



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

February 4, 2020

Ismal Garcia
Superintendent
Rio Hondo Independent School District
215 W Colorado
Rio Hondo, TX 78583

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Rio Hondo Independent School District and La Chalupa, LLC, Application 1414

Dear Superintendent Garcia:

On November 14, 2019, the Comptroller issued written notice that La Chalupa, LLC (applicant) submitted a completed application (Application 1414) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on August 12, 2019, to the Rio Hondo 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 1414.

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, 2020.

Note that any building or improvement existing as of the application review start date of November 14, 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 black ink that reads "Lisa Craven". The signature is written in a cursive style with a large initial "L" and "C".

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of La Chalupa, LLC (project) applying to Rio Hondo 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 La Chalupa, LLC.

Applicant	La Chalupa, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Rio Hondo ISD
2018-2019 Average Daily Attendance	1,735
County	Cameron
Proposed Total Investment in District	\$51,975,000
Proposed Qualified Investment	\$51,975,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	1*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$758
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$758
Minimum annual wage committed to by applicant for qualified jobs	\$39,400
Minimum weekly wage required for non-qualifying jobs	\$652
Minimum annual wage required for non-qualifying jobs	\$33,917
Investment per Qualifying Job	\$51,975,000
Estimated M&O levy without any limit (15 years)	\$4,673,931
Estimated M&O levy with Limitation (15 years)	\$3,069,826
Estimated gross M&O tax benefit (15 years)	\$1,604,105

* 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 La Chalupa, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	301	372	673	\$15,789,400	\$34,963,900	\$50,753,300
2022	1	30	31	\$39,400	\$5,910,100	\$5,949,500
2023	1	16	17	\$39,400	\$3,905,900	\$3,945,300
2024	1	(3)	-2	\$39,400	\$1,797,400	\$1,836,800
2025	1	(12)	-11	\$39,400	\$531,100	\$570,500
2026	1	(15)	-14	\$39,400	-\$142,500	-\$103,100
2027	1	(14)	-13	\$39,400	-\$413,300	-\$373,900
2028	1	(11)	-10	\$39,400	-\$398,900	-\$359,500
2029	1	(7)	-6	\$39,400	-\$228,400	-\$189,000
2030	1	(4)	-3	\$39,400	\$13,700	\$53,100
2031	1	(1)	0	\$39,400	\$269,600	\$309,000
2032	1	1	2	\$39,400	\$513,500	\$552,900
2033	1	3	4	\$39,400	\$719,800	\$759,200
2034	1	4	5	\$39,400	\$881,300	\$920,700
2035	1	5	6	\$39,400	\$994,100	\$1,033,500

