



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 24, 2020

Dr. Dustin Barton
Superintendent
Skidmore-Tynan Independent School District
224 W. Main St.
Skidmore, Texas 78389

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Skidmore-Tynan Independent School District and Blackjack Creek Wind Farm, LLC, Application 1497

Dear Superintendent Barton:

On June 26, 2020, the Comptroller issued written notice that Blackjack Creek Wind Farm, LLC (applicant) submitted a completed application (Application 1497) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on June 2, 2002, to the Skidmore-Tynan 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 1497.

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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of June 26, 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,

DocuSigned by:

11EA6DEF0EC441E...
Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Blackjack Creek Wind Farm, LLC (project) applying to Skidmore-Tynan 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 Blackjack Creek Wind Farm, LLC.

Applicant	Blackjack Creek Wind Farm, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Skidmore-Tynan ISD
2018-2019 Average Daily Attendance	781
County	Bee
Proposed Total Investment in District	\$141,333,333
Proposed Qualified Investment	\$141,333,333
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2022-2023
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$944
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$944
Minimum annual wage committed to by applicant for qualified jobs	\$49,106
Minimum weekly wage required for non-qualifying jobs	\$738
Minimum annual wage required for non-qualifying jobs	\$38,389
Investment per Qualifying Job	\$70,666,667
Estimated M&O levy without any limit (15 years)	\$13,879,756
Estimated M&O levy with Limitation (15 years)	\$5,116,796
Estimated gross M&O tax benefit (15 years)	\$8,762,960

* 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 Blackjack Creek Wind Farm, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	400	358	758	\$19,989,632	\$31,520,368	\$51,510,000
2021	400	375	775.39	\$19,989,632	\$37,260,368	\$57,250,000
2022	2	27	29	\$98,212	\$8,691,788	\$8,790,000
2023	2	(2)	0	\$98,212	\$5,521,788	\$5,620,000
2024	2	(23)	-21	\$98,212	\$2,341,788	\$2,440,000
2025	2	(23)	-21	\$98,212	\$881,788	\$980,000
2026	2	(25)	-23	\$98,212	-\$98,212	\$0
2027	2	(22)	-20	\$98,212	-\$338,212	-\$240,000
2028	2	(18)	-16	\$98,212	-\$338,212	-\$240,000
2029	2	(16)	-14	\$98,212	-\$338,212	-\$240,000
2030	2	(6)	-4	\$98,212	-\$98,212	\$0
2031	2	(4)	-2	\$98,212	\$391,788	\$490,000
2032	2	4	6	\$98,212	\$391,788	\$490,000
2033	2	4	6	\$98,212	\$631,788	\$730,000
2034	2	8	10	\$98,212	\$1,361,788	\$1,460,000
2035	2	8	10	\$98,212	\$1,121,788	\$1,220,000
2036	2	10	12	\$98,212	\$1,361,788	\$1,460,000

