,000,000		\$130,752	\$297,000	\$427,752	\$218,565	\$452,543	\$1,098,861
2031	\$81,759,009	\$30,000,000		\$114,463	\$297,000	\$411,463	\$191,336	\$396,163	\$998,962
2032	\$77,858,770	\$77,858,770		\$109,002	\$770,802	\$879,804	\$404,009	\$377,265	\$1,661,078
2033	\$77,827,100	\$77,827,100		\$108,958	\$770,488	\$879,446	\$403,845	\$377,111	\$1,660,402
2034	\$77,797,330	\$77,797,330		\$108,916	\$770,194	\$879,110	\$403,690	\$376,967	\$1,659,767
2035	\$77,769,345	\$77,769,345		\$108,877	\$769,917	\$878,794	\$403,545	\$376,831	\$1,659,170
2036	\$77,743,040	\$77,743,040		\$108,840	\$769,656	\$878,496	\$403,409	\$376,704	\$1,658,609
			Total	\$3,478,253	\$6,821,056	\$10,299,310	\$6,922,401	\$12,038,483	\$29,260,193
			Diff	\$0	\$17,775,163	\$17,775,163	\$5,969,496	\$0	\$23,744,659
Assumes School Value Limitation and Tax Abatements with the County.									

Source: CPA, 2W Permian Solar, 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 2W Permian Solar, 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	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2022	\$297,000	\$297,000	\$3,234,352	\$3,234,352
	2023	\$297,000	\$594,000	\$2,927,540	\$6,161,892
	2024	\$297,000	\$891,000	\$2,620,762	\$8,782,654
	2025	\$297,000	\$1,188,000	\$2,275,739	\$11,058,393
	2026	\$297,000	\$1,485,000	\$1,930,746	\$12,989,139
	2027	\$297,000	\$1,782,000	\$1,585,782	\$14,574,921
	2028	\$297,000	\$2,079,000	\$1,202,567	\$15,777,487
	2029	\$297,000	\$2,376,000	\$857,656	\$16,635,143
	2030	\$297,000	\$2,673,000	\$627,605	\$17,262,749
	2031	\$297,000	\$2,970,000	\$512,414	\$17,775,163
Maintain Viable Presence (5 Years)	2032	\$770,802	\$3,740,802	\$0	\$17,775,163
	2033	\$770,488	\$4,511,290	\$0	\$17,775,163
	2034	\$770,194	\$5,281,484	\$0	\$17,775,163
	2035	\$769,917	\$6,051,400	\$0	\$17,775,163
	2036	\$769,656	\$6,821,056	\$0	\$17,775,163
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$769,411	\$7,590,468	\$0	\$17,775,163
	2038	\$769,181	\$8,359,649	\$0	\$17,775,163
	2039	\$768,965	\$9,128,614	\$0	\$17,775,163
	2040	\$768,762	\$9,897,375	\$0	\$17,775,163
	2041	\$768,570	\$10,665,946	\$0	\$17,775,163
	2042	\$768,391	\$11,434,337	\$0	\$17,775,163
	2043	\$768,222	\$12,202,558	\$0	\$17,775,163
	2044	\$768,063	\$12,970,622	\$0	\$17,775,163
	2045	\$767,914	\$13,738,536	\$0	\$17,775,163
	2046	\$767,774	\$14,506,309	\$0	\$17,775,163

