



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

January 21, 2020

Brandon Cope
Superintendent
Riesel Independent School District
600 E. Frederick
Riesel, TX, 76682

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Riesel Independent School District and Hecate Energy Roseland Solar, LLC, Application 1426

Dear Superintendent Cope:

On October 29, 2019, the Comptroller issued written notice that Hecate Energy Roseland Solar, LLC (applicant) submitted a completed application (Application 1426) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on September 16, 2019, to the Riesel 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 1426.

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 October 29, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Hecate Energy Roseland Solar, LLC (project) applying to Riesel 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 Hecate Energy Roseland Solar, LLC.

Applicant	Hecate Energy Roseland Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Riesel ISD
2018-2019 Average Daily Attendance	634
County	Falls
Proposed Total Investment in District	\$116,852,400
Proposed Qualified Investment	\$116,852,400
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$933
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$931
Minimum annual wage committed to by applicant for qualified jobs	\$48,500
Minimum weekly wage required for non-qualifying jobs	\$722
Minimum annual wage required for non-qualifying jobs	\$37,558
Investment per Qualifying Job	\$58,426,200
Estimated M&O levy without any limit (15 years)	\$8,959,871
Estimated M&O levy with Limitation (15 years)	\$4,510,500
Estimated gross M&O tax benefit (15 years)	\$4,449,371

* 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 Hecate Energy Roseland Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	400	502	902	\$22,000,000	\$47,000,000	\$69,000,000
2022	500	643	1143	\$27,500,000	\$67,500,000	\$95,000,000
2023	2	66	68	\$97,000	\$14,903,000	\$15,000,000
2024	2	20	22	\$97,000	\$8,903,000	\$9,000,000
2025	2	(22)	-20	\$97,000	\$3,903,000	\$4,000,000
2026	2	(40)	-38	\$97,000	\$903,000	\$1,000,000
2027	2	(43)	-41	\$97,000	-\$1,097,000	-\$1,000,000
2028	2	(37)	-35	\$97,000	-\$1,097,000	-\$1,000,000
2029	2	(28)	-26	\$97,000	-\$1,097,000	-\$1,000,000
2030	2	(18)	-16	\$97,000	-\$97,000	\$0
2031	2	(8)	-6	\$97,000	-\$97,000	\$0
2032	2	(1)	1	\$97,000	\$903,000	\$1,000,000
2033	2	6	8	\$97,000	\$1,903,000	\$2,000,000
2034	2	10	12	\$97,000	\$1,903,000	\$2,000,000
2035	2	13	15	\$97,000	\$2,903,000	\$3,000,000
2036	2	14	16	\$97,000	\$2,903,000	\$3,000,000

Source: CPA REMI, Hecate Energy Roseland 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	Tax Rate*	Riesel ISD I&S Tax Levy	Riesel ISD M&O Tax Levy	Riesel ISD M&O and I&S Tax Levies	Falls County Tax Levy	Falls County Emergency Service District #1 Tax Levy	Estimated Total Property Taxes
			0.3839	0.9700			0.9480	0.0300	
2022	\$25,000,000	\$25,000,000		\$95,975	\$242,500	\$338,475	\$237,000	\$6,750	\$582,225
2023	\$130,340,000	\$130,340,000		\$500,375	\$1,264,298	\$1,764,673	\$1,235,623	\$35,192	\$3,035,488
2024	\$119,896,000	\$119,896,000		\$460,281	\$1,162,991	\$1,623,272	\$1,136,614	\$32,372	\$2,792,258
2025	\$108,626,000	\$108,626,000		\$417,015	\$1,053,672	\$1,470,687	\$1,029,774	\$29,329	\$2,529,791
2026	\$96,446,000	\$96,446,000		\$370,256	\$935,526	\$1,305,782	\$914,308	\$26,040	\$2,246,131
2027	\$83,300,000	\$83,300,000		\$319,789	\$808,010	\$1,127,799	\$789,684	\$22,491	\$1,939,974
2028	\$69,104,000	\$69,104,000		\$265,290	\$670,309	\$935,599	\$655,106	\$18,658	\$1,609,363
2029	\$53,774,000	\$53,774,000		\$206,438	\$521,608	\$728,046	\$509,778	\$14,519	\$1,252,343
2030	\$37,212,000	\$37,212,000		\$142,857	\$360,956	\$503,813	\$352,770	\$10,047	\$866,630
2031	\$28,000,000	\$28,000,000		\$107,492	\$271,600	\$379,092	\$265,440	\$7,560	\$652,092
2032	\$28,000,000	\$28,000,000		\$107,492	\$271,600	\$379,092	\$265,440	\$7,560	\$652,092
2033	\$28,000,000	\$28,000,000		\$107,492	\$271,600	\$379,092	\$265,440	\$7,560	\$652,092
2034	\$28,000,000	\$28,000,000		\$107,492	\$271,600	\$379,092	\$265,440	\$7,560	\$652,092
2035	\$28,000,000	\$28,000,000		\$107,492	\$271,600	\$379,092	\$265,440	\$7,560	\$652,092
2036	\$30,000,000	\$30,000,000		\$115,170	\$291,000	\$406,170	\$284,400	\$8,100	\$698,670
2037	\$30,000,000	\$30,000,000		\$115,170	\$291,000	\$406,170	\$284,400	\$8,100	\$698,670
			Total	\$3,546,077	\$8,959,871	\$12,505,947	\$8,756,657	\$249,398	\$21,512,003