Source: CPA REMI, Blackjack Creek Wind Farm, 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*	Skidmore-Tynan ISD I&S Tax Levy	Skidmore-Tynan ISD M&O Tax Levy	Skidmore-Tynan ISD M&O and I&S Tax Levies	Bee County Tax Levy	Coastal Bend College Tax Levy	Estimated Total Property Taxes
				0.3188	1.0683		0.6778	0.1769	
2022	\$141,333,333	\$141,333,333		\$450,571	\$1,509,864	\$1,960,435	\$957,986	\$249,976	\$3,168,397
2023	\$130,733,333	\$130,733,333		\$416,778	\$1,396,624	\$1,813,402	\$886,137	\$231,228	\$2,930,767
2024	\$120,928,333	\$120,928,333		\$385,520	\$1,291,877	\$1,677,397	\$819,676	\$213,886	\$2,710,959
2025	\$111,858,708	\$111,858,708		\$356,606	\$1,194,987	\$1,551,592	\$758,201	\$197,844	\$2,507,637
2026	\$103,469,305	\$103,469,305		\$329,860	\$1,105,363	\$1,435,223	\$701,336	\$183,006	\$2,319,565
2027	\$95,709,107	\$95,709,107		\$305,121	\$1,022,460	\$1,327,581	\$648,735	\$169,281	\$2,145,597
2028	\$88,530,924	\$88,530,924		\$282,237	\$945,776	\$1,228,012	\$600,080	\$156,585	\$1,984,677
2029	\$81,891,105	\$81,891,105		\$261,069	\$874,843	\$1,135,912	\$555,074	\$144,841	\$1,835,827
2030	\$75,749,272	\$75,749,272		\$241,489	\$809,229	\$1,050,718	\$513,444	\$133,978	\$1,698,140
2031	\$70,068,077	\$70,068,077		\$223,377	\$748,537	\$971,914	\$474,935	\$123,929	\$1,570,779
2032	\$64,812,971	\$64,812,971		\$206,624	\$692,397	\$899,021	\$439,315	\$114,635	\$1,452,971
2033	\$59,951,998	\$59,951,998		\$191,127	\$640,467	\$831,594	\$406,367	\$106,037	\$1,343,998
2034	\$55,455,598	\$55,455,598		\$176,792	\$592,432	\$769,225	\$375,889	\$98,084	\$1,243,198
2035	\$51,296,428	\$51,296,428		\$163,533	\$548,000	\$711,533	\$347,697	\$90,728	\$1,149,958
2036	\$47,449,196	\$47,449,196		\$151,268	\$506,900	\$658,168	\$321,620	\$83,923	\$1,063,711
			Total	\$4,141,970	\$13,879,756	\$18,021,726	\$8,806,493	\$2,297,962	\$29,126,181

Source: CPA, Blackjack Creek Wind Farm, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Bee 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		Skidmore-Tynan ISD I&S Tax Levy	Skidmore-Tynan ISD M&O Tax Levy	Skidmore-Tynan ISD M&O and I&S Tax Levies	Bee County Tax Levy	Coastal Bend College Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3188	1.0683		0.6778	0.1769	
2022	\$141,333,333	\$20,000,000		\$450,571	\$213,660	\$664,231	\$957,986	\$249,976	\$1,872,193
2023	\$130,733,333	\$20,000,000		\$416,778	\$213,660	\$630,438	\$886,137	\$231,228	\$1,747,803
2024	\$120,928,333	\$20,000,000		\$385,520	\$213,660	\$599,180	\$819,676	\$213,886	\$1,632,742
2025	\$111,858,708	\$20,000,000		\$356,606	\$213,660	\$570,266	\$758,201	\$197,844	\$1,526,311
2026	\$103,469,305	\$20,000,000		\$329,860	\$213,660	\$543,520	\$701,336	\$183,006	\$1,427,862
2027	\$95,709,107	\$20,000,000		\$305,121	\$213,660	\$518,781	\$648,735	\$169,281	\$1,336,797
2028	\$88,530,924	\$20,000,000		\$282,237	\$213,660	\$495,897	\$600,080	\$156,585	\$1,252,562
2029	\$81,891,105	\$20,000,000		\$261,069	\$213,660	\$474,729	\$555,074	\$144,841	\$1,174,644
2030	\$75,749,272	\$20,000,000		\$241,489	\$213,660	\$455,149	\$513,444	\$133,978	\$1,102,570
2031	\$70,068,077	\$20,000,000		\$223,377	\$213,660	\$437,037	\$474,935	\$123,929	\$1,035,902
2032	\$64,812,971	\$64,812,971		\$206,624	\$692,397	\$899,021	\$439,315	\$114,635	\$1,452,971
2033	\$59,951,998	\$59,951,998		\$191,127	\$640,467	\$831,594	\$406,367	\$106,037	\$1,343,998
2034	\$55,455,598	\$55,455,598		\$176,792	\$592,432	\$769,225	\$375,889	\$98,084	\$1,243,198
2035	\$51,296,428	\$51,296,428		\$163,533	\$548,000	\$711,533	\$347,697	\$90,728	\$1,149,958
2036	\$47,449,196	\$47,449,196		\$151,268	\$506,900	\$658,168	\$321,620	\$83,923	\$1,063,711
			Total	\$4,141,970	\$5,116,796	\$9,258,766	\$8,806,493	\$2,297,962	\$20,363,220
			Diff	\$0	\$8,762,960	\$8,762,960	\$0	\$0	\$8,762,960

