



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

March 18, 2020

Quintin Shepherd
Superintendent
Victoria Independent School District
102 Profit Drive
Victoria, Texas 77901

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Victoria Independent School District and Sunshine Energy, LLC, Application 1449

Dear Superintendent Shepherd:

On December 19, 2019, the Comptroller issued written notice that Sunshine Energy, LLC (applicant) submitted a completed application (Application 1449) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on November 26, 2019, to the Victoria 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 1449.

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 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 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 Sunshine Energy, LLC (project) applying to Victoria 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 Sunshine Energy, LLC.

Applicant	Sunshine Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Victoria ISD
2018-2019 Average Daily Attendance	12,866
County	Victoria
Proposed Total Investment in District	\$106,197,984
Proposed Qualified Investment	\$106,197,984
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	1*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,257
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,257
Minimum annual wage committed to by applicant for qualified jobs	\$65,354
Minimum weekly wage required for non-qualifying jobs	\$908.75
Minimum annual wage required for non-qualifying jobs	\$47,255
Investment per Qualifying Job	\$106,197,984
Estimated M&O levy without any limit (15 years)	\$6,563,895
Estimated M&O levy with Limitation (15 years)	\$3,952,939
Estimated gross M&O tax benefit (15 years)	\$2,610,956

* 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 Sunshine Energy, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	300	375	675	\$15,000,000	\$34,000,000	\$49,000,000
2021	300	392	692	\$15,000,000	\$40,000,000	\$55,000,000
2022	1	43	44	\$65,354	\$8,934,646	\$9,000,000
2023	1	12	13	\$65,354	\$5,934,646	\$6,000,000
2024	1	(16)	-15	\$65,354	\$1,934,646	\$2,000,000
2025	1	(28)	-27	\$65,354	-\$65,354	\$0
2026	1	(30)	-29	\$65,354	-\$1,065,354	-\$1,000,000
2027	1	(26)	-25	\$65,354	-\$1,065,354	-\$1,000,000
2028	1	(20)	-19	\$65,354	-\$1,065,354	-\$1,000,000
2029	1	(13)	-12	\$65,354	-\$65,354	\$0
2030	1	(6)	-5	\$65,354	-\$65,354	\$0
2031	1	(1)	0	\$65,354	\$934,646	\$1,000,000
2032	1	3	4	\$65,354	\$934,646	\$1,000,000
2033	1	6	7	\$65,354	\$934,646	\$1,000,000
2034	1	8	9	\$65,354	\$1,934,646	\$2,000,000
2035	1	9	10	\$65,354	\$1,934,646	\$2,000,000
2036	1	8	9	\$65,354	\$1,934,646	\$2,000,000

Source: CPA REMI, Sunshine Energy, 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*	Victoria ISD I&S Tax Levy	Victoria ISD M&O Tax Levy	Victoria ISD M&O and I&S Tax Levies	Victoria County Tax Levy	Ground Water District Tax Levy	Victoria College Tax Levy	Navigation District Tax Levy	Estimated Total Property Taxes
2021	\$2,525,000	\$2,525,000	0.0226	\$571	\$26,008	\$26,579	\$9,996	\$213	\$5,570	\$778	\$43,136
2022	\$106,197,984	\$106,197,984	0.0226	\$24,033	\$1,093,839	\$1,117,872	\$420,438	\$8,952	\$234,273	\$32,709	\$1,814,244
2023	\$91,453,024	\$91,453,024	0.0226	\$20,696	\$941,966	\$962,662	\$362,063	\$7,709	\$201,745	\$28,168	\$1,562,347
2024	\$77,207,296	\$77,207,296	0.0226	\$17,472	\$795,235	\$812,707	\$305,664	\$6,509	\$170,319	\$23,780	\$1,318,979
2025	\$63,534,339	\$63,534,339	0.0226	\$14,378	\$654,404	\$668,782	\$251,532	\$5,356	\$140,157	\$19,569	\$1,085,395
2026	\$50,542,154	\$50,542,154	0.0226	\$11,438	\$520,584	\$532,022	\$200,096	\$4,261	\$111,496	\$15,567	\$863,442
2027	\$41,928,751	\$41,928,751	0.0226	\$9,488	\$431,866	\$441,355	\$165,996	\$3,535	\$92,495	\$12,914	\$716,294
2028	\$32,627,296	\$32,627,296	0.0226	\$7,384	\$336,061	\$343,445	\$129,171	\$2,750	\$71,976	\$10,049	\$557,392
2029	\$22,578,327	\$22,578,327	0.0226	\$5,109	\$232,557	\$237,666	\$89,388	\$1,903	\$49,808	\$6,954	\$385,719
2030	\$21,239,597	\$21,239,597	0.0226	\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2031	\$21,239,597	\$21,239,597	0.0226	\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2032	\$21,239,597	\$21,239,597	0.0226	\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2033	\$21,239,597	\$21,239,597	0.0226	\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2034	\$21,239,597	\$21,239,597	0.0226	\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2035	\$21,239,597	\$21,239,597	0.0226	\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2036	\$21,239,597	\$21,239,597	0.0226	\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
			Total	\$144,215	\$6,563,895	\$6,708,109	\$2,522,957	\$53,722	\$1,405,821	\$196,280	\$10,886,889

