



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

January 21, 2020

Betsy Burnett
Superintendent
Mart Independent School District
700 E Navarro St
Mart, TX, 76664

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Mart Independent School District and Hecate Energy Roseland Solar, LLC, Application 1430

Dear Superintendent Burnett:

On October 29, 2019, the Comptroller issued written notice that Hecate Energy Roseland Solar, LLC (applicant) submitted a completed application (Application 1430) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on September 18, 2019, to the Mart 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 1430.

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,

A handwritten signature in blue 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 Hecate Energy Roseland Solar, LLC (project) applying to Mart 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	Mart ISD
2018-2019 Average Daily Attendance	471
County	Falls
Proposed Total Investment in District	\$197,267,000
Proposed Qualified Investment	\$197,267,000
Limitation Amount	\$15,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	3*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$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	\$65,755,667
Estimated M&O levy without any limit (15 years)	\$13,370,150
Estimated M&O levy with Limitation (15 years)	\$3,800,904
Estimated gross M&O tax benefit (15 years)	\$9,569,246

* 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	200	431	631	\$11,000,000	\$32,460,000	\$43,460,000
2022	500	1,012	1512	\$27,500,000	\$84,190,000	\$111,690,000
2023	3	54	57	\$145,500	\$14,624,500	\$14,770,000
2024	3	(3)	0	\$145,500	\$8,274,500	\$8,420,000
2025	3	(26)	-23	\$145,500	\$3,884,500	\$4,030,000
2026	3	(46)	-43	\$145,500	\$584,500	\$730,000
2027	3	(46)	-43	\$145,500	-\$875,500	-\$730,000
2028	3	(48)	-45	\$145,500	-\$1,605,500	-\$1,460,000
2029	3	(42)	-39	\$145,500	-\$2,345,500	-\$2,200,000
2030	3	(40)	-37	\$145,500	-\$3,075,500	-\$2,930,000
2031	3	(30)	-27	\$145,500	-\$2,585,500	-\$2,440,000
2032	3	(21)	-18	\$145,500	-\$2,345,500	-\$2,200,000
2033	3	(17)	-14	\$145,500	-\$2,095,500	-\$1,950,000
2034	3	(15)	-12	\$145,500	-\$1,365,500	-\$1,220,000
2035	3	(9)	-6	\$145,500	-\$1,365,500	-\$1,220,000
2036	3	(7)	-4	\$145,500	-\$1,125,500	-\$980,000

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*	Mart ISD I&S Tax Levy	Mart ISD M&O Tax Levy	Mart ISD M&O and I&S Tax Levies	Falls County Tax Levy	Falls County ESD #1 Tax Levy	Estimated Total Property Taxes
			0.4328	0.9700		0.9480	0.0300		
2022	\$30,000,000	\$30,000,000		\$129,840	\$291,000	\$420,840	\$284,400	\$8,100	\$713,340
2023	\$196,010,000	\$196,010,000		\$848,331	\$1,901,297	\$2,749,628	\$1,858,175	\$52,923	\$4,660,726
2024	\$180,331,500	\$180,331,500		\$780,475	\$1,749,216	\$2,529,690	\$1,709,543	\$48,690	\$4,287,922
2025	\$163,414,300	\$163,414,300		\$707,257	\$1,585,119	\$2,292,376	\$1,549,168	\$44,122	\$3,885,665
2026	\$145,132,400	\$145,132,400		\$628,133	\$1,407,784	\$2,035,917	\$1,375,855	\$39,186	\$3,450,958
2027	\$125,401,800	\$125,401,800		\$542,739	\$1,216,397	\$1,759,136	\$1,188,809	\$33,858	\$2,981,804
2028	\$104,096,500	\$104,096,500		\$450,530	\$1,009,736	\$1,460,266	\$986,835	\$28,106	\$2,475,207
2029	\$81,090,500	\$81,090,500		\$350,960	\$786,578	\$1,137,538	\$768,738	\$21,894	\$1,928,170
2030	\$56,236,800	\$56,236,800		\$243,393	\$545,497	\$788,890	\$533,125	\$15,184	\$1,337,199
2031	\$42,408,300	\$42,408,300		\$183,543	\$411,361	\$594,904	\$402,031	\$11,450	\$1,008,385
2032	\$42,398,100	\$42,398,100		\$183,499	\$411,262	\$594,761	\$401,934	\$11,447	\$1,008,142
2033	\$42,388,100	\$42,388,100		\$183,456	\$411,165	\$594,620	\$401,839	\$11,445	\$1,007,904
2034	\$42,378,400	\$42,378,400		\$183,414	\$411,070	\$594,484	\$401,747	\$11,442	\$1,007,674
2035	\$42,368,900	\$42,368,900		\$183,373	\$410,978	\$594,351	\$401,657	\$11,440	\$1,007,448
2036	\$42,359,700	\$42,359,700		\$183,333	\$410,889	\$594,222	\$401,570	\$11,437	\$1,007,229
2037	\$42,350,700	\$42,350,700		\$183,294	\$410,802	\$594,096	\$401,485	\$11,435	\$1,007,015
			Total	\$5,965,568	\$13,370,150	\$19,335,718	\$13,066,910	\$372,159	\$32,774,787