Source: CPA, Blackjack Creek Wind Farm, 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 Blackjack Creek Wind Farm, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2022	\$213,660	\$213,660	\$1,296,204	\$1,296,204
	2023	\$213,660	\$427,320	\$1,182,964	\$2,479,168
	2024	\$213,660	\$640,980	\$1,078,217	\$3,557,386
	2025	\$213,660	\$854,640	\$981,327	\$4,538,712
	2026	\$213,660	\$1,068,300	\$891,703	\$5,430,415
	2027	\$213,660	\$1,281,960	\$808,800	\$6,239,215
	2028	\$213,660	\$1,495,620	\$732,116	\$6,971,331
	2029	\$213,660	\$1,709,280	\$661,183	\$7,632,514
	2030	\$213,660	\$1,922,940	\$595,569	\$8,228,083
	2031	\$213,660	\$2,136,600	\$534,877	\$8,762,960
Maintain Viable Presence (5 Years)	2032	\$692,397	\$2,828,997	\$0	\$8,762,960
	2033	\$640,467	\$3,469,464	\$0	\$8,762,960
	2034	\$592,432	\$4,061,896	\$0	\$8,762,960
	2035	\$548,000	\$4,609,896	\$0	\$8,762,960
	2036	\$506,900	\$5,116,796	\$0	\$8,762,960
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$468,882	\$5,585,678	\$0	\$8,762,960
	2038	\$433,716	\$6,019,394	\$0	\$8,762,960
	2039	\$401,187	\$6,420,582	\$0	\$8,762,960
	2040	\$371,098	\$6,791,680	\$0	\$8,762,960
	2041	\$343,266	\$7,134,946	\$0	\$8,762,960
	2042	\$317,521	\$7,452,467	\$0	\$8,762,960
	2043	\$301,973	\$7,754,440	\$0	\$8,762,960
	2044	\$301,973	\$8,056,413	\$0	\$8,762,960
	2045	\$301,973	\$8,358,385	\$0	\$8,762,960
	2046	\$301,973	\$8,660,358	\$0	\$8,762,960

\$8,660,358	is less than	\$8,762,960
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Analysis Summary				
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?				No

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	400	358	758	\$19,989,632	\$31,520,368	\$51,510,000	2540000	-1400000	\$3,940,000
2021	400	375	775.39	\$19,989,632	\$37,260,368	\$57,250,000	2730000	-880000	\$3,610,000
2022	2	27	29	\$98,212	\$8,691,788	\$8,790,000	360000	1020000	-\$660,000
2023	2	(2)	0	\$98,212	\$5,521,788	\$5,620,000	250000	980000	-\$730,000
2024	2	(23)	-21	\$98,212	\$2,341,788	\$2,440,000	180000	920000	-\$740,000
2025	2	(23)	-21	\$98,212	\$881,788	\$980,000	130000	850000	-\$720,000
2026	2	(25)	-23	\$98,212	-\$98,212	\$0	110000	760000	-\$650,000
2027	2	(22)	-20	\$98,212	-\$338,212	-\$240,000	110000	680000	-\$570,000
2028	2	(18)	-16	\$98,212	-\$338,212	-\$240,000	110000	610000	-\$500,000
2029	2	(16)	-14	\$98,212	-\$338,212	-\$240,000	110000	560000	-\$450,000
2030	2	(6)	-4	\$98,212	-\$98,212	\$0	150000	490000	-\$340,000
2031	2	(4)	-2	\$98,212	\$391,788	\$490,000	150000	430000	-\$280,000
2032	2	4	6	\$98,212	\$391,788	\$490,000	140000	400000	-\$260,000
2033	2	4	6	\$98,212	\$631,788	\$730,000	110000	350000	-\$240,000
2034	2	8	10	\$98,212	\$1,361,788	\$1,460,000	90000	310000	-\$220,000
2035	2	8	10	\$98,212	\$1,121,788	\$1,220,000	80000	280000	-\$200,000
2036	2	10	12	\$98,212	\$1,361,788	\$1,460,000	80000	240000	-\$160,000
2037	2	10	12	\$98,212	\$1,611,788	\$1,710,000	50000	190000	-\$140,000
2038	2	6	8	\$98,212	\$1,611,788	\$1,710,000	60000	180000	-\$120,000
2039	2	14	16	\$98,212	\$2,341,788	\$2,440,000	60000	120000	-\$60,000
2040	2	10	12	\$98,212	\$2,101,788	\$2,200,000	20000	90000	-\$70,000
2041	2	14	16	\$98,212	\$2,341,788	\$2,440,000	0	50000	-\$50,000
2042	2	12	14	\$98,212	\$2,101,788	\$2,200,000	50000	50000	\$0
2043	2	10	12	\$98,212	\$2,831,788	\$2,930,000	50000	50000	\$0
2044	2	8	10	\$98,212	\$3,321,788	\$3,420,000	80000	60000	\$20,000
2045	2	12	14	\$98,212	\$3,321,788	\$3,420,000	50000	0	\$50,000
2046	2	10	12	\$98,212	\$3,811,788	\$3,910,000	140000	30000	\$110,000
2047	2	18	20	\$98,212	\$5,271,788	\$5,370,000	180000	10000	\$170,000
						Total	\$8,170,000	\$7,430,000	\$740,000
							\$9,400,358	is greater than	\$8,762,960

