

App#1481\_Paint Creek ISD Azure Sky Solar, LLC Amendment One 4\_23\_2020  
**O'HANLON, DEMERATH & CASTILLO**

ATTORNEYS AND COUNSELORS AT LAW

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April 23, 2020

Local Government Assistance & Economic Analysis  
Texas Comptroller of Public Accounts  
P.O. Box 13528  
Austin, Texas 78711-3528

RE: 1481 – Amendment One to Paint Creek Independent School District from Azure Sky Solar Project, LLC

To the Local Government Assistance & Economic Analysis Division:

Enclosed. Please find Amendment One to Paint Creek ISD from Azure Sky Solar Project, LLC. The following changes have been made:

1. Section 8 of the Application: Limitation as Determining Factor – Question 4 has been changed to yes.
2. Tab 4 – Description was updated to include acreage
3. Tab 5: Documentation to assist in Determining if Limitation is a Determining Factor
  - Relationship between Azure Sky Solar, Enel and Tradewind Energy has been described.
  - Limitation being the determining factor clarified
  - Statement regarding Application #1059 OCI Alamo & LLC provided
4. Tabs 7 and 8 – Statement regarding battery storage and ancillary equipment provided
5. Tab 11 Maps – QP Map included to show location of substation and O&M building. New satellite map showing the boundary in relation to the OCI Alamo 8 project boundary
6. Tab 14 – Schedule A1 Corrected
7. Tab 16 – Language Updated showing the County will be doing the reinvestment zone.
8. Tab 17 – New Signature Page

A copy of the application will be submitted to the Haskell County Appraisal District.

Sincerely,



Kevin O'Hanlon  
School District Consultant

Cc: Haskell County Appraisal District  
Azure Sky Solar Project, LLC

April 9, 2020

Paint Creek Independent School District  
ATT: Dr. Cheryl Floyd  
4485 FM 600  
Haskell, Texas 79512-8611

**RE: Application #1481 Azure Sky Solar Project, LLC Amendment One**

Dr. Cheryl Floyd:

Please find attached amendment one for Application #1481 Azure Sky Solar Project. We kindly request that you consider the following changes:

- **Section 8: Limitation as a Determining Factor**
  - Question 4: Updated from "No" to "Yes."
- **Tab 4: Detailed Description of the Project**
  - Description updated to include acreage
- **Tab 5: Documentation to Assist in Determining if Limitation is a Determining Factor**
  - Relationship between Azure Sky Solar, Enel, and Tradewind described
  - Limitation being the determining factor clarified
  - Statement regarding Application #1056 OCI Alamo 7 LLC provided
- **Tab 7: Description of Qualified Investment**
  - Statement regarding battery storage provided
  - Statement regarding ancillary equipment provided
- **Tab 8: Description of Qualified Property**
  - Statement regarding battery storage provided
  - Statement regarding ancillary equipment provided
- **Tab 11: Maps**
  - Qualified property map included to show location of substation and O&M building
  - Satellite maps provided to show the Azure Sky Solar Project boundary in relation to the OCI Alamo 7 project boundary
- **Tab 14: Schedules**
  - Schedule A1 corrected
- **Tab 16: Reinvestment Zone**
  - Language updated
- **Tab 17: Signature Page**
  - New signature page included

If you have any questions, please do not hesitate to contact us. We appreciate your consideration of this request.

Sincerely,



Mike Fry-Director, Energy Services  
[mfry@keatax.com](mailto:mfry@keatax.com)

*Tab 1: Pages 1 through 11 of Application*

## Texas Comptroller of Public Accounts

Data Analysis and  
Transparency  
Form 50-296-A

## 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.

## SECTION 9: Projected Timeline

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

1. Estimated school board ratification of final agreement ..... \_\_\_\_\_
  2. Estimated commencement of construction ..... \_\_\_\_\_
  3. Beginning of qualifying time period(MM/DD/YYYY)..... \_\_\_\_\_
  4. First year of limitation(MM/DD/YYYY) ..... \_\_\_\_\_
- 4a. For the beginning of the limitation period, notate which one of the following will apply according to provision of 313.027(2): "A" "B" or "C":
- ☐ A. January 1 following the application date      ☐ B. January 1 following the end of QTP
- ☐ C. January 1 following the commencement of commercial operations
5. Commencement of commercial operations ..... \_\_\_\_\_

## SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located \_\_\_\_\_
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property \_\_\_\_\_
3. Will this CAD be acting on behalf of another CAD to appraise this property? ..... ☐ Yes ☐ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 

M&O (ISD): _____ (Name, tax rate and percent of project)	I&S (ISD): _____ (Name, tax rate and percent of project)
County: _____ (Name, tax rate and percent of project)	City: _____ (Name, tax rate and percent of project)
Hospital District: _____ (Name, tax rate and percent of project)	Water District: _____ (Name, tax rate and percent of project)
Other (describe): _____ (Name, tax rate and percent of project)	Other (describe): _____ (Name, tax rate and percent of project)

### *Tab 4: Detailed Description of the Project*

Azure Sky Solar Project, LLC is a 225 MW-AC solar electric generation facility that will feature an additional 77 MW of battery storage. The facility will be located in southeastern Haskell County in Paint Creek Independent School District across approximately 3,065 acres.

The project will be comprised of approximately 678,000 photovoltaic panels and 82 central inverters and is being developed by Tradewind Energy, Inc.

Tradewind Energy, Inc. is a leader in renewable energy development with projects located throughout 24 states and 31 countries. They are focused on providing the best in engineering, construction, and operational excellence, leading to a greater speed and efficiency of development.



### *Tab 5: Documentation to Assist in Determining if Limitation is a Determining Factor*

Throughout the United States the production of renewable energy has been increasing as the cost of these systems has decreased and technological advancements have improved efficiency. In 2019, Texas ranked 4<sup>th</sup> in installed solar capacity.<sup>1</sup> The state's geographic position and containment of several large population centers has made Texas a favorable location for renewable energy development.

Renewable energy developers face many challenges in the determination of project location—one of these factors being the selection of an area where the greatest return on investment can be achieved. There are several factors that contribute to Texas favorability for development, one however that does not is the state's notoriously high property tax burden—ranking in the top 10 across the United States.

An appraised value limitation on qualified property allows developers to significantly diminish the property tax liability that composes a substantial ongoing cost of operation that directly impacts the economic rate of return for the project. In the absence of an appraised value limitation, the development of renewable energy facilities becomes financially uncertain as the rate of return often fails to meet the minimum return required to proceed. In the event an appraised value limitation agreement is not received by Azure Sky Solar Project, LLC it is rather certain that the capitol allotted for the development of this project will be reallocated for use in another state where either the property tax burden is lower or economic incentives can be secured, namely any of the 31 states in which Tradewind Energy, Inc. is active but specifically North Dakota, Colorado, Illinois, Kansas, Missouri, Nebraska, Iowa, or Oklahoma. Thus, an appraised value limitation agreement between Azure Sky Solar Project, LLC and Paint Creek Independent School District is the determining factor in the decision to locate this facility within the state of Texas. **Please Note: This project applied to ERCOT and was assigned IGNR #21INR0477 on 12/12/2019. Additionally, this project does not share any resources nor equipment with Application #1056 OCI Alamo 7 LLC which is under development by an entity with no relationship to Enel Green Power North America nor Tradewind Energy, Inc.**

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<sup>1</sup> U.S. Energy Information Administration



### ***Relationship of Azure Sky Solar Project, LLC with Enel Green Power and Tradewind Energy***

Azure Sky Solar Project, LLC is being developed by Tradewind Energy, Inc. In 2019, Tradewind Energy, Inc. was acquired by Enel Green Power North America, hence the reference to both names. Tradewind Energy, Inc. is a subsidiary of Enel Green Power North America.

### ***Public Statements Regarding the Development of Azure Sky Solar, LLC***

The development of renewable energy facilities is a multi-step process that occurs over several years, requiring a series of actions before any physical development begins.

One of the first steps in the development phase is site selection. It is not until after a site is selected, that developers can proceed with other fundamental actions such as permitting, environmental studies, site design, and financial contracts i.e. power purchase agreements.

