



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

March 11, 2020

Dr. Mark Porterie
Superintendent
Port Arthur Independent School District
P.O. Box 1388
Port Arthur, TX 77641-1388

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Port Arthur Independent School District and Emerald Renewable Diesel, LLC, Application 1443

Dear Superintendent Porterie:

On December 18, 2019, the Comptroller issued written notice that Emerald Renewable Diesel, LLC (applicant) submitted a completed application (Application 1443) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on October 24, 2019, to the Port Arthur 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 committed 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 1443.

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 December 18, 2020, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

A handwritten signature in black ink that reads "Lisa Craven". The signature is written in a cursive style with a large initial "L" and "C".

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Emerald Renewable Diesel, LLC (project) applying to Port Arthur 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 Emerald Renewable Diesel, LLC.

Applicant	Emerald Renewable Diesel, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Port Arthur ISD
2018-2019 Average Daily Attendance	7,309
County	Jefferson
Proposed Total Investment in District	\$330,168,617
Proposed Qualified Investment	\$330,168,617
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,596
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,596
Minimum annual wage committed to by applicant for qualified jobs	\$82,973
Minimum weekly wage required for non-qualifying jobs	\$1,112
Minimum annual wage required for non-qualifying jobs	\$57,811
Investment per Qualifying Job	\$33,016,861.70
Estimated M&O levy without any limit (15 years)	\$25,669,875
Estimated M&O levy with Limitation (15 years)	\$10,939,538
Estimated gross M&O tax benefit (15 years)	\$14,730,337

Table 2 is the estimated statewide economic impact of Emerald Renewable Diesel, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	175	264	439	\$14,000,000	\$22,000,000	\$36,000,000
2021	300	460	760	\$24,000,000	\$42,000,000	\$66,000,000
2022	110	229	339	\$8,829,730	\$25,170,270	\$34,000,000
2023	10	71	81	\$829,730	\$11,170,270	\$12,000,000
2024	10	37	47	\$829,730	\$8,170,270	\$9,000,000
2025	10	17	27	\$829,730	\$5,170,270	\$6,000,000
2026	10	10	20	\$829,730	\$4,170,270	\$5,000,000
2027	10	12	22	\$829,730	\$4,170,270	\$5,000,000
2028	10	17	27	\$829,730	\$4,170,270	\$5,000,000
2029	10	25	35	\$829,730	\$5,170,270	\$6,000,000
2030	10	32	42	\$829,730	\$5,170,270	\$6,000,000
2031	10	38	48	\$829,730	\$6,170,270	\$7,000,000
2032	10	41	51	\$829,730	\$7,170,270	\$8,000,000
2033	10	44	54	\$829,730	\$7,170,270	\$8,000,000
2034	10	46	56	\$829,730	\$8,170,270	\$9,000,000
2035	10	48	58	\$829,730	\$8,170,270	\$9,000,000

Source: CPA REMI, Emerald Renewable Diesel, 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*	Port Arthur ISD I&S Tax Levy	Port Arthur ISD M&O Tax Levy	Port Arthur ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	Jefferson County Drainage District No.7 Tax Levy	Port of Port Arthur Navigation District County Tax Levy	Sabine-Neches Navigation District Tax Levy	Estimated Total Property Taxes	
				0.3150	1.0500		0.3650	0.3118	0.1996	0.0921		
2020	\$61,611,000	\$61,611,000		\$194,075	\$646,916	\$840,990	\$224,866	\$192,106	\$123,003	\$56,723	\$1,437,689	
2021	\$101,651,400	\$101,651,400		\$320,202	\$1,067,340	\$1,387,542	\$371,004	\$316,954	\$202,942	\$93,587	\$2,372,029	
2022	\$202,864,400	\$202,864,400		\$639,023	\$2,130,076	\$2,769,099	\$740,408	\$632,541	\$405,009	\$186,771	\$4,733,829	
2023	\$202,842,530	\$202,842,530		\$638,954	\$2,129,847	\$2,768,801	\$740,329	\$632,473	\$404,965	\$186,751	\$4,733,318	
2024	\$192,700,754	\$192,700,754		\$607,007	\$2,023,358	\$2,630,365	\$703,313	\$600,851	\$384,717	\$177,414	\$4,496,661	
2025	\$183,066,016	\$183,066,016		\$576,658	\$1,922,193	\$2,498,851	\$668,149	\$570,809	\$365,482	\$168,543	\$4,271,834	
2026	\$173,912,265	\$173,912,265		\$547,824	\$1,826,079	\$2,373,902	\$634,740	\$542,267	\$347,207	\$160,116	\$4,058,232	
2027	\$165,216,452	\$165,216,452		\$520,432	\$1,734,773	\$2,255,205	\$603,002	\$515,153	\$329,846	\$152,110	\$3,855,316	
2028	\$156,955,529	\$156,955,529		\$494,410	\$1,648,033	\$2,142,443	\$572,852	\$489,395	\$313,354	\$144,504	\$3,662,548	
2029	\$149,108,453	\$149,108,453		\$469,692	\$1,565,639	\$2,035,330	\$544,212	\$464,928	\$297,688	\$137,280	\$3,479,437	
2030	\$141,653,180	\$141,653,180		\$446,208	\$1,487,358	\$1,933,566	\$517,002	\$441,682	\$282,803	\$130,416	\$3,305,468	
2031	\$134,569,671	\$134,569,671		\$423,894	\$1,412,982	\$1,836,876	\$491,148	\$419,595	\$268,662	\$123,894	\$3,140,175	
2032	\$127,855,671	\$127,855,671		\$402,745	\$1,342,485	\$1,745,230	\$466,644	\$398,660	\$255,257	\$117,713	\$2,983,504	
2033	\$121,476,671	\$121,476,671		\$382,652	\$1,275,505	\$1,658,157	\$443,362	\$378,770	\$242,522	\$111,840	\$2,834,651	
2034	\$115,416,671	\$115,416,671		\$363,563	\$1,211,875	\$1,575,438	\$421,244	\$359,875	\$230,424	\$106,261	\$2,693,241	
2035	\$109,659,671	\$109,659,671		\$345,428	\$1,151,427	\$1,496,855	\$400,233	\$341,924	\$218,930	\$100,960	\$2,558,902	
2036	\$104,189,671	\$104,189,671		\$328,197	\$1,093,992	\$1,422,189	\$380,268	\$324,869	\$208,009	\$95,924	\$2,431,260	
				Total	\$7,700,963	\$25,669,875	\$33,370,838	\$8,922,775	\$7,622,853	\$4,880,821	\$2,250,808	\$57,048,095