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Blackjack Creek Wind Farm, 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 RWE Renewables Americas LLC. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “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.”
 - B. “The Company is currently considering several other projects in Texas (Stephens County, Jack County, Bee County, Kenedy County, Willacy County, San Patricio County and several others), Oklahoma (Vici complex, Major), Kansas (two project sites), Indiana, Illinois, plus Canada. The Company has received tax incentives on several of these projects which significantly improve the financial viability of the investment. RWE has not built a project in Texas that did not have a Chapter 313 agreement, as it is crucial to exceeding the company financial hurdle. RWE recently sold a project that was unable to get a Chapter 313 agreement, as it was unable to meet the minimum financial hurdle. Without a Chapter 313 agreement, this Project would probably not be built.”
- On October 1, 2019 E.On press release: “As part of the transaction to acquire and integrate innogy, E.ON today transferred its renewables business to RWE. For E.ON, the disposal of E.ON Climate & Renewables marks the end of an extraordinary success story.”
- An October 30, 2018 *National Wind Watch* article states the following:
 - A. A company is rushing to start a wind farm in Refugio County before a federal tax credit expires. E.On Climate & Renewables said it will produce 220 megawatts of electricity there by Dec. 31, 2019, the date the Renewable Electricity Production Tax Credit is expected to expire, according to the Electric Reliability Council of Texas, or ERCOT.

- B. Two years ago, the Germany-based company leased about 18,000 acres of land about 7 miles south of Woodsboro and west of U.S. 77 for what it is calling the Blackjack Creek Wind Farm. The lease is for 36 years, and the land belonged to the late Kathleen D. Roche and was placed in a trust in 1955.
- C. Blaschke said E.On said it would invest \$250 million in the county when it installs 100 wind turbines as well as provide between six and eight permanent high-paying jobs.
- D. "Just because they are under study doesn't mean everything is going to get built," ERCOT spokeswoman Leslie Sopko said. "A developer can terminate a project at any time during the process if they choose to do so."
- E. She said electricity projects that have secured financing have a higher chance of being built, though.
- F. E.On's Blackjack Creek Wind Farm has all the required studies completed but does not have the financing secured, according to ERCOT.
- Per *Coastal Bend Publishing* on May 27, 2020, "A major economic investment via a new wind farm located in Refugio and Bee counties to join the existing wind farm nearby was discussed during a meeting of the Woodsboro Independent School District Board of Trustees. One of the main items on the agenda was discussion and approval of an application for an agreement with RWE Renewables to place additional wind farm equipment within the boundaries of Woodsboro ISD. Nathan Yates, a representative of RWE Renewables, said the wind is technically the second phase of an existing wind farm in the area but is considered to be a separate entity. He said RWE is a global energy company based in Austin which is focused primarily on renewable energy sources within the United States."
- In Tab 4 applicant states "The Project applied for interconnection with ERCOT on March 20, 2018, and has been assigned interconnection study ERCOT #20INR0068. The Project has not been known by any other names in public statements or in other public applications."