Without the selection of a site, it is impossible to proceed with the other necessary actions that transition a renewable energy project into an operational facility. During the development phase, many of these steps simultaneously occur, such as permitting and power purchase agreements. For example, in the event that the necessary permits cannot be obtained or a power purchase agreement cannot be executed, the development of the project using that particular site will cease.

In the case of economic incentives, such as the Chapter 313 Value Limitation Agreement, the securance of these agreements is one of the last fundamental steps in the development phase. Like other actions in the development phase, if a value limitation agreement cannot be secured for a given project, the developer would likely not be able to secure the financing to construct the project. Therefore, it would be necessary for the developer to start the process over at another potential site where they could obtain the permits, access to power markets, and all the economic incentives needed for a project to be financially viable.

The proposed site selected for Azure Sky Solar Project, LLC is featured on Tradewind Energy's website in order to provide interested parties, namely potential investors, with information regarding projects currently in the development phase under Tradewind Energy. The availability of this information is not a commitment that Azure Sky Solar Project, LLC will be developed in Paint Creek ISD, but rather a statement that Tradewind Energy has secured a site for future development, under the circumstances that the conditions and agreements necessary for the physical development of the project are obtained.

### *Tab 7: Description of Qualified Investment*

Azure Sky Solar Project, LLC requests that the limitation covers all qualified investment and qualified property located within Paint Creek ISD. It is our request that the limitation includes all eligible and ancillary equipment including the following:

- Substation
- Transmission Line
- Inverter Boxes
- Foundations
- Roadways, Paving, & Fencing
- Racking & Mounting Structures
- Meteorological Towers & Equipment
- Interconnection Facilities
- Solar Modules & Panels
- Associated Towers
- Combiner Boxes
- Operation & Maintenance Buildings
- Underground Electrical Collection Cables
- Access Roads

Azure Sky Solar Project, LLC is a 225 MW-AC solar electric generation facility that will feature an additional 77 MW of battery storage. The facility will be located in southeastern Haskell County in Paint Creek Independent School District.

Please Note: the battery portion of this project will solely be used for the storage of energy generated from the Azure Sky Solar facility. Additionally, for the purpose of this application, "ancillary equipment" includes those items such as alternators, cooling systems, and controls.



## *Tab 8: Description of Qualified Property*

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- Substation
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## *Tab 11: Maps*


Please See Attached.