Source: CPA, Hecate Energy Roseland Solar, LLC

*Tax Rate per \$100 Valuation

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

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Riesel ISD I&S Tax Levy	Riesel ISD M&O Tax Levy	Riesel ISD M&O and I&S Tax Levies	Falls County Tax Levy	Falls County Emergency Service District #1 Tax Levy	Estimated Total Property Taxes
				0.3839	0.9700		0.9480	0.0300	
2022	\$25,000,000	\$25,000,000		\$95,975	\$242,500	\$338,475	\$237,000	\$6,750	\$582,225
2023	\$130,340,000	\$30,000,000		\$500,375	\$291,000	\$791,375	\$185,343	\$35,192	\$1,011,911
2024	\$119,896,000	\$30,000,000		\$460,281	\$291,000	\$751,281	\$170,492	\$32,372	\$954,145
2025	\$108,626,000	\$30,000,000		\$417,015	\$291,000	\$708,015	\$154,466	\$29,329	\$891,810
2026	\$96,446,000	\$30,000,000		\$370,256	\$291,000	\$661,256	\$137,146	\$26,040	\$824,443
2027	\$83,300,000	\$30,000,000		\$319,789	\$291,000	\$610,789	\$118,453	\$22,491	\$751,732
2028	\$69,104,000	\$30,000,000		\$265,290	\$291,000	\$556,290	\$98,266	\$18,658	\$673,214
2029	\$53,774,000	\$30,000,000		\$206,438	\$291,000	\$497,438	\$76,467	\$14,519	\$588,424
2030	\$37,212,000	\$30,000,000		\$142,857	\$291,000	\$433,857	\$52,915	\$10,047	\$496,820
2031	\$28,000,000	\$30,000,000		\$107,492	\$291,000	\$398,492	\$39,816	\$7,560	\$445,868
2032	\$28,000,000	\$30,000,000		\$107,492	\$291,000	\$398,492	\$39,816	\$7,560	\$445,868
2033	\$28,000,000	\$28,000,000		\$107,492	\$271,600	\$379,092	\$265,440	\$7,560	\$652,092
2034	\$28,000,000	\$28,000,000		\$107,492	\$271,600	\$379,092	\$265,440	\$7,560	\$652,092
2035	\$28,000,000	\$28,000,000		\$107,492	\$271,600	\$379,092	\$265,440	\$7,560	\$652,092
2036	\$30,000,000	\$28,000,000		\$115,170	\$271,600	\$386,770	\$284,400	\$8,100	\$679,270
2037	\$30,000,000	\$28,000,000		\$115,170	\$271,600	\$386,770	\$284,400	\$8,100	\$679,270
			Total	\$3,546,077	\$4,510,500	\$8,056,577	\$2,675,301	\$249,398	\$10,981,276
			Diff	\$0	\$4,449,371	\$4,449,371	\$6,081,356	\$0	\$10,530,727