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 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(a-1)(2):
 - 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): _____ <small>(Name, tax rate and percent of project)</small>	I&S (ISD): _____ <small>(Name, tax rate and percent of project)</small>
County: _____ <small>(Name, tax rate and percent of project)</small>	City: _____ <small>(Name, tax rate and percent of project)</small>
Hospital District: _____ <small>(Name, tax rate and percent of project)</small>	Water District: _____ <small>(Name, tax rate and percent of project)</small>
Other (describe): _____ <small>(Name, tax rate and percent of project)</small>	Other (describe): _____ <small>(Name, tax rate and percent of project)</small>

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value

Blackjack Creek Wind Farm, LLC
Application for Appraised Value Limitation on Qualified Property
Tab 5

Limitation as 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 1st in installed wind capacity. The state's geographic positions 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's 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.

Applicant has entered into interconnection studies with the Transmission Service Provider who owns the 345kV Transmission line running across the project site. Applicant (or an affiliate of applicant) has also entered into lease and easement agreements with landowners to permit the installation and operation of the Project facilities. None of the agreements entered into by applicant commits applicant to construct the Project.

The Company is currently considering several other projects in Texas (Stephens County, Jack County, Bee County, Kenedy County, Willacy County, San Patricio County and several others), Oklahoma (Vici complex, Major), Kansas (two project sites), Indiana, Illinois, plus Canada. The Company has received tax incentives on several of these projects which significantly improve the financial viability of the investment. RWE has not built a project in Texas that did not have a Chapter 313 agreement, as it is crucial to exceeding the company financial hurdle. RWE recently sold a project that was unable to get a Chapter 313 agreement, as it was unable to meet the minimum financial hurdle. Without a Chapter 313 agreement, this Project would probably not be built.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



E.ON transfers renewables business to RWE

10/01/2019

- Another step in the transaction to acquire and integrate innogy
- E.ON will continue to offer customers individually tailored renewables solutions

As part of the transaction to acquire and integrate innogy, E.ON today transferred its renewables business to RWE. For E.ON, the disposal of E.ON Climate & Renewables marks the end of an extraordinary success story.

Industrial-scale renewables facilities had been a key focus of E.ON's growth strategy since 2007. Investments of more than €12 billion enabled E.ON to quickly become one of the world's major producers of green power. Onshore wind farms like Roscoe, a 782 megawatt (MW) facility in Texas, were a big part of this growth. At the time of its completion in 2009 Roscoe was the world's largest onshore wind farm and today is still in fifth place. Most recently, E.ON began to build Nysäter, a 475 MW project that will be one of Europe's biggest onshore wind farms. Preparations are under way to expand to Japan, Mexico, Chile, and Australia.

E.ON was also one of the first companies in the world to embrace offshore wind power and played a key role in helping make this technology mature and competitive. The company participated in the construction of London Array, which when completed in 2013 was the world's largest offshore wind farm. Last year E.ON commissioned Arkona, a wind farm in the German Baltic Sea, thereby setting a new standard for completing an offshore wind farm on time and on budget.

The portfolio that E.ON transferred to RWE also includes battery and solar projects. E.ON has built or is building a total of 9,000 megawatts of renewables projects worldwide, enough to meet nearly half of Belgium's energy needs. Out of the 9,000 MW E.ON built with partners partially approx. 6,800 MW are owned by E.ON. 1,500 employees were transferred with these assets to RWE.

"Our activities helped pave the way for the industrialization and cost reduction of renewable energy. Combined at RWE, E.ON and innogy's renewables businesses will be an attractive platform with lots of development potential. I'd like to thank our colleagues at E.ON Climate & Renewables led by Anja Dotzenrath for their outstanding work. I'm certain that being part of RWE will give them the best possible conditions for continuing the successful development of the renewables business," E.ON CEO Johannes Teyssen said.

