



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

January 3, 2020

Curtis Rhodes
Superintendent
Needville Independent School District
16227 Highway 36
Needville, TX 77461

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Needville Independent School District and Cutlass Solar, LLC, Application 1432

Dear Superintendent Rhodes:

On November 19, 2019, the Comptroller issued written notice that Cutlass Solar, LLC (applicant) submitted a completed application (Application 1432) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on September 26, 2019, to the Needville Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter 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 1432.

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 19, 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, flowing style.

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Cutlass Solar, LLC (project) applying to Needville Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Cutlass Solar, LLC.

Applicant	Cutlass Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Needville ISD
2018-2019 Average Daily Attendance	3,125
County	Fort Bend
Proposed Total Investment in District	\$270,000,000
Proposed Qualified Investment	\$270,000,000
Limitation Amount	\$60,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	3*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,310
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,310
Minimum annual wage committed to by applicant for qualified jobs	\$68,100
Minimum weekly wage required for non-qualifying jobs	\$997
Minimum annual wage required for non-qualifying jobs	\$51,845
Investment per Qualifying Job	\$90,000,000
Estimated M&O levy without any limit (15 years)	\$14,026,765
Estimated M&O levy with Limitation (15 years)	\$8,991,993
Estimated gross M&O tax benefit (15 years)	\$5,034,772

* 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 Cutlass Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	220	306	526	\$14,568,840	\$26,431,160	\$41,000,000
2021	220	321	541	\$14,568,840	\$31,431,160	\$46,000,000
2022	3	41	44	\$204,300	\$7,795,700	\$8,000,000
2023	3	16	19	\$204,300	\$4,795,700	\$5,000,000
2024	3	(7)	-4	\$204,300	\$1,795,700	\$2,000,000
2025	3	(16)	-13	\$204,300	\$795,700	\$1,000,000
2026	3	(18)	-15	\$204,300	-\$204,300	\$0
2027	3	(16)	-13	\$204,300	-\$204,300	\$0
2028	3	(12)	-9	\$204,300	-\$204,300	\$0
2029	3	(7)	-4	\$204,300	-\$204,300	\$0
2030	3	(2)	1	\$204,300	\$795,700	\$1,000,000
2031	3	2	5	\$204,300	\$795,700	\$1,000,000
2032	3	5	8	\$204,300	\$795,700	\$1,000,000
2033	3	8	11	\$204,300	\$1,795,700	\$2,000,000
2034	3	9	12	\$204,300	\$1,795,700	\$2,000,000
2035	3	10	13	\$204,300	\$1,795,700	\$2,000,000