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Hecate Energy Roseland 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 Hecate Energy Roseland 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 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	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
	2022	\$242,500	\$242,500	\$0	\$0
Limitation Period (10 Years)	2023	\$291,000	\$533,500	\$973,298	\$973,298
	2024	\$291,000	\$824,500	\$871,991	\$1,845,289
	2025	\$291,000	\$1,115,500	\$762,672	\$2,607,961
	2026	\$291,000	\$1,406,500	\$644,526	\$3,252,488
	2027	\$291,000	\$1,697,500	\$517,010	\$3,769,498
	2028	\$291,000	\$1,988,500	\$379,309	\$4,148,806
	2029	\$291,000	\$2,279,500	\$230,608	\$4,379,414
	2030	\$291,000	\$2,570,500	\$69,956	\$4,449,371
	2031	\$271,600	\$2,842,100	\$0	\$4,449,371
	2032	\$271,600	\$3,113,700	\$0	\$4,449,371
Maintain Viable Presence (5 Years)	2033	\$271,600	\$3,385,300	\$0	\$4,449,371
	2034	\$271,600	\$3,656,900	\$0	\$4,449,371
	2035	\$271,600	\$3,928,500	\$0	\$4,449,371
	2036	\$271,600	\$4,200,100	\$0	\$4,449,371
	2037	\$271,600	\$4,471,700	\$0	\$4,449,371
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	\$271,600	\$4,743,300	\$0	\$4,449,371
	2039	\$271,600	\$5,014,900	\$0	\$4,449,371
	2040	\$271,600	\$5,286,500	\$0	\$4,449,371
	2041	\$271,600	\$5,558,100	\$0	\$4,449,371
	2042	\$271,600	\$5,829,700	\$0	\$4,449,371
	2043	\$258,020	\$6,087,720	\$0	\$4,449,371
	2044	\$258,020	\$6,345,740	\$0	\$4,449,371
	2045	\$258,020	\$6,603,760	\$0	\$4,449,371
	2046	\$258,020	\$6,861,780	\$0	\$4,449,371
	2047	\$258,020	\$7,119,800	\$0	\$4,449,371

\$7,119,800

is greater than

\$4,449,371

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, Hecate Energy Roseland Solar, 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 Hecate Energy Roseland 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 Hecate Energy Roseland Solar, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Hecate Energy 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 that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates. Markets such as California that have statewide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.”
 - B. “The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at today’s contracted power rates under a power purchase agreement (PPA). Therefore, the applicant would not be able to finance and build the project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.”
- Comptroller Research
 - A. On October 1, 2019, Hecate Energy reported that a purchase power agreement was signed with Google. Per the agreement, Hecate will develop and operate a new solar power in Texas. Chris Bullinger, President & CEO of Hecate Energy, stated “Hecate Energy is proud to put its clean energy expertise to work as part of Google’s pioneering commitment to carbon-free energy. The new, renewable energy produced by Hecate solar power will to combat climate change, enhance environmental quality and contribute to the economic vitality of the region.”

- B. The qualified property for App #1426 Hecate Energy Roseland Solar, LLC- Riesel ISD is located adjacent to App #1430 Hecate Energy Roseland Solar, LLC- Mart ISD. Construction for both Projects is anticipated to begin in February 2021 with completion by May 2022. (Map Provided)
- Provided by Applicant
 - A. The IGNR Number is 20INR0205 and was assigned on October 25, 2018.
 - B. Hecate seeks to designate this PPA to the Roseland site, contingent upon a) the successful completion of tax agreements with the County, and Mart and Riesel ISDs, b) successfully marketing the remaining 50 percent of the facility's output, and c) the completion of permitting and other development related activities. The tax agreements with the County and the ISDs are considered in the PPA price offered to Google (who would offtake only 50 percent of the solar facility's total capacity via said PPA). The execution of the abovementioned tax agreements is critical to both implementing the Google PPA, and marketing the remaining 50 percent of the facility. Hecate has an additional seven, 500 MW sites under development in Texas, including the Hecate Energy Ramsey Project (ERCOT INR 20INR0130), Hecate Energy Frye Solar (ERCOT INR 20INR0080) Hecate Energy Point Mountain Solar (ERCOT INR 22INR0236), Hecate Energy Harley Hand Solar (ERCOT INR 23INR0008), and Hecate Energy Outpost Solar (ERCOT INR 23INR0007).
 - C. Applications 1426 (Hecate Energy Roseland Solar, LLC- Riesel ISD) and 1430(Hecate Energy Roseland Solar, LLC- Mart ISD) are for the same project which spans two school districts. The qualified property listed in tab in this Application (1426) is distinct and specific to the 200 MW generation capacity that is in Riesel ISD and is not shared and/or part of any qualified property identified in Application 1430.

Supporting Information

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

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

Supporting Information

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

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

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

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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



TAB 5

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

Founded six years ago, Hecate Energy has developed or built 363MW of operating solar projects totaling over \$600 million in asset value, 58 MWh of battery storage and has entered over 1 GW of renewable Power Purchase Agreements, including 180 MWh of battery storage projects. The company is in offtake negotiations for over 1,000 MW of new solar projects with a pipeline of approximately 6 GW of projects under development.