Source: CPA, Sunshine Energy, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Victoria 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*	Victoria ISD I&S Tax Levy	Victoria ISD M&O Tax Levy	Victoria ISD M&O and I&S Tax Levies	Victoria County Tax Levy	Ground Water District Tax Levy	Victoria College Tax Levy	Navigation District Tax Levy	Estimated Total Property Taxes
			0.0226	1.0300			0.3959	0.0084	0.2206	0.0308	
2021	\$2,525,000	\$2,525,000		\$571	\$26,008	\$26,579	\$9,996	\$213	\$5,570	\$778	\$43,136
2022	\$106,197,984	\$30,000,000		\$24,033	\$309,000	\$333,033	\$420,438	\$8,952	\$234,273	\$32,709	\$1,029,405
2023	\$91,453,024	\$30,000,000		\$20,696	\$309,000	\$329,696	\$362,063	\$7,709	\$201,745	\$28,168	\$929,381
2024	\$77,207,296	\$30,000,000		\$17,472	\$309,000	\$326,472	\$305,664	\$6,509	\$170,319	\$23,780	\$832,743
2025	\$63,534,339	\$30,000,000		\$14,378	\$309,000	\$323,378	\$251,532	\$5,356	\$140,157	\$19,569	\$739,992
2026	\$50,542,154	\$30,000,000		\$11,438	\$309,000	\$320,438	\$200,096	\$4,261	\$111,496	\$15,567	\$651,858
2027	\$41,928,751	\$30,000,000		\$9,488	\$309,000	\$318,488	\$165,996	\$3,535	\$92,495	\$12,914	\$593,428
2028	\$32,627,296	\$30,000,000		\$7,384	\$309,000	\$316,384	\$129,171	\$2,750	\$71,976	\$10,049	\$530,331
2029	\$22,578,327	\$22,578,327		\$5,109	\$232,557	\$237,666	\$89,388	\$1,903	\$49,808	\$6,954	\$385,719
2030	\$21,239,597	\$21,239,597		\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2031	\$21,239,597	\$21,239,597		\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2032	\$21,239,597	\$21,239,597		\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2033	\$21,239,597	\$21,239,597		\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2034	\$21,239,597	\$21,239,597		\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2035	\$21,239,597	\$21,239,597		\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
2036	\$21,239,597	\$21,239,597		\$4,807	\$218,768	\$223,574	\$84,088	\$1,790	\$46,855	\$6,542	\$362,849
			Total	\$144,215	\$3,952,939	\$4,097,154	\$2,522,957	\$53,722	\$1,405,821	\$196,280	\$8,275,933
			Diff	\$0	\$2,610,956	\$2,610,956	\$0	\$0	\$0	\$0	\$2,610,956