Source: CPA REMI, Cutlass 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*	Needville ISD I&S Tax Levy	Needville ISD M&O Tax Levy	M&O and I&S Tax Levies	Fort Bend County Tax Levy	Wharton County Junior College Tax Levy	Fort Bend County Drainage District Tax Levy	Estimated Total Property Taxes
2022	\$176,959,000	\$176,959,000	0.3695	\$653,904	\$1,858,070	\$2,511,974	\$787,468	\$253,865	\$33,622	\$3,586,929
2023	\$162,834,600	\$162,834,600		\$601,711	\$1,709,763	\$2,311,475	\$724,614	\$233,603	\$30,939	\$3,300,630
2024	\$147,595,700	\$147,595,700		\$545,400	\$1,549,755	\$2,095,155	\$656,801	\$211,741	\$28,043	\$2,991,740
2025	\$131,128,900	\$131,128,900		\$484,551	\$1,376,853	\$1,861,405	\$583,524	\$188,118	\$24,914	\$2,657,961
2026	\$113,358,600	\$113,358,600		\$418,886	\$1,190,265	\$1,609,151	\$504,446	\$162,624	\$21,538	\$2,297,760
2027	\$94,171,400	\$94,171,400		\$347,985	\$988,800	\$1,336,785	\$419,063	\$135,098	\$17,893	\$1,908,838
2028	\$73,453,900	\$73,453,900		\$271,429	\$771,266	\$1,042,695	\$326,870	\$105,377	\$13,956	\$1,488,898
2029	\$51,073,700	\$51,073,700		\$188,729	\$536,274	\$725,003	\$227,278	\$73,270	\$9,704	\$1,035,255
2030	\$38,616,600	\$38,616,600		\$142,697	\$405,474	\$548,172	\$171,844	\$55,399	\$7,337	\$782,752
2031	\$38,596,200	\$38,596,200		\$142,622	\$405,260	\$547,882	\$171,753	\$55,370	\$7,333	\$782,338
2032	\$38,576,300	\$38,576,300		\$142,548	\$405,051	\$547,599	\$171,665	\$55,342	\$7,329	\$781,935
2033	\$38,556,900	\$38,556,900		\$142,477	\$404,847	\$547,324	\$171,578	\$55,314	\$7,326	\$781,542
2034	\$38,538,000	\$38,538,000		\$142,407	\$404,649	\$547,056	\$171,494	\$55,287	\$7,322	\$781,159
2035	\$38,519,600	\$38,519,600		\$142,339	\$404,456	\$546,795	\$171,412	\$55,260	\$7,319	\$780,786
2036	\$38,501,600	\$38,501,600		\$142,272	\$404,267	\$546,539	\$171,332	\$55,234	\$7,315	\$780,421
2037	\$38,484,100	\$38,484,100		\$142,208	\$404,083	\$546,291	\$171,254	\$55,209	\$7,312	\$780,066
2038	\$38,467,000	\$38,467,000		\$142,144	\$403,904	\$546,048	\$171,178	\$55,185	\$7,309	\$779,720
2039	\$38,450,300	\$38,450,300		\$142,083	\$403,728	\$545,811	\$171,104	\$55,161	\$7,306	\$779,381
			Total	\$4,936,393	\$14,026,765	\$18,963,158	\$5,944,677	\$1,916,457	\$253,818	\$27,078,109

Source: CPA, Cutlass Solar, LLC

*Tax Rate per \$100 Valuation

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

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Needville ISD I&S Tax Levy	Needville ISD M&O Tax Levy	M&O and I&S Tax Levies	Fort Bend County Tax Levy	Wharton County Junior College Tax Levy	Fort Bend County Drainage District Tax Levy	Estimated Total Property Taxes
				0.3695	1.0500		0.4450	0.1435	0.0190	
2022	\$176,959,000	\$60,000,000		\$653,904	\$630,000	\$1,283,904	\$118,120	\$253,865	\$5,043	\$1,655,890
2023	\$162,834,600	\$60,000,000		\$601,711	\$630,000	\$1,231,711	\$108,692	\$233,603	\$4,641	\$1,574,006
2024	\$147,595,700	\$60,000,000		\$545,400	\$630,000	\$1,175,400	\$131,360	\$211,741	\$5,609	\$1,518,501
2025	\$131,128,900	\$60,000,000		\$484,551	\$630,000	\$1,114,551	\$116,705	\$188,118	\$4,983	\$1,419,374
2026	\$113,358,600	\$60,000,000		\$418,886	\$630,000	\$1,048,886	\$100,889	\$162,624	\$4,308	\$1,312,400
2027	\$94,171,400	\$60,000,000		\$347,985	\$630,000	\$977,985	\$125,719	\$135,098	\$5,368	\$1,238,802
2028	\$73,453,900	\$60,000,000		\$271,429	\$630,000	\$901,429	\$130,748	\$105,377	\$5,582	\$1,137,554
2029	\$51,073,700	\$51,073,700		\$188,729	\$536,274	\$725,003	\$113,639	\$73,270	\$4,852	\$911,912
2030	\$38,616,600	\$38,616,600		\$142,697	\$405,474	\$548,172	\$103,106	\$55,399	\$4,402	\$706,677
2031	\$38,596,200	\$38,596,200		\$142,622	\$405,260	\$547,882	\$137,402	\$55,370	\$5,867	\$740,655
2032	\$38,576,300	\$38,576,300		\$142,548	\$405,051	\$547,599	\$171,665	\$55,342	\$7,329	\$774,606
2033	\$38,556,900	\$38,556,900		\$142,477	\$404,847	\$547,324	\$171,578	\$55,314	\$7,326	\$774,216
2034	\$38,538,000	\$38,538,000		\$142,407	\$404,649	\$547,056	\$171,494	\$55,287	\$7,322	\$773,836
2035	\$38,519,600	\$38,519,600		\$142,339	\$404,456	\$546,795	\$171,412	\$55,260	\$7,319	\$773,467
2036	\$38,501,600	\$38,501,600		\$142,272	\$404,267	\$546,539	\$171,332	\$55,234	\$7,315	\$773,106
2037	\$38,484,100	\$38,484,100		\$142,208	\$404,083	\$546,291	\$171,254	\$55,209	\$7,312	\$772,754
2038	\$38,467,000	\$38,467,000		\$142,144	\$403,904	\$546,048	\$171,178	\$55,185	\$7,309	\$772,411
2039	\$38,450,300	\$38,450,300		\$142,083	\$403,728	\$545,811	\$171,104	\$55,161	\$7,306	\$772,075
			Total	\$4,936,393	\$8,991,993	\$13,928,386	\$2,557,398	\$1,916,457	\$109,192	\$18,402,241
			Diff	\$0	\$5,034,772	\$5,034,772	\$3,387,278	\$0	\$144,625	\$8,675,868