Hecate Energy has developed operating power projects in California, Florida, Texas, Rhode Island, Maryland, Massachusetts, Virginia and Georgia, with energy storage projects in Ontario. Sites in Washington, Louisiana, Rhode Island, South Carolina New York, Ohio, Texas, Georgia, Tennessee, California and Ontario Canada are currently being evaluated for Hecate Energy's current pipeline of potential projects.

Hecate Energy 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 that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates. Markets such as California that have statewide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement (PPA). Therefore, the applicant would not be able to finance and build the project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Riesel ISD– Hecate Energy Roseland Solar, LLC App. #1426

Comptroller Questions (via email on December 18, 2019):

1. Is Hecate Energy Roseland Solar, LLC currently known by any other project names, besides Roseland 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. Confirm the IGNR Number is 20INR0205 and was assigned on October 25, 2018.
4. Will there be any interconnections between App 1426 (Hecate Energy Roseland, LLC-Riesel ISD) and App 1430 (Hecate Energy Roseland, LLC-Mart ISD).
5. Per the Article attached, confirm that a PPA was signed with Google for the Roseland Solar Project which is located within Falls County.

Comptroller Questions (via email on December 31, 2019):

1. Will the projects 1426 and 1430 share any qualified property?

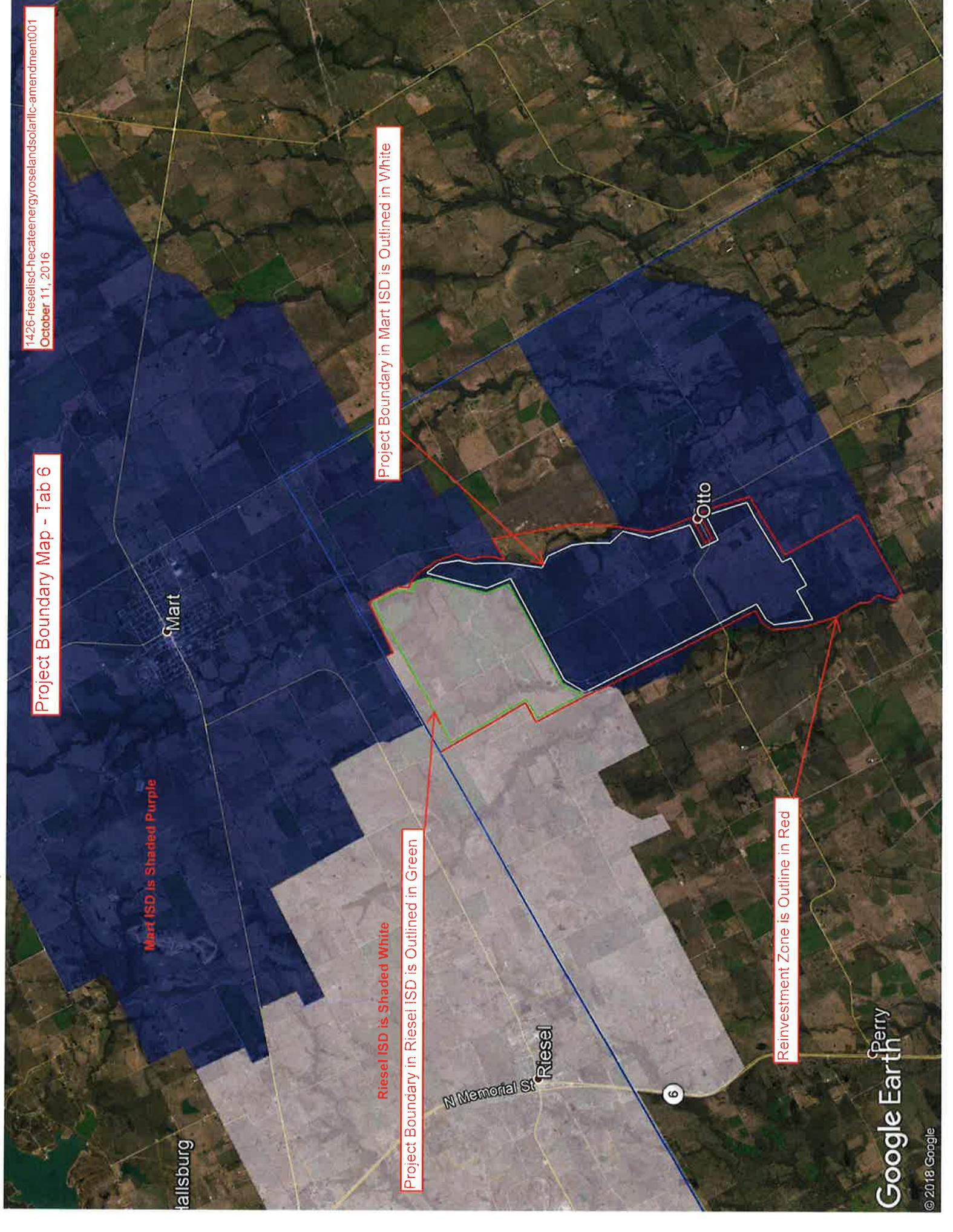
Applicant Response (via email on December 30, 2019):