\$14,506,309

is less than

\$17,775,163

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, 2W Permian Solar, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	350	332	682	\$20,706,000	\$28,294,000	\$49,000,000	2372700	-1274100	\$3,646,800
2022	4	29	33	\$236,640	\$5,763,360	\$6,000,000	274700	450100	-\$175,400
2023	4	17	21	\$236,640	\$4,763,360	\$5,000,000	236500	434900	-\$198,400
2024	4	4	8	\$236,640	\$2,763,360	\$3,000,000	251800	427200	-\$175,400
2025	4	10	14	\$236,640	\$2,763,360	\$3,000,000	244100	389100	-\$145,000
2026	4	4	8	\$236,640	\$1,763,360	\$2,000,000	236500	358600	-\$122,100
2027	4	2	6	\$236,640	\$1,763,360	\$2,000,000	213600	312800	-\$99,200
2028	4	4	8	\$236,640	\$1,763,360	\$2,000,000	183100	289900	-\$106,800
2029	4	0	4	\$236,640	\$763,360	\$1,000,000	167800	282300	-\$114,500
2030	4	0	4	\$236,640	-\$236,640	\$0	137300	221300	-\$84,000
2031	4	0	4	\$236,640	\$763,360	\$1,000,000	106800	160200	-\$53,400
2032	4	4	8	\$236,640	-\$236,640	\$0	76300	129700	-\$53,400
2033	4	0	4	\$236,640	-\$236,640	\$0	53400	76300	-\$22,900
2034	4	0	4	\$236,640	-\$236,640	\$0	30500	30500	\$0
2035	4	(2)	2	\$236,640	-\$236,640	\$0	22900	-15300	\$38,200
2036	4	0	4	\$236,640	-\$236,640	\$0	15300	-83900	\$99,200
2037	4	2	6	\$236,640	-\$236,640	\$0	38100	-106800	\$144,900
2038	4	0	4	\$236,640	-\$236,640	\$0	30500	-145000	\$175,500
2039	4	4	8	\$236,640	\$763,360	\$1,000,000	91600	-190700	\$282,300
2040	4	2	6	\$236,640	\$763,360	\$1,000,000	61000	-244100	\$305,100
2041	4	8	12	\$236,640	\$763,360	\$1,000,000	91600	-267000	\$358,600
2042	4	4	8	\$236,640	\$763,360	\$1,000,000	76300	-259400	\$335,700
2043	4	(2)	2	\$236,640	-\$236,640	\$0	76300	-289900	\$366,200
2044	4	(2)	2	\$236,640	-\$236,640	\$0	76300	-282300	\$358,600
2045	4	(4)	0	\$236,640	-\$236,640	\$0	45800	-366200	\$412,000
2046	4	(2)	2	\$236,640	-\$236,640	\$0	137300	-343300	\$480,600
Total							\$5,348,100	-\$305,100	\$5,653,200
							\$20,159,509	is greater than	\$17,775,163
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 2W Permian Solar, 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 2W Permian Solar, LLC’s in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The Applicant for this Project has entered into several contracts related to the project, including long-term lease option agreements with area landowners and service agreements and scopes with various consultants (environmental, road and home glare, etc.) to assess the suitability of the site, and a request for studies leading to an interconnection agreement with the transmission provider. None of these contracts obligate Applicant to construct the Project, and each of these contracts may be terminated by Applicant without incurring any significant liability.”
 - B. “The applicant is a national solar developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable solar characteristics. The Applicant is actively assessing and developing other projects outside of Texas that are competing for limited investment funds. In addition to its projects in Texas, the developer is assessing or developing projects in Washington, Oregon, California, Nevada, Arizona, Wyoming, Colorado, New Mexico, Texas, Oklahoma, Nebraska, Minnesota, Arkansas, Louisiana, Illinois, Mississippi, Michigan, Indiana, Alabama, Ohio, Georgia, Florida, New York, Connecticut, Maryland, Delaware, Virginia, and North Carolina. The appraised value limitation is critical to the ability of the Project to move forward in Andrews ISD.”
 - C. “Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will significantly decrease. The Applicant for this project is competing against other developers who have been offered or are in the process of applying for Value Limitation Agreements with other school districts. Obtaining the limitation is critical to the economic and competitive viability of this Project. Without the limitation approval, the Applicant would likely terminate the Project, including the aforementioned contracts, leases, and limited improvements, in order to reallocate resources in areas with more favorable economics.”

- Comptroller Research
 - A. Per Lincoln Clean Energy's website " Lincoln Clean Energy (LCE) is a developer, owner and operator of clean power projects with a particular focus on wind and solar power in the United States. We have successfully developed projects involving over \$2 billion in capital investment in some of the largest electricity markets in the US (including Texas, California and New Jersey)."
- Provided by Applicant
 - A. The project has not been known by any other names during its development. The Project applied to ERCOT on November 30, 2018, and it has been assigned GINR number 20INR0219
 - B. The Permian Battery Energy Storage System ("BESS") asset will be integrated into the solar energy generation Project and will be used, at certain times, to temporarily store electricity generated by the Project for the purpose of provide energy arbitrage and ancillary services for the ERCOT wholesale energy market, shifting the Project's energy production to delivery times and reliability services where the grid needs it most.