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*	Mart ISD I&S Tax Levy	Mart ISD M&O Tax Levy	Mart ISD M&O and I&S Tax Levies	Falls County Tax Levy	Falls County ESD #1 Tax Levy	Estimated Total Property Taxes
				0.4328	0.9700		0.9480	0.0300	
2022	\$30,000,000	\$30,000,000		\$129,840	\$291,000	\$420,840	\$284,400	\$8,100	\$713,340
2023	\$196,010,000	\$15,000,000		\$848,331	\$145,500	\$993,831	\$278,726	\$52,923	\$1,325,480
2024	\$180,331,500	\$15,000,000		\$780,475	\$145,500	\$925,975	\$256,431	\$48,690	\$1,231,096
2025	\$163,414,300	\$15,000,000		\$707,257	\$145,500	\$852,757	\$232,375	\$44,122	\$1,129,254
2026	\$145,132,400	\$15,000,000		\$628,133	\$145,500	\$773,633	\$206,378	\$39,186	\$1,019,197
2027	\$125,401,800	\$15,000,000		\$542,739	\$145,500	\$688,239	\$178,321	\$33,858	\$900,419
2028	\$104,096,500	\$15,000,000		\$450,530	\$145,500	\$596,030	\$148,025	\$28,106	\$772,161
2029	\$81,090,500	\$15,000,000		\$350,960	\$145,500	\$496,460	\$115,311	\$21,894	\$633,665
2030	\$56,236,800	\$15,000,000		\$243,393	\$145,500	\$388,893	\$79,969	\$15,184	\$484,046
2031	\$42,408,300	\$15,000,000		\$183,543	\$145,500	\$329,043	\$60,305	\$11,450	\$400,798
2032	\$42,398,100	\$15,000,000		\$183,499	\$145,500	\$328,999	\$60,290	\$11,447	\$400,737
2033	\$42,388,100	\$42,388,100		\$183,456	\$411,165	\$594,620	\$401,839	\$11,445	\$1,007,904
2034	\$42,378,400	\$42,378,400		\$183,414	\$411,070	\$594,484	\$401,747	\$11,442	\$1,007,674
2035	\$42,368,900	\$42,368,900		\$183,373	\$410,978	\$594,351	\$401,657	\$11,440	\$1,007,448
2036	\$42,359,700	\$42,359,700		\$183,333	\$410,889	\$594,222	\$401,570	\$11,437	\$1,007,229
2037	\$42,350,700	\$42,350,700		\$183,294	\$410,802	\$594,096	\$401,485	\$11,435	\$1,007,015
			Total	\$5,965,568	\$3,800,904	\$9,766,472	\$3,908,830	\$372,159	\$14,047,461
			Diff	\$0	\$9,569,246	\$9,569,246	\$9,158,080	\$0	\$18,727,326

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 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	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
	2022	\$291,000	\$291,000	\$0	\$0
Limitation Period (10 Years)	2023	\$145,500	\$436,500	\$1,755,797	\$1,755,797
	2024	\$145,500	\$582,000	\$1,603,716	\$3,359,513
	2025	\$145,500	\$727,500	\$1,439,619	\$4,799,131
	2026	\$145,500	\$873,000	\$1,262,284	\$6,061,416
	2027	\$145,500	\$1,018,500	\$1,070,897	\$7,132,313
	2028	\$145,500	\$1,164,000	\$864,236	\$7,996,549
	2029	\$145,500	\$1,309,500	\$641,078	\$8,637,627
	2030	\$145,500	\$1,455,000	\$399,997	\$9,037,624
	2031	\$145,500	\$1,600,500	\$265,861	\$9,303,484
	2032	\$145,500	\$1,746,000	\$265,762	\$9,569,246
Maintain Viable Presence (5 Years)	2033	\$411,165	\$2,157,165	\$0	\$9,569,246
	2034	\$411,070	\$2,568,235	\$0	\$9,569,246
	2035	\$410,978	\$2,979,213	\$0	\$9,569,246
	2036	\$410,889	\$3,390,102	\$0	\$9,569,246
	2037	\$410,802	\$3,800,904	\$0	\$9,569,246
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	\$410,716	\$4,211,621	\$0	\$9,569,246
	2039	\$410,634	\$4,622,255	\$0	\$9,569,246
	2040	\$410,553	\$5,032,808	\$0	\$9,569,246
	2041	\$410,475	\$5,443,283	\$0	\$9,569,246
	2042	\$410,398	\$5,853,681	\$0	\$9,569,246
	2043	\$389,954	\$6,243,635	\$0	\$9,569,246
	2044	\$389,881	\$6,633,516	\$0	\$9,569,246
	2045	\$389,810	\$7,023,326	\$0	\$9,569,246
	2046	\$389,740	\$7,413,066	\$0	\$9,569,246
	2047	\$389,672	\$7,802,738	\$0	\$9,569,246