Source: CPA, Emerald Renewable Diesel, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Jefferson 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.

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*	Port Arthur ISD I&S Tax Levy	Port Arthur ISD M&O Tax Levy	Port Arthur ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	Jefferson County Drainage District No.7 Tax Levy	Port of Port Arthur Naviation District County Tax Levy	Sabine-Neches Navigation District Tax Levy	Estimated Total Property Taxes	
2020	\$61,611,000	\$61,611,000		0.3150	1.0500		0.3650	0.3118	0.1996	0.0921		
2020	\$61,611,000	\$61,611,000		\$194,075	\$646,916	\$840,990	\$224,866	\$192,106	\$123,003	\$56,723	\$1,437,689	
2021	\$101,651,400	\$101,651,400		\$320,202	\$1,067,340	\$1,387,542	\$371,004	\$316,954	\$202,942	\$93,587	\$2,372,029	
2022	\$202,864,400	\$30,000,000		\$639,023	\$315,000	\$954,023	\$740,408	\$632,541	\$405,009	\$186,771	\$2,918,752	
2023	\$202,842,530	\$30,000,000		\$638,954	\$315,000	\$953,954	\$740,329	\$632,473	\$404,965	\$186,751	\$2,918,472	
2024	\$192,700,754	\$30,000,000		\$607,007	\$315,000	\$922,007	\$703,313	\$600,851	\$384,717	\$177,414	\$2,788,303	
2025	\$183,066,016	\$30,000,000		\$576,658	\$315,000	\$891,658	\$668,149	\$570,809	\$365,482	\$168,543	\$2,664,641	
2026	\$173,912,265	\$30,000,000		\$547,824	\$315,000	\$862,824	\$634,740	\$542,267	\$347,207	\$160,116	\$2,547,153	
2027	\$165,216,452	\$30,000,000		\$520,432	\$315,000	\$835,432	\$603,002	\$515,153	\$329,846	\$152,110	\$2,435,543	
2028	\$156,955,529	\$30,000,000		\$494,410	\$315,000	\$809,410	\$572,852	\$489,395	\$313,354	\$144,504	\$2,329,515	
2029	\$149,108,453	\$30,000,000		\$469,692	\$315,000	\$784,692	\$544,212	\$464,928	\$297,688	\$137,280	\$2,228,798	
2030	\$141,653,180	\$30,000,000		\$446,208	\$315,000	\$761,208	\$517,002	\$441,682	\$282,803	\$130,416	\$2,133,110	
2031	\$134,569,671	\$30,000,000		\$423,894	\$315,000	\$738,894	\$491,148	\$419,595	\$268,662	\$123,894	\$2,042,194	
2032	\$127,855,671	\$127,855,671		\$402,745	\$1,342,485	\$1,745,230	\$466,644	\$398,660	\$255,257	\$117,713	\$2,983,504	
2033	\$121,476,671	\$121,476,671		\$382,652	\$1,275,505	\$1,658,157	\$443,362	\$378,770	\$242,522	\$111,840	\$2,834,651	
2034	\$115,416,671	\$115,416,671		\$363,563	\$1,211,875	\$1,575,438	\$421,244	\$359,875	\$230,424	\$106,261	\$2,693,241	
2035	\$109,659,671	\$109,659,671		\$345,428	\$1,151,427	\$1,496,855	\$400,233	\$341,924	\$218,930	\$100,960	\$2,558,902	
2036	\$104,189,671	\$104,189,671		\$328,197	\$1,093,992	\$1,422,189	\$380,268	\$324,869	\$208,009	\$95,924	\$2,431,260	
				Total	\$7,700,963	\$10,939,538	\$18,640,500	\$8,922,775	\$7,622,853	\$4,880,821	\$2,250,808	\$42,317,758
				Diff	\$0	\$14,730,337	\$14,730,337	\$0	\$0	\$0	\$0	\$14,730,337

Assumes School Value Limitation.