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:
- ☒ Land has no existing improvements ☐ Land has existing improvements (*complete Section 13*)
- ☐ Expansion of existing operation on the land (*complete Section 13*) ☐ 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 Item 5

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

2W Permian Solar, LLC ("Permian Solar") is a Delaware limited liability company. Permian Solar has one member with 100% ownership, Lincoln Clean Energy, LLC ("LCE"). LCE has successfully developed projects involving over \$1 billion in capital investments in some of the largest electricity markets in the United States, including California, New Jersey, and Texas.

The Applicant for this Project has entered into several contracts related to the project, including long-term lease option agreements with area landowners and service agreements and scopes with various consultants (environmental, road and home glare, etc.) to assess the suitability of the site, and a request for studies leading to an interconnection agreement with the transmission provider. None of these contracts obligate Applicant to construct the Project, and each of these contracts may be terminated by Applicant without incurring any significant liability.

The Applicant for the Project has obtained or applied for the following state and local permits:

- Andrews County Tax Abatement 312
- Andrews County Hospital District Tax Abatement 312

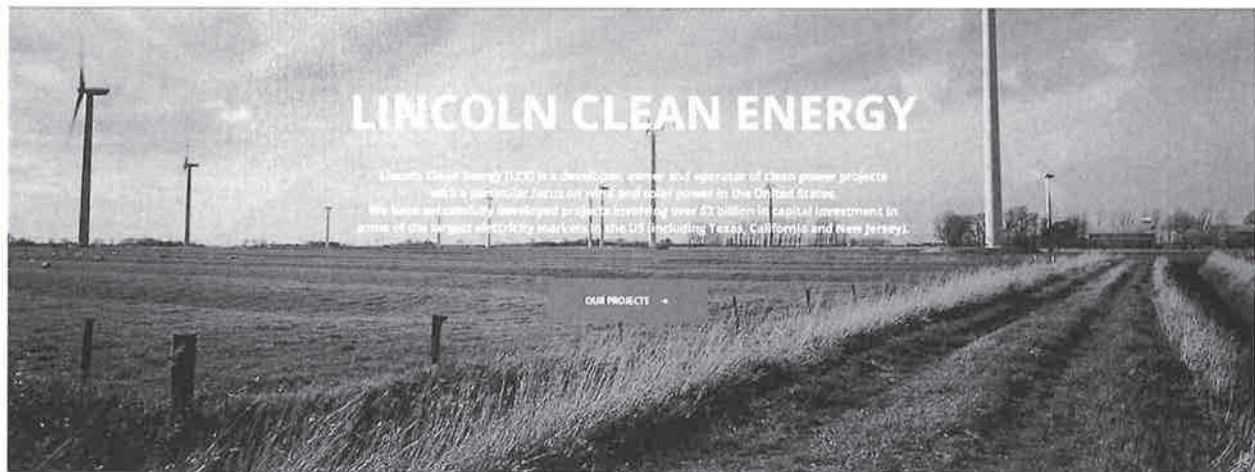
The project has not been known by any other names during its development. The Project applied to ERCOT on November 30, 2018, and it has been assigned GINR number 20INR0219

The applicant is a national solar developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable solar characteristics. The Applicant is actively assessing and developing other projects outside of Texas that are competing for limited investment funds. In addition to its projects in Texas, the developer is assessing or developing projects in Washington, Oregon, California, Nevada, Arizona, Wyoming, Colorado, New Mexico, Texas, Oklahoma, Nebraska, Minnesota, Arkansas, Louisiana, Illinois, Mississippi, Michigan, Indiana, Alabama, Ohio, Georgia, Florida, New York, Connecticut, Maryland, Delaware, Virginia, and North Carolina. The appraised value limitation is critical to the ability of the Project to move forward in Southland ISD.

Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will significantly decrease. The Applicant for this project is competing against other developers who have been offered or are in the process of applying for Value Limitation Agreements with other school districts. Obtaining the limitation is critical to the economic and competitive viability of this Project. Without the limitation approval, the Applicant would likely terminate the Project, including the aforementioned contracts, leases, and limited improvements, in order to reallocate resources in areas with more favorable economics.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



<https://lincoln-clean-energy.com/>