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Sunshine Energy, 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 Sunshine Energy, 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	\$26,008	\$26,008	\$0	\$0
Limitation Period (10 Years)	2022	\$309,000	\$335,008	\$784,839	\$784,839
	2023	\$309,000	\$644,008	\$632,966	\$1,417,805
	2024	\$309,000	\$953,008	\$486,235	\$1,904,041
	2025	\$309,000	\$1,262,008	\$345,404	\$2,249,444
	2026	\$309,000	\$1,571,008	\$211,584	\$2,461,028
	2027	\$309,000	\$1,880,008	\$122,866	\$2,583,895
	2028	\$309,000	\$2,189,008	\$27,061	\$2,610,956
	2029	\$232,557	\$2,421,564	\$0	\$2,610,956
	2030	\$218,768	\$2,640,332	\$0	\$2,610,956
	2031	\$218,768	\$2,859,100	\$0	\$2,610,956
Maintain Viable Presence (5 Years)	2032	\$218,768	\$3,077,868	\$0	\$2,610,956
	2033	\$218,768	\$3,296,636	\$0	\$2,610,956
	2034	\$218,768	\$3,515,404	\$0	\$2,610,956
	2035	\$218,768	\$3,734,171	\$0	\$2,610,956
	2036	\$218,768	\$3,952,939	\$0	\$2,610,956
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$218,768	\$4,171,707	\$0	\$2,610,956
	2038	\$218,768	\$4,390,475	\$0	\$2,610,956
	2039	\$218,768	\$4,609,243	\$0	\$2,610,956
	2040	\$218,768	\$4,828,011	\$0	\$2,610,956
	2041	\$218,768	\$5,046,778	\$0	\$2,610,956
	2042	\$218,768	\$5,265,546	\$0	\$2,610,956
	2043	\$218,768	\$5,484,314	\$0	\$2,610,956
	2044	\$218,768	\$5,703,082	\$0	\$2,610,956
	2045	\$218,768	\$5,921,850	\$0	\$2,610,956
	2046	\$218,768	\$6,140,618	\$0	\$2,610,956

\$6,140,618

is greater than

\$2,610,956

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, Sunshine Energy, 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 Sunshine Energy, 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 Caprock Renewables in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The Project was selected as a candidate for development based on the favorable solar data, nearby access to the electric grid, and favorable tax incentives under Texas Tax Code chapters 312 and 313. Obtaining a value limitation agreement is critical to the economic and competitive viability of this Project. Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will decrease.”
 - B. “The Applicant is an international solar developer with the ability to locate projects of this type and other types of projects in other states within the United States and locations around the world. The Applicant is actively assessing and developing other projects that are competing for limited investment funds. The appraised value limitation is critical to the ability of the Project to move forward as currently sited. Examples of the Applicant’s other project locations that are competing with the Project for funding include: Cotton County, OK, Luna County, NM, Burke County, GA, Da Nang, Vietnam.”
- According to the *Victoria Advocate* article dated January 4, 2020, “The project is still pending as it waits for approval of a Chapter 313 agreement with Victoria school district. The company also asked Victoria County Commissioners to consider a tax abatement. In November, general manager of Caprock Renewables, Raina Hornaday, told the Advocate that receiving a tax abatement is critical to the fruition of the \$120 million project.”

- A June 15, 2019 *Victoria Advocate* article states that “Sunchase Power has said it hopes to bring a 150 megawatt solar farm to Jackson County by 2020, while Sunshine Energy has said it hopes to bring a 172.83 megawatt solar farm to Victoria County by 2021. Sunshine Energy was formed in November. Caprock Solar Management was listed as a managing member of its paperwork filed with the Secretary of State’s Office, and Caprock’s general manager, Emily Raina Hornaday, was listed as Sunshine’s registered agent.”
- The Sunshine Energy, LLC is not known by any other project names. The Project was previously known as Victoria Solar, LLC but was assigned to Sunshine Energy, LLC. The Project has applied to ERCOT and the IGNR number is 21INR0259 and was assigned in February 2019.

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**

Texas Comptroller of Public Accounts

Data Analysis and Transparency Form 50-296-A

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 type="checkbox"/> Land has no existing improvements	<input checked="" 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



CHECKLIST ITEM #5

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

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

The Applicant for this Project has entered into a number of contracts related to the Project, including long-term lease option agreements with area landowners, contracts with environmental consultants to assess the suitability of the site, and a request for studies leading to an interconnection agreement with the transmission provider. The Project was selected as a candidate for development based on the favorable solar data, nearby access to the electric grid, and favorable tax incentives under Texas Tax Code chapters 312 and 313. Obtaining a value limitation agreement is critical to the economic and competitive viability of this Project.