Source: CPA, Emerald Renewable Diesel, 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 Emerald Renewable Diesel, 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	\$646,916	\$646,916	\$0	\$0
	2021	\$1,067,340	\$1,714,255	\$0	\$0
Limitation Period (10 Years)	2022	\$315,000	\$2,029,255	\$1,815,076	\$1,815,076
	2023	\$315,000	\$2,344,255	\$1,814,847	\$3,629,923
	2024	\$315,000	\$2,659,255	\$1,708,358	\$5,338,281
	2025	\$315,000	\$2,974,255	\$1,607,193	\$6,945,474
	2026	\$315,000	\$3,289,255	\$1,511,079	\$8,456,553
	2027	\$315,000	\$3,604,255	\$1,419,773	\$9,876,325
	2028	\$315,000	\$3,919,255	\$1,333,033	\$11,209,358
	2029	\$315,000	\$4,234,255	\$1,250,639	\$12,459,997
	2030	\$315,000	\$4,549,255	\$1,172,358	\$13,632,356
	2031	\$315,000	\$4,864,255	\$1,097,982	\$14,730,337
Maintain Viable Presence (5 Years)	2032	\$1,342,485	\$6,206,740	\$0	\$14,730,337
	2033	\$1,275,505	\$7,482,245	\$0	\$14,730,337
	2034	\$1,211,875	\$8,694,120	\$0	\$14,730,337
	2035	\$1,151,427	\$9,845,546	\$0	\$14,730,337
	2036	\$1,093,992	\$10,939,538	\$0	\$14,730,337
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$1,039,444	\$11,978,982	\$0	\$14,730,337
	2038	\$987,616	\$12,966,598	\$0	\$14,730,337
	2039	\$938,382	\$13,904,980	\$0	\$14,730,337
	2040	\$891,604	\$14,796,584	\$0	\$14,730,337
	2041	\$891,604	\$15,688,188	\$0	\$14,730,337
	2042	\$891,604	\$16,579,792	\$0	\$14,730,337
	2043	\$891,604	\$17,471,396	\$0	\$14,730,337
	2044	\$891,604	\$18,363,000	\$0	\$14,730,337
	2045	\$891,604	\$19,254,604	\$0	\$14,730,337
	2046	\$891,604	\$20,146,208	\$0	\$14,730,337

\$20,146,208

is greater than

\$14,730,337

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, Emerald Renewable Diesel, 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 Emerald Renewable Diesel, 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 Emerald Renewable Diesel, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Emerald Biofuels, LLC is a development stage company seeking investors for its renewable diesel refinery. Emerald has evaluated and continues to evaluate sites for its refinery within Texas and other states along the Gulf Coast. The GT OmniPort site meets Emerald’s site requirements along with other Gulf Coast sites. Prospective investors in this type of investment are requiring (a) a high level of certainty regarding future expenses (including local taxes) and (b) a high level of return on its investment in a highly competitive fuel supply environment and a changing regulatory environment. Moreover, a project such as this is very sensitive to changes in regulations which can severely impact the profitability of the enterprise. Accordingly, cost control is very critical to this operation and a 313-tax limitation agreement will aide in this control and is critical to the financial viability of the project. If Emerald is not able to secure a 313 tax limitation agreement, the potential site of the project may move to Louisiana or the project may not happen at all. Consequently, it is a determining factor in the decision to move forward with the project in Texas.”
 - B. “Prospective investors demand that critical permit be in hand. Emerald holds an air permit as required by the EPA under the Clean Air Act, from the Texas Commission on Environmental Quality (“TCEQ”) to build the Project at the Project Site. The Project is an advanced technology refinery designed to operate in a very clean environmental manner and meets all requirements for a minor source air permit per the US EPA Clean Air Act and TCEQ Regulations. Emerald also holds 4 other air permits for locations outside of Texas.”
- Per Comptroller Research
 - A. On April 8, 2015 Beaumont Enterprise reported that Emerald Biofuels was awarded a portion of \$210 million in federal funds and had signed a lease with GT OmniPort. It was also reported that

it would be moving forward with the renewable diesel refinery in Port Arthur. Project's location, job numbers or capital investment had yet to be announced.

- B. On December 21, 2015 Renewable Energy World reported that the Department of Energy (DOE) had partnered with three biorefineries, (one of them being Emerald Biofuels, building in Port Arthur, TX), which are "capable of producing 'drop-in' fuels to meet the needs of the military and private sector." As of December 2015, construction of the refineries had not started. "A DOE spokesperson expressed confidence that the projects are proceeding as expected. Emerald, Red Rock and Fulcrum are, 'finishing their permitting process and obtaining financing. These activities take time particularly in a low oil price market. We are not concerned with the current timeline,'"
- C. On July 2, 2016 My San Antonio reported that "In late 2014, Chicago-based Emerald Biofuels signed a lease with GT OmniPort to build a \$315 million renewable diesel refinery at the industrial park, becoming its first tenant. The project, partially funded with federal money, has not yet begun construction."
- D. Per the Phoenix Power Group, Inc. website, Emerald Biofuels has contracted Phoenix Power Group for a Diesel Refinery Project in Port Arthur, Texas. "Phoenix Power Group is providing development, engineering, and pre-construction services for a renewable diesel refinery project in Port Arthur, Texas that will produce 110 million gallons annually of commercial grade ultra-low sulfur diesel fuel and certain co-products, including naphtha and liquefied petroleum gas, using proven Honeywell UOP/Eni Ecofining process technology."
- Provided by Applicant
 - A. "Emerald Renewable Fuels, LLC ("Emerald or the Company") is considering a project to manufacture renewable diesel fuel and co-products. This project represents an environmentally sensitive solution to the problem of disposing of waste materials while also producing clean fuels for today's transportation demands. Renewable diesel is like petroleum-based diesel except that it is produced from renewable feedstocks such as waste fats and oils, agricultural waste and the production of crops especially grown for renewable fuels such as winter cover crops. The output will then be sold primarily to a large operator of travel centers in North America. The Co-Products, primarily naphtha and liquefied petroleum gas ("LPG"), will to be sold on the spot market. An independent study concluded that the Company's renewable diesel fuel is a superior product to biodiesel and will remain an attractive and economical substitute for petroleum diesel or biodiesel due to its superior technical properties and flexibility in using feedstocks. The study also concluded that market conditions are expected to remain strong..."(Tab 4 of the Application)

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

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.