Teyssen continues: "E.ON will remain closely involved with renewables, which we firmly believe will be the mainstay of tomorrow's energy supply. In our network territories in Germany, we connect more than 90 percent of newly built wind and solar facilities to the energy system. Our networks will become the 'Internet of the energy transition.' They'll give our customers access to green power, green heat and cooling, and green mobility. Going forward, we'll therefore focus on this infrastructure and on customer solutions. In addition, our headquarters will house E.ON's new Innovation Center. In the future, Essen will therefore provide important impetus for a successful energy transition in Europe and for reducing carbon emissions."

Even after the transfer E.ON will remain committed to renewables. The company will offer residential customers as well as industrial, commercial, and municipal customers individually tailored solutions for producing green power and thus help them shrink their carbon footprint and play an active role in protecting the earth's climate. For instance, solar panels, energy-storage solutions, and smart home applications from E.ON enable residential customers to produce their own energy and use it as efficiently as possible.

In addition, E.ON will expand its business of marketing energy-efficiency solutions to business customers and enabling them to produce renewable energy using solar and small-scale wind facilities. For example, E.ON is currently installing solar panels on the roofs of buildings that comprise an Audi logistics center in Győr, Hungary. At roughly 160,000 square meters, it will be Europe's largest rooftop solar farm.

E.ON's power grids also play an important role in the energy transition. The company's regional distribution networks already deliver more than a third of Germany's renewable power to customers. By investing billions, E.ON is enabling these networks to receive and distribute more and more renewable energy and also to meet needs for the expansion of e-mobility.

Another step of the transaction will be for E.ON to transfer innogy's renewables business to RWE. This will take place as soon as possible in 2020.

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filed: October 30, 2018 • Texas

Refugio County ranch land could transform into wind farm

Credit: By Jessica Priest | Victoria Advocate | Oct 29, 2018 | www.victoriaadvocate.com ~~

A company is rushing to start a wind farm in Refugio County before a federal tax credit expires.

E.On Climate & Renewables said it will produce 220 megawatts of electricity there by Dec. 31, 2019, the date the Renewable Electricity Production Tax Credit is expected to expire, according to the Electric Reliability Council of Texas, or ERCOT.

Two years ago, the Germany-based company leased about 18,000 acres of land about 7 miles south of Woodsboro and west of U.S. 77 for what it is calling the Blackjack Creek Wind Farm.

The lease is for 36 years, and the land belonged to the late Kathleen D. Roche and was placed in a trust in 1955.

E.On spokesman Matt Tullis declined an interview.

“We are still in the development stage in Refugio County and aren’t at a point to speak publicly about our project there,” he said.

But the company has spoken publicly about the project on at least two occasions.

First, on June 18, a spokesman for E.On gave a presentation to the Woodsboro school board, and then, July 24, that same spokesman gave the same presentation to the Refugio County Commissioners Court. On both occasions, he asked for tax breaks, according to agendas and minutes from the meetings.

That’s something Refugio County Judge Robert Blaschke is amenable to.

In the past five years, the county, which subsists on farming, ranching and the boom and bust of the oil and gas industry, has lost a third of its tax values and had to cut its budget by several million dollars.

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“We had to cinch our belt up, you know, and just be as lean as possible,” he said.

Blaschke said E.On said it would invest \$250 million in the county when it installs 100 wind turbines as well as provide between six and eight permanent high-paying jobs.

He, too, heard of the federal tax credit expiring.

“That’s why I’m expecting the (tax break) application at any time, because I think they are going to be on pretty much a fast track because they want to meet that December 2019 deadline,” he said.

The Renewable Electricity Production Tax Credit was enacted in 1992 and has been extended many times, most recently by the Bipartisan Budget Act of 2018. The administration of President Donald Trump, who campaigned on reviving the coal industry, is not expected to try to get Congress to renew it. Congress last planned to phase it out.

It pays companies \$23 for every megawatt-hour of renewable energy they produce in their first 10 years on top of what they are paid by consumers.

E.On is the 10th most subsidized utility and power generation company, according to Good Jobs First, a nonprofit, nonpartisan research center that promotes corporate and government accountability in economic development.

From 2000 to the present, the company received more than \$789 million in subsidies.