Source: CPA, Cutlass 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 Cutlass 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	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$359,625	\$359,625	\$0	\$0
Limitation Period (10 Years)	2022	\$630,000	\$989,625	\$1,228,070	\$1,228,070
	2023	\$630,000	\$1,619,625	\$1,079,763	\$2,307,833
	2024	\$630,000	\$2,249,625	\$919,755	\$3,227,588
	2025	\$630,000	\$2,879,625	\$746,853	\$3,974,441
	2026	\$630,000	\$3,509,625	\$560,265	\$4,534,706
	2027	\$630,000	\$4,139,625	\$358,800	\$4,893,506
	2028	\$630,000	\$4,769,625	\$141,266	\$5,034,772
	2029	\$536,274	\$5,305,899	\$0	\$5,034,772
	2030	\$405,474	\$5,711,373	\$0	\$5,034,772
	2031	\$405,260	\$6,116,633	\$0	\$5,034,772
Maintain Viable Presence (5 Years)	2032	\$405,051	\$6,521,684	\$0	\$5,034,772
	2033	\$404,847	\$6,926,532	\$0	\$5,034,772
	2034	\$404,649	\$7,331,181	\$0	\$5,034,772
	2035	\$404,456	\$7,735,637	\$0	\$5,034,772
	2036	\$404,267	\$8,139,903	\$0	\$5,034,772
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$404,083	\$8,543,987	\$0	\$5,034,772
	2038	\$403,904	\$8,947,890	\$0	\$5,034,772
	2039	\$403,728	\$9,351,618	\$0	\$5,034,772
	2040	\$403,557	\$9,755,175	\$0	\$5,034,772
	2041	\$403,391	\$10,158,566	\$0	\$5,034,772
	2042	\$383,383	\$10,541,950	\$0	\$5,034,772
	2043	\$383,225	\$10,925,174	\$0	\$5,034,772
	2044	\$383,070	\$11,308,245	\$0	\$5,034,772
	2045	\$382,920	\$11,691,165	\$0	\$5,034,772
	2046	\$382,773	\$12,073,938	\$0	\$5,034,772