Emerald Biofuels, LLC is a development stage company seeking investors for its renewable diesel refinery. Emerald has evaluated and continues to evaluate sites for its refinery within Texas and other states along the Gulf Coast. The GT OmniPort site meets Emerald's site requirements along with other Gulf Coast sites. Prospective investors in this type of investment are requiring (a) a high level of certainty regarding future expenses (including local taxes) and (b) a high level of return on its investment in a highly competitive fuel supply environment and a changing regulatory environment. Moreover, a project such as this is very sensitive to changes in regulations which can severely impact the profitability of the enterprise. Accordingly, cost control is very critical to this operation and a 313-tax limitation agreement will aide in this control and is critical to the financial viability of the project. If Emerald is not able to secure a 313 tax limitation agreement, the potential site of the project may move to Louisiana or the project may not happen at all. Consequently, it is a determining factor in the decision to move forward with the project in Texas.

The U.S. renewable fuel market was created by federal and state government mandated initiatives, including the Energy Policy Act of 2005, as amended, which created Renewable Fuels Standard ("RFS") and renewable identification numbers ("RINs"), and state mandates, most notably in California, which created the Low Carbon Fuel Standard ("LCFS") and a Cap-and-Trade program with the goal of reducing 2030 greenhouse gas ("GHG") emission levels to 40% below those in 1990 through reducing the carbon footprint of the fuel use, particularly fuel used for transportation. These governmental programs generally require that renewable fuels replace or reduce the amount of petroleum-based transportation fuel, heating oil and/or jet fuel through the blending of renewable fuels with gasoline or diesel fuel by refiners or importers or the purchase and use of renewable fuels.

The LCFS further established a credit trading mechanism for regulated parties to demonstrate their compliance with the LCFS requirements. Refiners and importers of petroleum products can generate LCFS credits by purchasing and importing biofuels outside of California, purchasing biofuels inside California, and blending into petroleum fuel.

To satisfy these goals and earn the applicable credits, renewable diesel is emerging as a significant fuel in the global transportation industry. Renewable diesel has the same properties of petroleum-based diesel and can be used in vehicles, trucks and other transporters that use diesel fuel without blending with petroleum diesel, but is produced from 100% renewable sources and contains no fossil carbon.

Worldwide production of renewable diesel has increased from about 300 million gallons in 2011 to about 2.2 billion gallons currently. As of today, there are only four renewable diesel refineries currently operating in the United States, which are inadequate to meet this growing domestic and worldwide demand.

Upon completion, the Project is expected to be a renewable diesel fuel production facility that will convert, pretreated solid waste (predominantly waste fats, oils, greases and other agricultural oils (collectively, “FOGs” or “Feedstock”)) into (i) renewable diesel fuel (ii) naphtha, LPG, along with certain amounts of lean gas and soap stocks

Below are expansions to specific questions in Section 8 with a “yes” answers.

- Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?

The applicant has entered into a letter of intent as required by prospective investors with GT Logistics who controls the GT OmniPort site. The letter of intent deals with a lease of the site and the development of a terminaling capability.

- Has the applicant received any local or state permits for activities on the proposed project site?

Prospective investors demand that critical permit be in hand. Emerald holds an air permit as required by the EPA under the Clean Air Act, from the Texas Commission on Environmental Quality (“TCEQ”) to build the Project at the Project Site. The Project is an advanced technology refinery designed to operate in a very clean environmental manner and meets all requirements for a minor source air permit per the US EPA Clean Air Act and TCEQ Regulations. Emerald also holds 4 other air permits for locations outside of Texas.

- Is the applicant evaluating other locations not in Texas for the proposed project?

Emerald is also considering other sites along the Gulf Coast.

- Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?

Extensive financial projections including return on investment for various sites has been provided to prospective investors.

- Has the applicant provided information related to the applicant’s inputs, transportation and markets for the proposed project?

Emerald has provided to prospective investors information on feedstock costs, costs of transportation and infrastructure availability and costs for several sites.

- 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?

Prospective investors have required Emerald to provide information on taxes, possible abatements and government incentives for each site under consideration.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Company to invest \$300M in Port Arthur diesel refinery

By Eric Besson Published 6:00 am CDT, Wednesday, April 8, 2015



Train cars used to transport liquid product sit on the tracks at the GT Logistics facility in Port Arthur, while leasable land waits on the other side of the tracks Wednesday afternoon. GT Logistics at Omniport is in the business of transportation, specifically petrochemical products, but has the capacity to branch out into other materials. Photo taken Wednesday 10/1/14 Jake Daniels/@JakeD_in_SETX

A Chicago-based company is moving forward with a \$300 million plan to construct a renewable diesel refinery in Port Arthur that would develop military-grade fuel from organic sources, like vegetable oil or animal fats.

Emerald Biofuels last summer was awarded a portion of \$210 million in federal funds that were split among three companies to produce cleaner diesel for the Navy and Marine Corps.

In October, Emerald signed a lease for 8 acres of property with GT OmniPort, becoming the first tenant at the 1,100-acre industrial park that opened 18 months ago.

OmniPort General Manager **Bart Owens** deferred questions to Emerald, citing a non-disclosure agreement. An Emerald vice president declined to answer questions, pending approval from the federal government.

AP Top Stories



Emerald has said it will invest \$315 million in construction and employ 50 full-time, said **Fred Jackson**, assistant to county judge **Jeff Branick**.