None of the current Project agreements firmly commit the Applicant to the development of the Project. A number of variables remain undetermined at this stage, including the approval of this application. The Applicant could still elect to devote resources to other projects that it has in development. Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will decrease.

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

The Applicant is an international solar developer with the ability to locate projects of this type and other types of projects in other states within the United States and locations around the world. The Applicant is actively assessing and developing other projects that are competing for limited investment funds. The appraised value limitation is critical to the ability of the Project to move forward as currently sited. Examples of the Applicant's other project locations that are competing with the Project for funding include:

- Cotton County, OK
- Luna County, NM
- Burke County, GA
- Da Nang, Vietnam

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
–Victoria ISD– Sunshine Energy, LLC App. #1449

Comptroller Questions (via email on December 10, 2019):
Applicant Response (via email on December 10, 2019):

1. *Is Sunshine Energy, LLC currently known by any other project names?*

No

2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and date it was assigned.*

Yes. The IGNR is 21INR0259 and was assigned in February 2019.

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.*

Was previously known as Victoria Solar, LLC but was assigned to Sunshine Energy, LLC.

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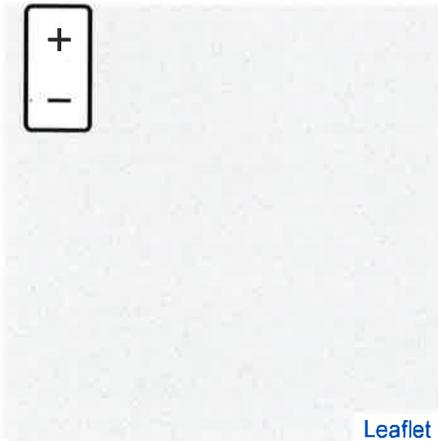

Environment

After renewable energy tax credit survives legislative session, companies look to locate in Crossroads

By Jessica Priest | jpriest@vicad.com Jun 15, 2019 0

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Leaflet

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Solar energy awareness grows in Crossroads

Stephen Argubright chose to switch Warrior Supply from conventional electric power to solar to save thousands of dollars.

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Sunshine Energy has said it hopes to bring a 172.83 megawatt solar farm to Victoria County by 2021.

Sunchase Power Vice President Will Furgeson addressed Jackson County Commissioners last month but did not ask for tax breaks, Jackson County Judge Jill S. Sklar said.

She didn't know much about the project other than it will be in the Cordele area.

"I know solar projects don't bring in a whole bunch of jobs once it's up and going, so that, to me, is a little disappointing, but you know, I need to just get more information," Sklar said.

Neither Sunchase Power nor Furgeson responded to requests for comment.

Even fewer details were available about what Sunshine Energy has planned for Victoria County.

Sunshine Energy formed in November. [Caprock Solar Management](#) was listed as a managing member on its paperwork filed with the Secretary of State's Office, and Caprock's general manager, Emily Raina Hornaday, was listed as Sunshine's registered agent. Calls to Caprock's office in Austin also were not returned.

Dale Fowler, president of the Victoria Economic Development Corporation, said he has talked to companies about potential solar projects but not Sunshine Energy. He said what makes Victoria attractive for a solar project is its proximity to electric transmission infrastructure and available land.

"Just because it is on that list (the ERCOT interconnectivity status report) doesn't mean there's an imminent project, but now that you've told me it's on that list, you've given me something to follow up on," Fowler said.

Goliad County is also trying to land a solar farm.

Earlier this year, Goliad County Judge Mike Bennett was quoted in [the Goliad Advance Guard](#) as saying that Vistra Energy, which owns the Coletto Creek Power Plant, planned to bring a solar panel array that would generate 125 megawatts of electricity and \$100,000 in revenue for the county. But Bennett declined to provide an update on that.

"I've learned that I cannot comment because it puts deals in jeopardy," he said.

Vistra spokeswoman Meranda Cohn confirmed it is not

a done deal.