Source: CPA REMI, La Chalupa, 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*	Rio Hondo ISD I&S Tax Levy	Rio Hondo ISD M&O Tax Levy	Rio Hondo M&O and I&S Tax Levies	Cameron County Tax Levy	EMS #1 Tax Levy	Port of Harlingen Tax Levy	Browsville Nav. Tax Levy	Texas Southmost College Tax Levy	South Texas ISD Tax Levy	Drainage Dist #3 Tax Levy	Estimated Total Property Taxes
2021	\$49,896,000	\$49,896,000		\$154,229	\$523,908	\$678,137	\$204,974	\$46,717	\$14,969	\$17,923	\$81,035	\$24,549	\$73,456	\$1,141,759
2022	\$45,904,320	\$45,904,320		\$141,890	\$481,995	\$623,886	\$188,576	\$42,980	\$13,771	\$16,489	\$74,552	\$22,585	\$67,579	\$1,050,418
2023	\$42,231,974	\$42,231,974		\$130,539	\$443,436	\$573,975	\$173,490	\$39,541	\$12,670	\$15,170	\$68,588	\$20,778	\$62,173	\$966,385
2024	\$38,853,416	\$38,853,416		\$120,096	\$407,961	\$528,057	\$159,611	\$36,378	\$11,656	\$13,956	\$63,101	\$19,116	\$57,199	\$889,074
2025	\$35,745,143	\$35,745,143		\$110,488	\$375,324	\$485,812	\$146,842	\$33,468	\$10,724	\$12,840	\$58,053	\$17,587	\$52,623	\$817,948
2026	\$32,885,532	\$32,885,532		\$101,649	\$345,298	\$446,947	\$135,095	\$30,790	\$9,866	\$11,812	\$53,408	\$16,180	\$48,413	\$752,512
2027	\$30,254,689	\$30,254,689		\$93,517	\$317,674	\$411,191	\$124,287	\$28,327	\$9,076	\$10,867	\$49,136	\$14,885	\$44,540	\$692,311
2028	\$27,834,314	\$27,834,314		\$86,036	\$292,260	\$378,296	\$114,344	\$26,061	\$8,350	\$9,998	\$45,205	\$13,694	\$40,977	\$636,926
2029	\$25,607,569	\$25,607,569		\$79,153	\$268,879	\$348,032	\$105,197	\$23,976	\$7,682	\$9,198	\$41,588	\$12,599	\$37,699	\$585,972
2030	\$23,558,963	\$23,558,963		\$72,821	\$247,369	\$320,190	\$96,781	\$22,058	\$7,068	\$8,462	\$38,261	\$11,591	\$34,683	\$539,094
2031	\$21,674,246	\$21,674,246		\$66,995	\$227,580	\$294,575	\$89,038	\$20,293	\$6,502	\$7,785	\$35,200	\$10,664	\$31,908	\$495,967
2032	\$19,940,307	\$19,940,307		\$61,635	\$209,373	\$271,009	\$81,915	\$18,670	\$5,982	\$7,163	\$32,384	\$9,811	\$29,356	\$456,289
2033	\$18,345,082	\$18,345,082		\$56,705	\$192,623	\$249,328	\$75,362	\$17,176	\$5,504	\$6,590	\$29,794	\$9,026	\$27,007	\$419,786
2034	\$16,877,476	\$16,877,476		\$52,168	\$177,213	\$229,382	\$69,333	\$15,802	\$5,063	\$6,062	\$27,410	\$8,304	\$24,847	\$386,203
2035	\$15,527,277	\$15,527,277		\$47,995	\$163,036	\$211,031	\$63,787	\$14,538	\$4,658	\$5,577	\$25,217	\$7,639	\$22,859	\$355,307
			Total	\$1,375,916	\$4,673,931	\$6,049,848	\$1,828,633	\$416,777	\$133,541	\$159,893	\$722,933	\$219,007	\$655,321	\$10,185,952