Emerald has not formally announced the project's location, job numbers or capital investment. It also has not yet made public its feedstock supplier or what specifically the feedstock will be, beyond a note on its website that the refinery will use a "wide range of non-edible oils."

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H E A R S T



Baseload, Bioenergy

Are We There Yet? A Biofuel Refinery Update

Issue 110 and Volume 18.

By Tom Ewing | 12.21.15

In September 2014, the Department of Energy (DOE), along with the Departments of the Navy and Agriculture, announced a significant financial partnership to advance the construction of three biorefineries, infrastructure “capable of producing ‘drop-in’ fuels to meet the needs of the military and private sector.”

This announcement included endorsements from Navy Secretary Ray Mabus, Agriculture Secretary Tom Vilsack and Deputy Energy Secretary Daniel Poneman. This public-private partnership would expand the operational capability of the Navy and Marines, use American grown fuels, foster employment in an advanced biofuel sector, and help reduce carbon emissions.



Senior Airman Jacob Prine checks the fuel connection to a F-15 Eagle prior to a flight test of new, environmentally-friendly fuel at Eglin Air Force Base, Fla. The Air Force is working toward changing half of the continental U.S. jet fuel requirement to alternative fuels by 2016. *Credit: U.S. Air Force / 2nd Lt. Andrew Caulk.*

DOE’s private sector partners are Fulcrum Bioenergy, based in California, building a refinery in Storey County, NV (near Reno, NV); Emerald Biofuels, a Chicago company, building in Port Arthur, TX; and Red Rock Biofuels, based in Colorado, building near Longview, OR. [Red Rock and Joule announced a merger as this magazine went to press.] The three projects, when completed are expected to “produce more than 100 million gallons of military grade fuel beginning in 2016 and 2017 at a price competitive with their petroleum counterparts.”

An August 2015 project update indicated that FedEx and Southwest Airlines agreed to buy fuel from Red Rock and that United and Cathay Pacific Airlines had invested in Fulcrum and would be purchasing its fuel. These purchase agreements are important because demand is critical for supply and investors won’t fund a project unless they are pretty sure that there is an offtaker for the product. Unfortunately, however, there seems to be little progress on building the refinery projects themselves.

Any refinery project, of course, is complex, from siting to engineering to construction. Plus, alternative fuel projects are invariably affected by the price of oil. Cheap oil forces even tougher scrutiny from financiers who want assurances that a new fuel can remain cost competitive and that producers can retain customers (and

repay loans). Finally biorefinery projects, like all refinery projects, present significant industrial-manufacturing challenges requiring close regulatory scrutiny for safety, air, water and hazardous materials impacts. Permitting takes time.

DOE's August update does not mention revised construction and production schedules. However, since 2016 is less than three months away, and refinery construction has not started, production timelines have obviously slipped. Are these significant delays or just indicative of inevitable difficulties within complex projects? Perhaps a more important question: are they cautionary delays?

A DOE spokesperson expressed confidence that the projects are proceeding as expected. Emerald, Red Rock and Fulcrum are "finishing their permitting process and obtaining financing. These activities take time particularly in a low oil price market. We are not concerned with the current timeline," he wrote in an e-mail reply to questions. The Department expects construction on one project to begin soon likely in the next few months.

The companies cannot draw any federal money until all private sector financing is in place. Again, cheap oil makes this tough. In addition, each project is based on relatively untested technologies and processes. These unknowns add additional risk. DOE remains confident, though, that each company is close to completing all due diligence for investors and regulators. For DOE, it is not particularly material whether fuel production starts in 2017 or 2018 as long as the projects are meeting and completing substantial milestones.



Rendering of the Sierra BioFuels Plant, which will be entering construction later this year. Credit: Fulcrum BioEnergy.

Among the three companies, Fulcrum appears to be closest to hitting the start button. The company has been working at this a long time — first entering capital markets in 2011, trying to secure financing on a proprietary technology that uses municipal solid waste as the initial feedstock that is eventually processed into liquid fuels.

Fulcrum's website references swings in oil prices. The company is confident that its business model can handle short- and long-term volatile oil markets. Fulcrum writes that it can remain "cash flow positive with oil below \$30 per barrel, provide good returns with oil at \$50 per barrel and extremely attractive returns

with oil at \$80 per barrel.” These price points put the company in a good spot. In July, the US Energy Information Agency forecast a 2018 oil price around \$75 per barrel, rising to \$120 per barrel by 2035.

Rick Barraza, Fulcrum’s Vice President of Administration, said that last May Fulcrum finalized a fixed-price engineering, procurement and construction contract with Abengoa, providing cost, schedule and performance guarantees. He said that Fulcrum “expects to begin construction during the fourth quarter of this year.” On financing, Barraza said “funds are in place to begin construction” and that the company is “finalizing the loan documentation under our \$105 million loan guarantee with the USDA at which point these (federal) funds will be available.” Barraza expects Fulcrum to start operations “in late 2017.”



Wood is made of simple sugars, a building block compound for biofuels. However, these sugars first have to be unbundled from other molecules, which is tricky. This flow diagram illustrates one approach, using sulfite pretreatment, by researcher Jinlan Cheng and colleagues. Credit: Northwest Advanced Renewables Alliance ([NARA](#)).

Emerald and Red Rock are harder to assess. DOE’s comments do not singularly reference each company. Emerald and Red Rock officials did not return interview requests nor respond to e-mails. From public records, Red Rock has received an air permit from the Oregon Department of Environmental Quality, an important step. Emerald has a permit, submitted July 31, 2015, which was approved on September 20. Paper work, at least, shows progress.