1. No
2. The project has not been listed by any other names in media or investor presentations nor with any state or federal agencies.
3. Confirmed
4. These applications are for the same project which spans both school districts. This project has significant investment in both ISDs per the intended site plan.
5. The attached article does not indicate the location of the project that corresponds to Hecate's PPA with Google. Hecate seeks to designate this PPA to the Roseland site, contingent upon a) the successful completion of tax agreements with the County, and Mart and Riesel ISDs, b) successfully marketing the remaining 50 percent of the facility's output, and c) the completion of permitting and other development related activities. The tax agreements with the County and the ISDs are considered in the PPA price offered to Google (who would offtake only 50 percent of the solar facility's total capacity via said PPA). The execution of the abovementioned tax agreements is critical to both implementing the Google PPA, and marketing the remaining 50 percent of the facility. Hecate has an additional seven, 500 MW sites under development in Texas, including the Hecate Energy Ramsey Project (ERCOT INR 20INR0130), Hecate Energy Frye Solar (ERCOT INR 20INR0080) Hecate Energy Point Mountain Solar (ERCOT INR 22INR0236), Hecate Energy Harley Hand Solar (ERCOT INR 23INR0008), and Hecate Energy Outpost Solar (ERCOT INR 23INR0007).

Applicant Response (via email on December 31, 2019):

1. Applications 1426 and 1430 are for the same project which spans two school districts. The qualified property listed in tab in this Application (1426) is distinct and specific to the 200 MW generation capacity that is in Riesel ISD and is not shared and/or part of any qualified property identified in Application 1430.

Project Boundary Map - Tab 6



Mart ISD is Shaded Purple

Riesel ISD is Shaded White

Project Boundary in Mart ISD is Outlined in White

Project Boundary in Riesel ISD is Outlined in Green

Reinvestment Zone is Outline in Red

allsburg

N Memorial St
Riesel

Colto

6

Hecate Energy Announces Agreement with Google to Add More Solar Energy to the Grid

Project will bring additional clean energy and new jobs to Texas



NEWS PROVIDED BY

Hecate Energy →

Oct 01, 2019, 14:29 ET

CHICAGO, Oct. 1, 2019 /PRNewswire/ -- Hecate Energy LLC ("Hecate") today announced an agreement with Google to purchase 250 MWac of clean, renewable electricity from 500 MWac of new Hecate Energy solar facilities in Texas.

Google recently announced that it has made its largest ever purchase of renewable energy, totaling more than \$2 billion in new energy infrastructure produced by solar panels and wind turbines located around the world.

As part of the agreement, Hecate will develop and operate new solar power in Texas. Hecate expects that it will create new jobs in the community, boosting the local economy as a result of its estimated \$275,000,000 investment in the project.

"Hecate Energy is proud to put its clean energy expertise to work as part of Google's pioneering commitment to carbon-free energy. The new, renewable energy produced by Hecate solar power will help to combat climate change, enhance environmental quality and contribute to the economic vitality of the region," said Chris Bullinger, President & CEO of Hecate Energy.

"Sustainability has been one of Google's core values from our earliest days, and a cornerstone of our related efforts is our commitment to clean energy," said Neha Palmer, Director of Operations, Google. "Today's announcement will add new renewable energy to the grids where we consume it, creating new construction jobs and making clean power accessible to nearby communities."

Learn more

- Hecate Energy
- [Google makes its biggest renewable energy purchase ever](#)
- [Sustainability @ Google](#)

Hecate Energy is a leading developer, owner and operator of renewable power projects and storage solutions in North America and select international markets. Founded in 2012 by a team of industry veterans, Hecate has entered into over 1 gigawatt (GW) of renewable Power Purchase Agreements (PPAs), including 180 megawatt-hours (MWh) of battery storage contracts. Hecate has developed and built hundreds of megawatts of operating solar projects and battery storage projects totaling over \$600 million in asset value. The company is in negotiations for an additional 1 GW of new solar PPAs and has more than 8 GW of additional renewable power in its active project pipeline. Hecate is headquartered in Chicago, IL and has offices in Los Angeles, CA, Columbus, OH, and Darien, CT.

SOURCE Hecate Energy