\$7,802,738

is less than

\$9,569,246

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

Source: CPA, Hecate Energy Roseland Solar, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	200	431	631	\$11,000,000	\$32,460,000	\$43,460,000	3450000	-1160000	\$4,610,000
2022	500	1,012	1512	\$27,500,000	\$84,190,000	\$111,690,000	8120000	-2370000	\$10,490,000
2023	3	54	57	\$145,500	\$14,624,500	\$14,770,000	560000	1410000	-\$850,000
2024	3	(3)	0	\$145,500	\$8,274,500	\$8,420,000	480000	1400000	-\$920,000
2025	3	(26)	-23	\$145,500	\$3,884,500	\$4,030,000	310000	1340000	-\$1,030,000
2026	3	(46)	-43	\$145,500	\$584,500	\$730,000	210000	1210000	-\$1,000,000
2027	3	(46)	-43	\$145,500	-\$875,500	-\$730,000	140000	1060000	-\$920,000
2028	3	(48)	-45	\$145,500	-\$1,605,500	-\$1,460,000	120000	940000	-\$820,000
2029	3	(42)	-39	\$145,500	-\$2,345,500	-\$2,200,000	60000	830000	-\$770,000
2030	3	(40)	-37	\$145,500	-\$3,075,500	-\$2,930,000	50000	700000	-\$650,000
2031	3	(30)	-27	\$145,500	-\$2,585,500	-\$2,440,000	40000	580000	-\$540,000
2032	3	(21)	-18	\$145,500	-\$2,345,500	-\$2,200,000	20000	500000	-\$480,000
2033	3	(17)	-14	\$145,500	-\$2,095,500	-\$1,950,000	0	360000	-\$360,000
2034	3	(15)	-12	\$145,500	-\$1,365,500	-\$1,220,000	-40000	280000	-\$320,000
2035	3	(9)	-6	\$145,500	-\$1,365,500	-\$1,220,000	-40000	210000	-\$250,000
2036	3	(7)	-4	\$145,500	-\$1,125,500	-\$980,000	-60000	110000	-\$170,000
2037	3	(5)	-2	\$145,500	-\$1,365,500	-\$1,220,000	-110000	20000	-\$130,000
2038	3	(7)	-4	\$145,500	-\$1,125,500	-\$980,000	-140000	-30000	-\$110,000
2039	3	(5)	-2	\$145,500	-\$875,500	-\$730,000	-140000	-120000	-\$20,000
2040	3	(7)	-4	\$145,500	-\$1,605,500	-\$1,460,000	-180000	-190000	\$10,000
2041	3	(7)	-4	\$145,500	-\$1,125,500	-\$980,000	-180000	-240000	\$60,000
2042	3	(11)	-8	\$145,500	-\$1,125,500	-\$980,000	-170000	-250000	\$80,000
2043	3	(11)	-8	\$145,500	-\$1,605,500	-\$1,460,000	-150000	-320000	\$170,000
2044	3	(15)	-12	\$145,500	-\$1,605,500	-\$1,460,000	-180000	-320000	\$140,000
2045	3	(11)	-8	\$145,500	-\$2,095,500	-\$1,950,000	-200000	-420000	\$220,000
2046	3	(13)	-10	\$145,500	-\$1,605,500	-\$1,460,000	-140000	-400000	\$260,000
Total							\$11,830,000	\$5,130,000	\$6,700,000
							\$14,502,738	is greater than	\$9,569,246

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 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 and 1430 are for the same project which spans two school districts. The qualified property listed in tab 8 in this Application (1430) is distinct and specific to the 300 MW generation capacity that is in Mart ISD and is not shared and/or part of any qualified property identified in Application 1426.

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)
– Mart ISD– Hecate Energy Roseland Solar, LLC App. #1430

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 18, 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 8 in this Application (1430) is distinct and specific to the 300 MW generation capacity that is in Mart ISD and is not shared and/or part of any qualified property identified in Application 1426.

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

Wallsburg

Mart

Otto

N Memorial St
Riesel

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