United is a strategic investor in Fulcrum BioEnergy. Credit: United.

For energy and environmental policies there’s a lot riding on the success of these public-private partnerships, much more than the hoped-for success of three companies.

DOE and its partner agencies, as well as White House leadership, need to demonstrate that policy initiatives and financial subsidies can build a new, competitive energy industry almost from the ground up.

Time is a factor. People need to see shiny tanker trucks, filled with biofuels, pulling onto the airport tarmac soon. Too long a wait foments opposition. With 2016 an election year a partisan shift could force an

unfriendly reevaluation of federal alternative energy programs. Contentious issues will fade when the US Navy can buy jet fuel from a Red Rock or a Fulcrum, at no extra hit to the U.S. taxpayer.

Finally U.S. airlines need biofuel to help decrease carbon emissions while still expanding service to meet increased travel demands. FAA wants U.S. airlines to use one billion gallons of biofuel by 2018. Maybe that's a stretch goal but some consistent level of supply needs to be in the market soon. The next year is critical. ●

The Projects

Emerald Biofuels

Corporate Headquarters: Chicago, IL

Biorefinery location: Port Arthur, TX

Feedstock: Non-edible oils and animal fats.

Finished product: Renewable diesel.

Quantity (max.): 82 million gallons annually.

Fulcrum Bioenergy

Corporate Headquarters: Pleasanton, CA

Biorefinery location: Storey County, NV. The plant will be called the Sierra BioFuels Plant.

Feedstock: Municipal solid waste.

Finished product: Renewable syncrude upgraded and processed into a low-carbon jet fuel product.

Quantity: 10 million gallons annually.

Red Rock Biofuels Merging with Joule

Corporate Headquarters: Fort Collins, CO

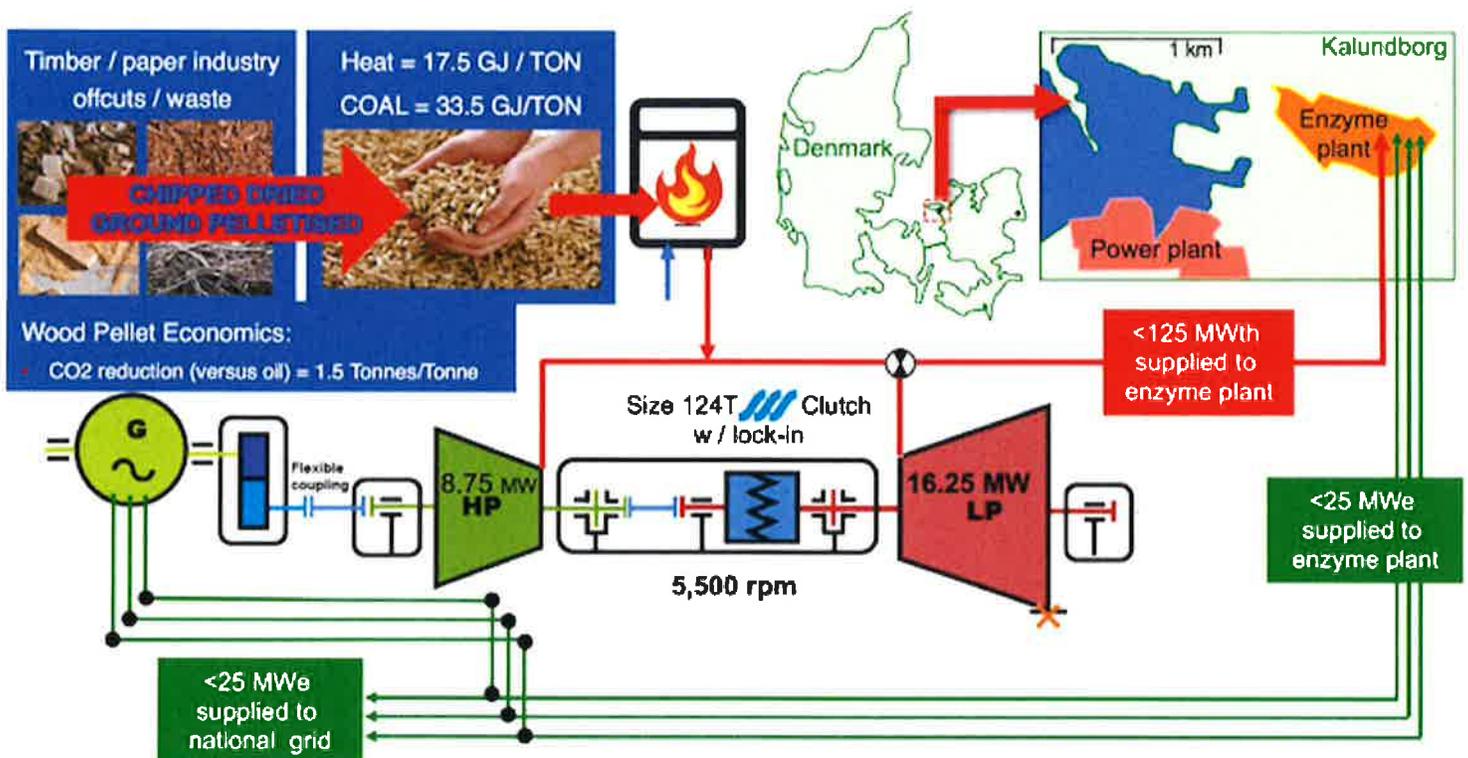
Biorefinery location: Longview, OR

Feedstock: Woody biomass, forest by-products.

Finished product: Jet, diesel, and naphtha fuels.