Also, every month, ERCOT publishes a list of electricity projects being studied by the companies that want to do them and the transmission service providers, such as American Electric Power; they need cooperation from. In September, 329 electricity projects were being studied, and wind electricity projects made up the bulk of them.

Of the 160 wind electricity projects being studied, 105 listed their commercial operation date before Dec. 31, 2019.

“Just because they are under study doesn’t mean everything is going to get built,” ERCOT spokeswoman Leslie Sopko said. “A developer can terminate a project at any time during the process if they choose to do so.”

She said electricity projects that have secured financing have a higher chance of being built, though.

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E.On's Blackjack Creek Wind Farm has all the required studies completed but does not have the financing secured, according to ERCOT.

In September, ERCOT commissioned four electricity projects, two wind and two solar, that will produce a combined 592 megawatts. A 210-megawatt wind electricity project called "Tree Bays Wind" in Calhoun County, meanwhile, was canceled along with 14 gas, solar and wind projects that would have produced a combined 3,829 megawatts.

Source: By Jessica Priest | Victoria Advocate | Oct 29, 2018 | www.victoriaadvocate.com

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Second wind

School district could benefit from multi-county project

May 27, 2020

WOODSBORO – A major economic investment via a new wind farm located in Refugio and Bee counties to join the existing wind farm nearby was discussed during a meeting of the Woodsboro Independent School District Board of Trustees.

One of the main items on the agenda was discussion and approval of an application for an agreement with RWE Renewables to place additional wind farm equipment within the boundaries of Woodsboro ISD.

Nathan Yates, a representative of RWE Renewables, said the wind is technically the second phase of an existing wind farm in the area but is considered to be a separate entity. He said RWE is a global energy company based in Austin which is focused primarily on renewable energy sources within the United States.

“We have 18 wind farms in the state of Texas, which has been very welcoming to the wind industry,” Yates said. “We’ve had a lot of success in this area.”

He said the Blackjack Creek Wind Farm would straddle the Refugio/Bee County line. The 240-megawatt

facility, if the company moves forward with its plans, would cover 30,000 acres.

During construction of the wind farm, there will be an estimated 200 to 300 construction jobs in the area, and local businesses should also see a boost, Yates said.

“We prefer to locally source the construction jobs for whatever is needed -- it makes sense,” he said.

Neighboring San Patricio County also has a strong presence of wind farms, Yates said, adding that these facilities throughout the area have been very successful in generating electrical energy.

The expected lifespan of these wind farms is 30 years, Yates said, and in addition to construction jobs, a number of highly paid positions would help to operate and maintain the wind farms on a more permanent basis.

If the company proceeds with its plan for the Blackjack Creek Wind Farm, construction on the project would begin in early 2021, Yates said.

During construction, some of the largest cranes available are used in placing the massive wind turbines in place.

Already in place is the Cranell Wind Farm, a 220-megawatt wind farm located in Refugio County.

RWE, previously named E.On, commissioned that project in 2019. Located in the Electric Reliability Council of Texas south market, the Cranell facility – which is similar in size to the proposed Refugio/Bee County facility – is powered by 100 Vestas V120 turbines and generates enough electricity to power more than 66,000 homes, according to a press release from the company.

Refugio County Judge Bobby Blaschke has voiced his enthusiasm for the project.

“We look forward to a long-term relationship establishing sustainable jobs and strong-minded community partnerships,” he said.

As part of the application process, RWE sent Woodsboro ISD a check for \$75,000 to help the district study the benefits of the proposed project and to hire its own legal counsel to represent the school district regarding the proposed wind farm.

Attorney Sara Leon was hired by the district to help review and process the application for agreement

which would allow RWE to build the wind farm on a portion of property within WISD boundaries.

“This is the beginning of a multi-month process (to review and approve the proposal),” Leon told the board.

WISD Superintendent Janice Sykora said the Skidmore-Tynan School District, which would also benefit from the Blackjack Creek Wind Farm, has also retained Sara Leon & Associates to represent the district.

“We have fun work to do,” Leon told the board. “We get to bring a lot of value to the community and the school district.”

Jeff Osborne is the editor of the Refugio County Press.

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