“Coletto Creek is one of many locations where we are evaluating the viability of adding solar and/or battery storage at our existing plant sites,” she said. “We are in the early stages and have not made a final determination on a potential project at the Coletto Creek Power Plant site.”

How important is it that the U.S. use more alternative energy such as solar and wind rather than fossil fuels?

Very

Somewhat

A little

Not at all

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Although [the Texas Public Policy Foundation](#) pushed for legislators to eliminate tax breaks for solar projects this past session, the program under which counties can offer companies the tax breaks was continued until 2029.

[Roger Duncan](#), a research fellow at the Energy Institute at the University of Texas at Austin, said with solar getting down to 3 to 4 cents per kilowatt hour, companies won't need the tax breaks for long.

“We have the same potential for solar development in Texas as we had for wind development when that started 10 years ago and, in fact, in much of the same areas,” he said.

Duncan said although solar farms don't provide an ongoing source of jobs once they're operational, counties should welcome them because they provide a cleaner and cheaper source of energy for their residents.

Texas is expected to rise from fifth to second in the

nation for the amount of solar power installed by 2023, according to [the Solar Energy Industries Association](#).

Jessica Priest reports on the environment and Calhoun County for the Victoria Advocate. She may be reached at jpriest@vicad.com or 361-580-6521.

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The initial framework for a bank of solar panels stretch into a field along Wood Hi Road east of Victoria. Caprock Renewables plans to build a 1,700-acre solar panel farm at the site.

Evan Lewis | elewis@victoriantimes.com

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Farmers and residents along Wood Hi Road may soon have a new neighbor.

But some Victoria County residents aren't excited about the plan for Caprock Renewables to build a 1,700-acre solar facility on several plots in the area.

"We're hoping it's going to fall through," said Louise Johnson, who lives on the road. "We just don't know what it's going to do to the land."

Johnson already knows the impact it's having on local farmers such as her son, who used to farm a plot of land on Wood Hi Road before his lease was taken over by the company. Johnson said the bases of solar panels already have been built on land her son once farmed.

But she said the biggest impact will be on Dwayne Kainer, who farms 400 acres owned by Ann McClain and her brother. He has been farming the area for about 25 years. His home, which is next to the property, will be encircled by the solar field.

Kainer declined to be interviewed for the story.

Kyle McClain, Ann's husband, said his wife and her brother already have signed over a lease for that 400 acres to Caprock Renewables.

They're one of three or four area landowners who have signed leases to the company.

Kainer will be allowed to continue farming the land until Caprock says otherwise, McClain said.

If the solar project comes to fruition, it will be there for at least 35 years.

But the effects on farmers won't stop there.

Neighbors, including Brett Mock, who owns and operates Vic-Cal Grain Company in Placedo, said he worries about the multiplier effect the out-of-commission farmland will have on the local farm economy during that time.

In a public complaint at the Dec. 16 Victoria County Commissioners meeting, local farmer Janice Ohrt said she worried about the impact on

farm-related businesses like grain elevators, truck drivers and seed vendors.

Local economic development officials, on the other hand, say the effects will be worth the increase in the tax base.

“Even with some abatements in place, they would be a significant taxpayer,” Dale Fowler, president of the Victoria Economic Development Corp., said in December. “Additionally, all the land utilized would come off of agricultural exemption.”

The project is still pending as it waits for approval of a Chapter 313 agreement with Victoria school district. The company has also asked Victoria County Commissioners to consider a tax abatement.

In November, general manager of Caprock Renewables, Raina Hornaday, told the Advocate that receiving a tax abatement is critical to the fruition of the \$120 million project.

Caprock Renewables did not respond to requests for comment for this story.

McClain said he and his wife aren't against the farmers, and he hopes they recognize that they share the same roots.

“We're not outsiders,” he said. “The land that my wife is leasing has been in the family for over 100 years.”

Chris Buzek, who lives and farms down the road from the proposed project, said local farmers are angry with the project because they watch out for each other.

“We’re a tight-knit community,” Buzek said. “When they affect one guy, it affects us all.”

Morgan O'Hanlon is the business and agriculture reporter for the Victoria Advocate. She can be reached at 361-580-6328, mohanlon@vicad.com or on Twitter @mcohanlon