Quantity: 12 million gallons annually.

More



Bioenergy

Phasing out coal in Denmark via bioenergy-based CHP



FROM: <https://www.mysanantonio.com/news/article/Company-pitches-1-2B-project-near-Port-Arthur-8338460.php>

Company pitches \$1.2B project near Port Arthur

By [Eric Besson](#)

Published 4:11 pm CDT, Saturday, July 2, 2016

Two years after [Port Arthur City Council](#) rejected their proposal, executives behind a proposed \$1.2 billion ZeoGas methanol plant have lined up a deal to buy land outside city limits and are requesting local tax breaks.

ZeoGas' second go at a Southeast Texas plant has put another billion-dollar-plus project in the pipeline as cheap natural gas continues boosting industrial development in the area.

The project is similar to the \$1.7 billion Natgasoline plant under construction south of Beaumont, according to details in ZeoGas' request for a 100 percent, 10-year property tax abatement, which the company filed with Jefferson County this week.

ZeoGas has a tentative deal to purchase 400 acres at GT OmniPort, the industrial park south of Texas 73 on Taylor Bayou near Port Arthur, according to the application.

County commissioners on July 11 will consider creating a "reinvestment zone" at the site, said [Fred Jackson](#), assistant to the county judge. While that would not alone guarantee tax abatements, it is the first step in the process, Jackson said.

The project would create 100 full-time jobs at an average salary of \$70,000 per year, the application states.

ZeoGas initially backed out of Port Arthur in 2014 after Council denied the company a tax abatement. Port Arthur EDC Director [Floyd Batiste](#) said Port Arthur residents were concerned that the plant, then proposed for land near U.S. 96 and Texas 73, was too close to homes.

Jeri Wechsler, senior vice president and general counsel for ZeoGas, said the company expects the OmniPort location to go over better with residents.

"Obviously this location in Port Arthur is where we would really like to be," Wechsler said. "We think this location is superior for us from a business perspective, and we don't think there's going to be concerns from the neighbors."

The land is near the Valero and Motiva refineries and is the site of a former chemical plant.

Nine companies received some level of tax abatement in 2015 as \$4.7 million in potential Jefferson County revenue was waived, according to the appraisal district. Since 1986, Jefferson County has waived \$99.2 million in potential revenue through abatements, which are designed to encourage capital investment and job creation. At a minimum, the ZeoGas plant would convert natural gas into 1.8 million tons of methanol per year. Executives haven't decided whether to build out the second phase of the project, which would convert methanol to gasoline; that phase would add about \$300 million to the company's capital investment, according to the abatement application.

Methanol is a product in household materials including carpeting, paint and insulation, as well as wood adhesive used in home construction.

Natgasoline first announced its \$1.7 billion natural gas-to-methanol plant outside Beaumont in 2013 and is expected to start producing 1.75 million tons of methanol by next year. OCI also aspires to eventually convert methanol to gasoline.

Natgasoline received a 100-percent, 10-year waiver of property taxes stemming from improvements made to the land. That plant will ultimately require more than 200 full-time workers, the company previously said.

Formed in 2012, ZeoGas licensed methanol production technology from Air Liquide and methanol-to-gasoline technology from ExxonMobil, according to its application.

GT OmniPort opened in 2012. In addition to 1,100 acres that have been shopped to industrial developers, the park is at the juncture of truck, train and ship thoroughfares.

In late 2014, Chicago-based Emerald Biofuels signed a lease with GT OmniPort to build a \$315 million renewable diesel refinery at the industrial park, becoming its first tenant.

The project, partially funded with federal money, has not yet begun construction.

ZeoGas hopes to break ground within the next two years, though that is also contingent upon reaching commercial agreements with buyers, Wechsler said.

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Emerald Biofuels Renewable Diesel Refinery Project

CLIENT: EMERALD BIOFUELS, LLC

LOCATION: PORT ARTHUR, TEXAS

SCOPE: EPC CONTRACTOR

Phoenix Power Group is providing development, engineering, and pre-construction services for a renewable diesel refinery project in Port Arthur, Texas that will produce 110 million gallons annually of commercial grade ultra-low sulfur diesel fuel and certain co-products, including naphtha and liquefied petroleum gas, using proven Honeywell UOP/Eni Ecofining™ process technology.

Phoenix is the EPC Contractor for the Project that will utilize commercially proven refining technology capable of processing a variety of renewable feedstocks (waste oils, fats, greases and other agricultural oils) into fuel that meets ASTM-D-975 diesel fuel specifications. The Project produces a "drop-in" second generation biofuel that is chemically indistinguishable from petroleum refined diesel.

The project sells its entire renewable diesel output to one of the world's largest publicly traded (AA-rated) international oil and gas companies. The project also benefits from a long-term feedstock supply agreement, and third-party operations and maintenance arrangement, each with industry-leading providers of these services.

The production of renewable diesel is economically well-positioned through mandates by both federal and state governments in the U.S. and Canada. As an advanced biomass-based diesel fuel, the Project's renewable diesel will generate renewable identification numbers (RINs) in accordance with the federal Renewable Fuels Standards legislation. The low-carbon intensity of renewable diesel will also qualify for credits offered by various states in the U.S. and Canada, most notably California's Low Carbon Fuel Standard (LCFS).

[< Back to Projects](#)

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Tab 4

Detailed Description of the Project

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.

Product Overview

Emerald Renewable Fuels, LLC (“**Emerald or the Company**”) is considering a project to manufacture renewable diesel fuel and co-products. This project represents an environmentally sensitive solution to the problem of disposing of waste materials while also producing clean fuels for today’s transportation demands.