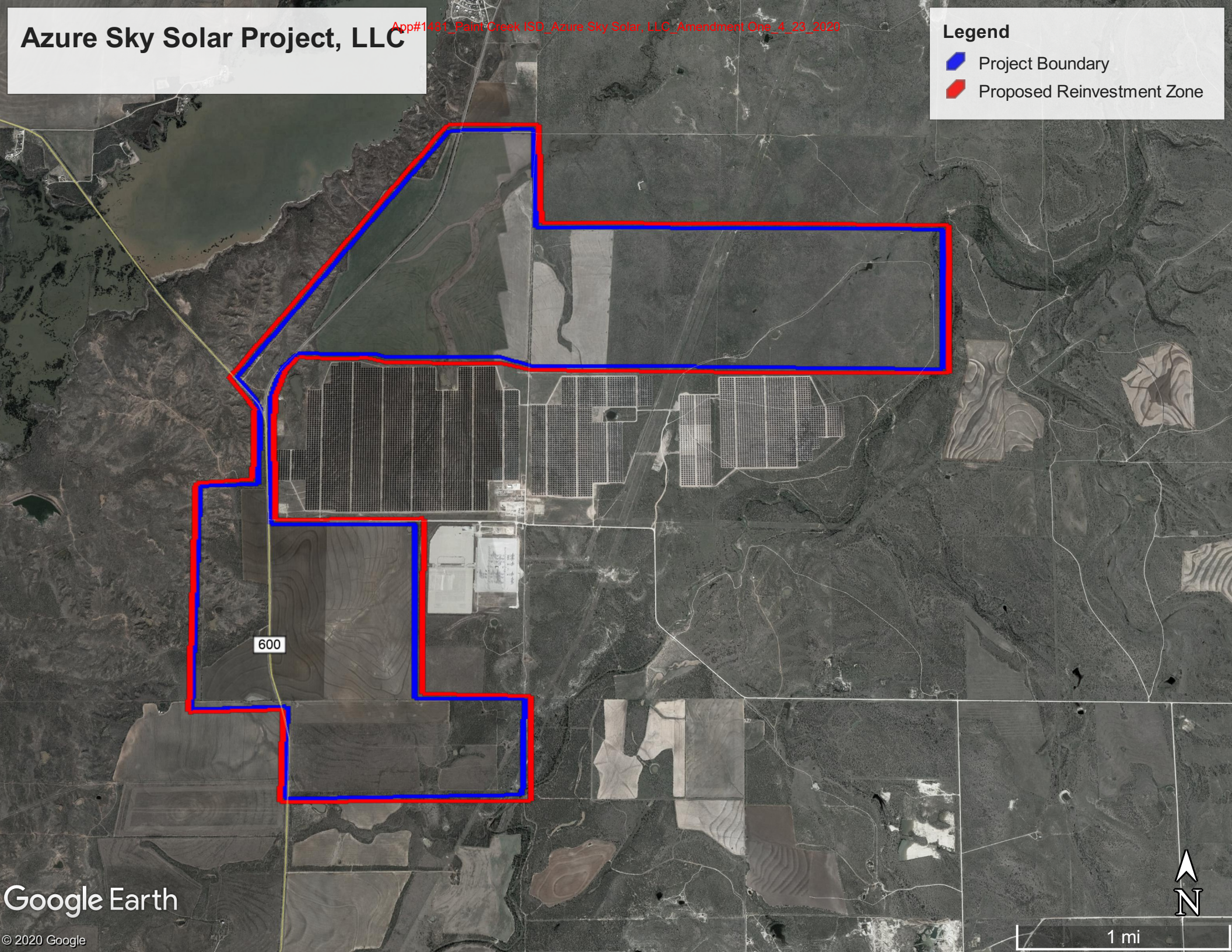
# Azure Sky Solar Project, LLC

App#1451\_Paint Creek ISD\_Azure Sky Solar, LLC\_Amendment One\_4\_23\_2020

**Legend**

 Project Boundary

 Proposed Reinvestment Zone



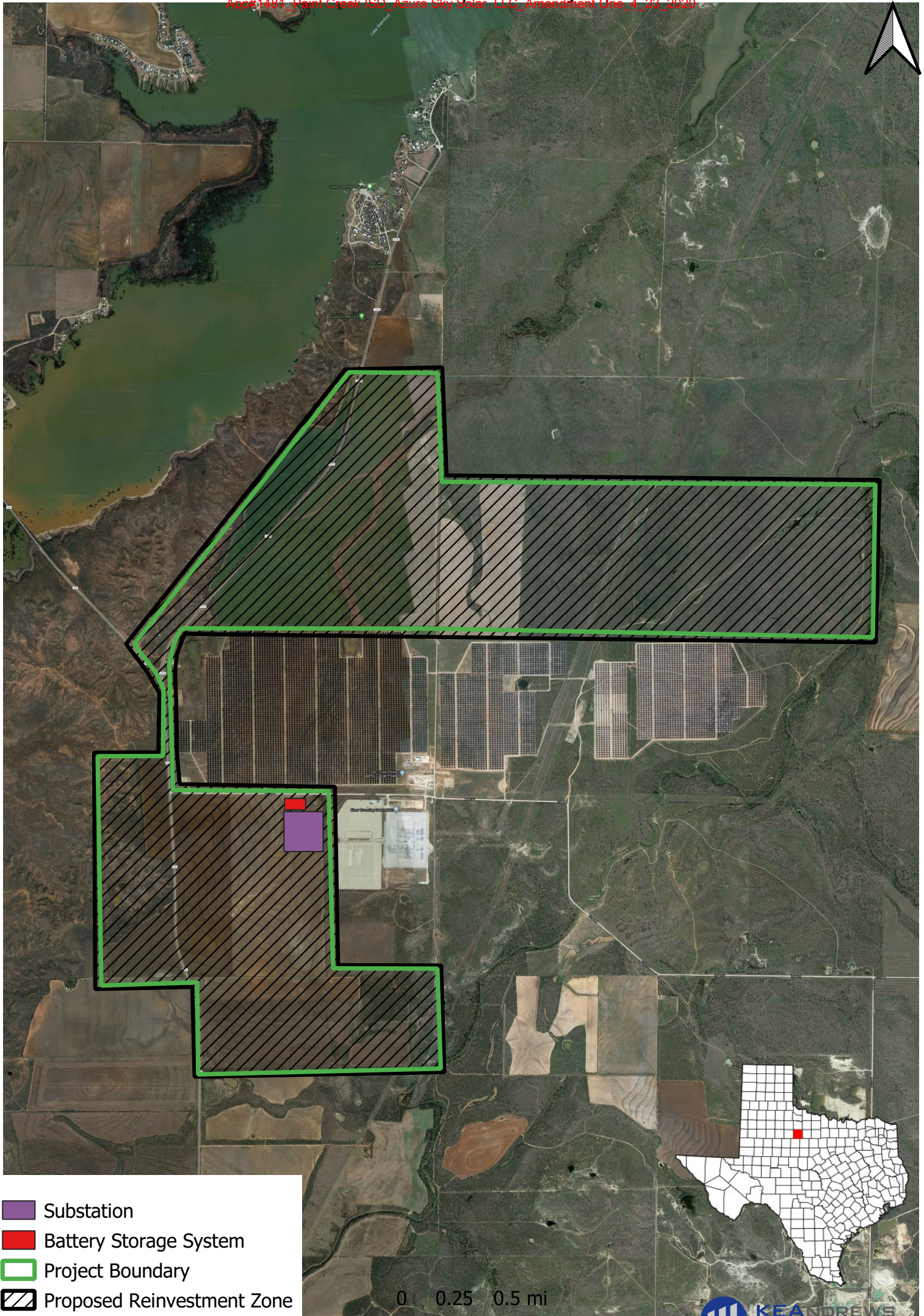
  
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# Azure Sky Solar Project, LLC

App#1481\_Paint Creek ISD\_Azure Sky Solar, LLC\_Amendment One\_1\_22\_2020



- Substation
- Battery Storage System
- Project Boundary
- Proposed Reinvestment Zone



*Tab 14: Schedules A1, A2, B, C and D completed and signed  
Economic Impact (if applicable)*

Please See Attached.

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	<b>Total Investment</b> (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	--	2020-2021	2020	Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application				\$ 80,000,000.00				\$ 80,000,000.00
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period								
Complete tax years of qualifying time period	QTP1	2021-2022	2021	\$ 209,500,000.00	\$ 500,000.00			\$ 210,000,000.00
	QTP2	2022-2023	2022					
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]								
				\$ 289,500,000.00	\$ 500,000.00			\$ 290,000,000.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)								
				\$ 210,000,000.00				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.



## *Tab 16: Description of Reinvestment or Enterprise Zone*

The proposed reinvestment zone is set to be created by Haskell County, Texas on April 28, 2020. Upon designation of the zone, the official order creating the reinvestment zone will be submitted to the Texas Comptroller of Public Accounts.

***Tab 17: Signature and Certification Page, Signed and Dated by  
Authorized School District Representative and Authorized  
Company Representative (applicant)***

Please See Attached.



## Texas Comptroller of Public Accounts

**SECTION 16: Authorized Signatures and Applicant Certification**

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17.

**NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

**1. Authorized School District Representative Signature**

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print  
here

Cheryl Floyd  
Print Name (Authorized School District Representative)

Title

Superintendent

sign  
here

Cheryl Floyd  
Signature (Authorized School District Representative)

Date

4-23-20

**2. Authorized Company Representative (Applicant) Signature and Notarization**

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print  
here

Benjamin Connor Branch  
Print Name (Authorized Company Representative (Applicant))

Title

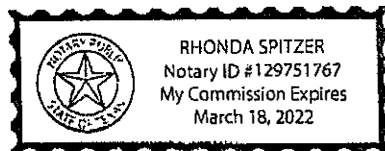
Authorized Representative

sign  
here

B C B  
Signature (Authorized Company Representative (Applicant))

Date

4/22/2020



(Notary Seal)

GIVEN under my hand and seal of office this, the

22<sup>nd</sup> day of April, 2020

Rhonda Spitzer  
Notary Public in and for the State of Texas

My Commission expires: 3/18/22

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.