Source: CPA, La Chalupa, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Cameron 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		Rio Hondo ISD I&S Tax Levy	Rio Hondo ISD M&O Tax Levy	Rio Hondo M&O and I&S Tax Levies	Cameron County Tax Levy	EMS #1 Tax Levy	Port of Harlingen Tax Levy	Browsville Nav. Tax Levy	Texas Southmost College Tax Levy	South Texas ISD Tax Levy	Drainage Dist #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3091	1.0500		0.4108	0.0936	0.0300	0.0359	0.1624	0.0492	0.1472	
2021	\$49,896,000	\$20,000,000		\$154,229	\$210,000	\$364,229	\$0	\$46,717	\$14,969	\$17,923	\$81,035	\$24,549	\$73,456	\$622,876
2022	\$45,904,320	\$20,000,000		\$141,890	\$210,000	\$351,890	\$0	\$42,980	\$13,771	\$16,489	\$74,552	\$22,585	\$67,579	\$589,846
2023	\$42,231,974	\$20,000,000		\$130,539	\$210,000	\$340,539	\$0	\$39,541	\$12,670	\$15,170	\$68,588	\$20,778	\$62,173	\$559,459
2024	\$38,853,416	\$20,000,000		\$120,096	\$210,000	\$330,096	\$0	\$36,378	\$11,656	\$13,956	\$63,101	\$19,116	\$57,199	\$531,502
2025	\$35,745,143	\$20,000,000		\$110,488	\$210,000	\$320,488	\$0	\$33,468	\$10,724	\$12,840	\$58,053	\$17,587	\$52,623	\$505,782
2026	\$32,885,532	\$20,000,000		\$101,649	\$210,000	\$311,649	\$0	\$30,790	\$9,866	\$11,812	\$53,408	\$16,180	\$48,413	\$482,119
2027	\$30,254,689	\$20,000,000		\$93,517	\$210,000	\$303,517	\$0	\$28,327	\$9,076	\$10,867	\$49,136	\$14,885	\$44,540	\$460,350
2028	\$27,834,314	\$20,000,000		\$86,036	\$210,000	\$296,036	\$0	\$26,061	\$8,350	\$9,998	\$45,205	\$13,694	\$40,977	\$440,322
2029	\$25,607,569	\$20,000,000		\$79,153	\$210,000	\$289,153	\$0	\$23,976	\$7,682	\$9,198	\$41,588	\$12,599	\$37,699	\$421,896
2030	\$23,558,963	\$20,000,000		\$72,821	\$210,000	\$282,821	\$0	\$22,058	\$7,068	\$8,462	\$38,261	\$11,591	\$34,683	\$404,944
2031	\$21,674,246	\$21,674,246		\$66,995	\$227,580	\$294,575	\$89,038	\$20,293	\$6,502	\$7,785	\$35,200	\$10,664	\$31,908	\$495,967
2032	\$19,940,307	\$19,940,307		\$61,635	\$209,373	\$271,009	\$81,915	\$18,670	\$5,982	\$7,163	\$32,384	\$9,811	\$29,356	\$456,289
2033	\$18,345,082	\$18,345,082		\$56,705	\$192,623	\$249,328	\$75,362	\$17,176	\$5,504	\$6,590	\$29,794	\$9,026	\$27,007	\$419,786
2034	\$16,877,476	\$16,877,476		\$52,168	\$177,213	\$229,382	\$69,333	\$15,802	\$5,063	\$6,062	\$27,410	\$8,304	\$24,847	\$386,203
2035	\$15,527,277	\$15,527,277		\$47,995	\$163,036	\$211,031	\$63,787	\$14,538	\$4,658	\$5,577	\$25,217	\$7,639	\$22,859	\$355,307
			Total	\$1,375,916	\$3,069,826	\$4,445,742	\$379,436	\$416,777	\$133,541	\$159,893	\$722,933	\$219,007	\$655,321	\$7,132,649
			Diff	\$0	\$1,604,105	\$1,604,105	\$1,449,198	\$0	\$0	\$0	\$0	\$0	\$0	\$3,053,303

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, La Chalupa, 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 La Chalupa, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2021	\$210,000	\$210,000	\$313,908	\$313,908
	2022	\$210,000	\$420,000	\$271,995	\$585,903
	2023	\$210,000	\$630,000	\$233,436	\$819,339
	2024	\$210,000	\$840,000	\$197,961	\$1,017,300
	2025	\$210,000	\$1,050,000	\$165,324	\$1,182,624
	2026	\$210,000	\$1,260,000	\$135,298	\$1,317,922
	2027	\$210,000	\$1,470,000	\$107,674	\$1,425,596
	2028	\$210,000	\$1,680,000	\$82,260	\$1,507,857
	2029	\$210,000	\$1,890,000	\$58,879	\$1,566,736
	2030	\$210,000	\$2,100,000	\$37,369	\$1,604,105
Maintain Viable Presence (5 Years)	2031	\$227,580	\$2,327,580	\$0	\$1,604,105
	2032	\$209,373	\$2,536,953	\$0	\$1,604,105
	2033	\$192,623	\$2,729,576	\$0	\$1,604,105
	2034	\$177,213	\$2,906,790	\$0	\$1,604,105
	2035	\$163,036	\$3,069,826	\$0	\$1,604,105
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$149,993	\$3,219,820	\$0	\$1,604,105
	2037	\$137,994	\$3,357,814	\$0	\$1,604,105
	2038	\$126,955	\$3,484,768	\$0	\$1,604,105
	2039	\$116,798	\$3,601,566	\$0	\$1,604,105
	2040	\$107,454	\$3,709,021	\$0	\$1,604,105
	2041	\$98,858	\$3,807,878	\$0	\$1,604,105
	2042	\$90,949	\$3,898,828	\$0	\$1,604,105
	2043	\$83,673	\$3,982,501	\$0	\$1,604,105
	2044	\$76,979	\$4,059,481	\$0	\$1,604,105
	2045	\$70,821	\$4,130,302	\$0	\$1,604,105