Renewable diesel is like petroleum-based diesel except that it is produced from renewable feedstocks such as waste fats and oils, agricultural waste and the production of crops especially grown for renewable fuels such as winter cover crops. The output will then be sold primarily to a large operator of travel centers in North America. The Co-Products, primarily naphtha and liquefied petroleum gas (“**LPG**”), will be sold on the spot market.

An independent study concluded that the Company’s renewable diesel fuel is a superior product to biodiesel and will remain an attractive and economical substitute for petroleum diesel or biodiesel due to its superior technical properties and flexibility in using feedstocks.. The study also concluded that market conditions are expected to remain strong such that:

- The technology that will be used is now a commercially proven technology (reducing technical and scale-up risk)
- The expected continuation of strong demand and the associated strong pricing for diesel fuel in the U.S. and worldwide
- The expected continuation and growth of federal and state mandates for blending biomass- based diesel into the motor fuel diesel pool, along with the associated value of RINs for blending renewable diesel
- The renewable diesel meets ASTM D975 and EN590 specifications, and unlike biodiesel, requires no blending with petroleum diesel
- The product quality of renewable diesel is better than petroleum diesel, especially with regards to cetane, which has impact on engine efficiency
- The motor fuels industry generally prefers renewable diesel to biodiesel
- The low carbon footprint of renewable diesel when compared to petroleum diesel generates valuable credits, along with the expected growth in states imposing new regulations to reduce greenhouse gas emissions.

The proposed process improvements for which the tax limitation is sought would include the feedstock preprocessing unit, a hydrotreating unit and isomerization unit customized for refining agricultural fats

Emerald Renewable Diesel 313 Application

and oils. Along with all process infrastructure and auxiliary equipment including compressors, motors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems (which are a series of interconnected self-contained production units that constitute the renewable diesel refinery operations), blowers and fans, dryers, dust collection units, mixers, feeders, scales, trolleys and hoists, utility service lines within the project boundary, storage tanks to be used exclusively for the holding of intermediate products critical in the manufacturing process of the project, electrical switchgear, transformers, substations, instrumentation equipment, equipment and structural foundations including supports, control equipment and facilities, warehouses for storage of spare parts inventories, catalyst and utility distribution equipment, tanks and pipelines located within the project boundary.

Outside of the process area, proposed improvements will include:

- The truck loading/unloading racks
- Emergency vent flare stack
- Cooling water tower
- Utility systems including electricity, water and wastewater, plant air system, nitrogen system, and hydrogen
- Electrical substation
- Wastewater treatment system
- Firewater storage tank and diesel-driven pump
- Maintenance shop, warehouse, and materials storage building
- Access roadways and parking lots
- Pipe racks
- Control, administration and other plant buildings integral to the manufacturing processes .

Project Schedule

The 27-month construction schedule consists of the following major steps commencing after final approval of the Project:

- **Months 0-6:** Engineering during which major pieces of equipment with long lead times will be ordered; detailed engineering of modules and procurement
- **Months 6-12:** Site preparation and utility infrastructure preparation
- **Months 12-23:** Pretreatment unit construction, balance of plant construction and module installation
- **Months 24-25:** Mechanical Completion
- **Months 25-26:** Commissioning, startup, and testing
- **Month 27:** Commencement of operations

The Project Site

The Project will be located on a leased 18.71-acre parcel (the “**Project Site**”) at the GT OmniPort site, an 1100-acre industrial site (the “**GTO Site**”) located 85 miles east of Houston, on Taylor Bayou adjacent to Port Arthur, Texas.

The Company believes that the Project site’s strategic location along the Gulf Coast allows for convenient and cost-effective transportation options for both feedstock and renewable diesel, and that the existing infrastructure at the Project site will minimize capital investment and reduce the risks that would be associated with greenfield development.

Emerald has entered into an Option Agreement with GT Logistics, LLC (“**GT**” or the “**Sublessor**”) and will exercise the option if the Project receives final approval.

Engineering, Procurement and Construction Contract

The Project will be built pursuant to an Engineering Procurement and Construction Contract (the “**EPC Contract**”) to be entered into by the Company, pending finalization of construction schedule dates and final approval of the Project by all parties. The use of an EPC Contract is common in the biofuel refineries and other manufacturing industries construction industry.

Permitting

The Company holds an air permit (the “**Air Permit**”), as required by the US Environmental Protection Agency (“**US EPA**”) under the Clean Air Act, from the Texas Commission on Environmental Quality (“**TCEQ**”) to build its Renewable Diesel Refinery at the GT OmniPort site. The Company’s renewable diesel refinery is an advanced technology refinery designed to operate in a very clean environmental manner and meets all requirements for a minor source air permit per the US EPA Clean Air Act Regulations. The Company secured the Air Permit through the Permit-By-Rule process in Texas. The State of Texas, through its regulatory agency in anticipation of receiving all necessary approvals to move forward with the Project. Although the Project’s air permit was initially procured on September 30, 2015, it has no expiration date and the Company has confirmed with the TCEQ in October 2018 that the air permit remains valid and has no expiration date.

Additional State and local level construction permit, and additional permits for the operation and commissioning of the Project, will be required. The Company expects to obtain such permits during the normal course of design, construction and commissioning of the Project as and when required. GT will assist the Company to procure the necessary permits.

Upon timely granting of all required permits from respective federal, state, and local agencies, construction planning is currently proposed to commence in the first quarter of 2020 with on-site construction starting in Q3 2020. Completion is projected in the first quarter of 2022.

Emerald Renewable Diesel 313 Application