\$12,073,938
 is greater than **\$5,034,772**

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, Cutlass 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 Cutlass 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 Cutlass Solar, LLC . in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Per Cutlass Solar, LLC, the applicant, is currently 100% indirectly owned by Advanced Power Cultass Solar LLC is developing the Cutlass Solar project in Fort Bend County. Advanced Power is a privately-owned company whose mandate is to develop, acquire, own and manage power generation and related infrastructure projects throughout Europe and North America. Advanced Power’s leadership has a proven track record of identifying, developing and managing power generation and related infrastructure projects.”
 - B. “As a developer with international scope and capabilities, Advanced Power has the ability to locate projects of this type in other countries as well as in states within the United States and other regions within Texas with favorable project characteristics. Advanced Power is exploring projects outside of the state of Texas. In addition, Advanced Power 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 unnecessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at a price that are marketable to Texas customers at competitive rates. Global markets that have various available subsidies for renewable energy projects, and which have higher contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.”
 - C. 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 rate under a power purchase agreement (PPA). Therefore, Advanced Power would be unable to finance and build the Cutlass Solar project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, Advanced Power would be forced to walk away from Cutlass Solar project and invest in other projects in other states, where the rate of return is higher.”

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
Company has 312 agreement with Fort Bend County and Fort Bend Drainage District and See Tab 5
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
Company has 312 agreement with Fort Bend County and Fort Bend Drainage District and See Tab 5
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
Applicant's sole owner, Advanced Power, is evaluating other locations not in Texas and See Tab 5
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.

Cutlass Solar LLC, the applicant, is currently 100% indirectly owned by Advanced Power. Cutlass Solar LLC is developing the Cutlass Solar project in Fort Bend County. Advanced Power is a privately-owned company whose mandate is to develop, acquire, own and manage power generation and related infrastructure projects throughout Europe and North America. Advanced Power's leadership has a proven track record of identifying, developing and managing power generation and related infrastructure projects. Advanced Power's management has led the development of over 16,000 MW of power generation projects and over \$8 billion of project financing. Since 2006, Advanced Power has developed more than 4,000 MW of generation in the United States and Europe, including Carroll County Energy (owned by Carroll County Energy LLC) a 700MW generation facility in Carroll County, Ohio; the Cricket Valley Energy Center (owned by Cricket Valley Energy LLC) a 1,100 MW generation facility currently under construction in Dover, NY; and South Field Energy (owned by South Field Energy LLC) a 1,105 MW generation facility currently under construction near Wellsville, Ohio. Advanced Power is majority owned by its senior management and Board of Directors and is headquartered in Zug, Switzerland, with offices in Boston.

As a developer with international scope and capabilities, Advanced Power has the ability to locate projects of this type in other countries as well as in states within the United States and other regions within Texas with favorable project characteristics. Advanced Power is exploring projects outside of the state of Texas. In addition, Advanced Power 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. Global markets that have various 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, Advanced Power would be unable to finance and build the Cutlass Solar project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, Advanced Power would be forced to walk away from the Cutlass Solar project and invest in other projects in other states, where the rate of return is higher. Cutlass Solar LLC has entered into Chapter 312 Agreements with Fort Bend County and Fort Bend

Cutlass Solar LLC

Chapter 313 Application to Needville ISD

Cummings Westlake, LLC

County Drainage District as part of the economic incentives package needed to make the Cutlass Solar project economically viable and move forward as proposed in this application.

Cutlass Solar has entered into lease agreements with certain landowners. These leases include an option period (or feasibility period) whereby Cutlass Solar can terminate the lease agreements, at its discretion, without commencing construction of the project.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
Needville ISD – Cutlass Solar, LLC App. #1432

Comptroller Questions (via email on October 24, 2019):

1. *Is the Cutlass Solar, 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 when was it 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 November 6, 2019):

1. *No.*
2. *Yes, 19INR0131, assigned on September 14, 2019.*
3. *To the applicant's knowledge, this project has always been known as Cutlass Solar.*