\$4,130,302
 is greater than **\$1,604,105**

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

Source: CPA, La Chalupa, 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 La Chalupa, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- The applicant is a wholly owned subsidiary of Acciona Energy USA Global LLC (“AEUG”). AEUG is part of the ACCIONA Group’s energy division and is responsible for development, construction and operations of renewable energy projects in the United States and Canada.
- Per the Acciona Group in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Due to the extremely competitive power market in ERCOT most if not all energy offtake economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. 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. For example, a signed PPA in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA may have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA, or other offtake solution becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed “
 - B. “The ACCIONA Group has numerous wind and solar sites in development, both globally and throughout the US, and is continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics. For example, the ACCIONA Group currently has ongoing project developments in many states, including but not limited to, Pennsylvania, Virginia, New Mexico and Illinois, among others.”

- Supplemental information provided by the applicant stated the following:
 - A. La Chalupa Wind Farm or La Chalupa Wind Project. We did acquire development assets from a separate project that were integrated into La Chalupa. The name of that project was Cameron II, or Espiritu.”
 - B. “Two separate IGNR numbers that we have merged into one SGIA (signed earlier this week)”
 - Chalupa - 20INR0042
 - Espiritu - 17INR0031

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? **See Tab 5** 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? **See Tab 5** Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

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

Supporting Information

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

TAB 5

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

The applicant is a wholly owned subsidiary of Acciona Energy USA Global LLC ("AEUG"). AEUG is part of the ACCIONA Group's energy division and is responsible for development, construction and operations of renewable energy projects in the United States and Canada.

The ACCIONA Group is a leader in the development and management of infrastructure, water, services and renewable energy. Listed on the Spanish blue-chip IBEX35 index (ANA.MC), it is a public company with over 33,550 employees in more than 30 countries in five continents.

In the United States, the ACCIONA Group develops, owns and operates renewable energy and infrastructure projects. The energy division owns and operates a nearly 900 MW of wind and solar projects across the U.S. and Canada and is an independent power producer focused solely on renewable energy. ACCIONA Group's U.S. team is involved in all aspects renewable energy, including, financing, construction, project development operations and power marketing.

The ACCIONA Group is keen to develop and build the proposed La Chalupa Wind Project as per this application. The applicant has undertaken customary development activities in connection with the La Chalupa Wind Project, including: (i) entering into various contracts such as real estate leases and service agreements for engineering services and environmental studies, and (ii) obtained certain state and local permits such as a road use agreement with Cameron County.

Since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind or other renewable energy projects. The ACCIONA Group is active throughout the United States and globally where each project individually competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to its customers and making its investment more viable and marketable. The ACCIONA Group has numerous wind and solar sites in development, both globally and throughout the US, and is continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics. For example, the ACCIONA Group currently has ongoing project developments in many states, including but not limited to, Pennsylvania, Virginia, New Mexico and Illinois, among others.

Due to the extremely competitive power market in ERCOT most if not all energy offtake economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. 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. For example, a signed PPA in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA may have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA, or other offtake solution becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Rio Hondo ISD– La Chalupa, LLC App. #1414

Comptroller Questions (via email on September 23, 2019):

1. *Is La Chalupa, 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 date 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 January 16, 2020):

1. *Is La Chalupa, LLC currently known by any other project names?*
La Chalupa Wind Farm or La Chalupa Wind Project. We did acquire development assets from a separate project that were integrated into La Chalupa. The name of that project was Cameron II, or Espiritu
2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and date it was assigned.*
Two separate IGNR numbers that we have merged into one SGIA (signed earlier this week)
Chalupa – 20INR0042
Espiritu – 17INR0031
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.*
La Chalupa Wind Farm or La Chalupa Wind Project. We did acquire development assets from a separate project that were integrated into La Chalupa. The name of that project was Cameron II, or Espiritu