



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 17, 2020

Yolanda Carr
Superintendent
Odem-Edroy Independent School District
1 Owl Square
Odem, Texas 78370

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Odem-Edroy Independent School District and El Algodon Alto Wind Farm, LLC, Application 1506

Dear Superintendent Carr:

On August 11, 2020, the Comptroller issued written notice that El Algodon Alto Wind Farm, LLC (applicant) submitted a completed application (Application 1506) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on May 11, 2020, to the Odem-Edroy 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 1506.

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 August 11, 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:

11EA8DEF0EC441E...
Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of El Algodon Alto Wind Farm, LLC (project) applying to Odem-Edroy 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 El Algodon Alto Wind Farm, LLC.

Applicant	El Algodon Alto Wind Farm, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Odem-Edroy ISD
2018-2019 Average Daily Attendance	827
County	San Patricio County
Proposed Total Investment in District	\$88,631,868
Proposed Qualified Investment	\$88,631,868
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	\$1,255
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5) (B)	\$1,255
Minimum annual wage committed to by applicant for qualified jobs	\$65,250
Minimum weekly wage required for non-qualifying jobs	\$939.25
Minimum annual wage required for non-qualifying jobs	\$48,841
Investment per Qualifying Job	\$44,315,934
Estimated M&O levy without any limit (15 years)	\$8,704,649
Estimated M&O levy with Limitation (15 years)	\$4,005,688
Estimated gross M&O tax benefit (15 years)	\$4,698,961

* 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 El Algodon Alto Wind Farm, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	150	201	351	\$9,787,470	\$18,212,530	\$28,000,000
2022	2	20	22	\$130,500	\$3,369,500	\$3,500,000
2023	2	14	16	\$130,500	\$2,469,500	\$2,600,000
2024	2	4	6	\$130,500	\$1,469,500	\$1,600,000
2025	2	(1)	1	\$130,500	\$869,500	\$1,000,000
2026	2	(3)	-1	\$130,500	\$469,500	\$600,000
2027	2	(2)	0	\$130,500	\$369,500	\$500,000
2028	2	(1)	1	\$130,500	\$369,500	\$500,000
2029	2	0	2	\$130,500	\$469,500	\$600,000
2030	2	2	4	\$130,500	\$569,500	\$700,000
2031	2	3	5	\$130,500	\$669,500	\$800,000
2032	2	4	6	\$130,500	\$769,500	\$900,000
2033	2	4	6	\$130,500	\$769,500	\$900,000
2034	2	5	7	\$130,500	\$869,500	\$1,000,000
2035	2	5	7	\$130,500	\$969,500	\$1,100,000
2036	2	5	7	\$130,500	\$969,500	\$1,100,000
2037	2	5	7	\$130,500	\$969,500	\$1,100,000

Source: CPA REMI, El Algodon Alto 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*	Odem-Edroy ISD I&S Tax Levy	Odem-Edroy ISD M&O Tax Levy	Odem-Edroy ISD M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio County Drainage District Tax Levy	San Patricio County Road Tax Levy	Estimated Total Property Taxes
			0.5000	1.0684		0.4269	0.0655	0.0787		
2022	\$88,631,868	\$88,631,868		\$443,159	\$946,899	\$1,390,058	\$378,391	\$58,010	\$69,732	\$1,896,190
2023	\$81,984,478	\$81,984,478		\$409,922	\$875,881	\$1,285,804	\$350,011	\$53,659	\$64,502	\$1,753,976
2024	\$75,833,426	\$75,833,426		\$379,167	\$810,166	\$1,189,334	\$323,751	\$49,633	\$59,663	\$1,622,380
2025	\$70,152,124	\$70,152,124		\$350,761	\$749,470	\$1,100,231	\$299,496	\$45,915	\$55,193	\$1,500,835
2026	\$64,887,391	\$64,887,391		\$324,437	\$693,224	\$1,017,661	\$277,020	\$42,469	\$51,051	\$1,388,201
2027	\$60,021,501	\$60,021,501		\$300,108	\$641,240	\$941,347	\$256,246	\$39,284	\$47,223	\$1,284,100
2028	\$55,519,002	\$55,519,002		\$277,595	\$593,137	\$870,732	\$237,024	\$36,337	\$43,680	\$1,187,774
2029	\$51,353,304	\$51,353,304		\$256,767	\$548,633	\$805,400	\$219,240	\$33,611	\$40,403	\$1,098,653
2030	\$47,506,681	\$47,506,681		\$237,533	\$507,538	\$745,071	\$202,817	\$31,093	\$37,376	\$1,016,358
2031	\$43,943,680	\$43,943,680		\$219,718	\$469,472	\$689,191	\$187,606	\$28,761	\$34,573	\$940,131
2032	\$40,646,575	\$40,646,575		\$203,233	\$434,248	\$637,481	\$173,530	\$26,603	\$31,979	\$869,593
2033	\$37,597,638	\$37,597,638		\$187,988	\$401,674	\$589,663	\$160,513	\$24,608	\$29,580	\$804,364
2034	\$34,779,145	\$34,779,145		\$173,896	\$371,563	\$545,459	\$148,481	\$22,763	\$27,363	\$744,065
2035	\$32,164,505	\$32,164,505		\$160,823	\$343,629	\$504,452	\$137,318	\$21,052	\$25,306	\$688,127
2036	\$29,753,718	\$29,753,718		\$148,769	\$317,874	\$466,642	\$127,026	\$19,474	\$23,409	\$636,551
			Total	\$4,073,875	\$8,704,649	\$12,778,524	\$3,478,470	\$533,270	\$641,032	\$17,431,297

Source: CPA, El Algodon Alto Wind Farm, LLC

*Tax Rate per \$100 Valuation

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

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		Odem-Edroy ISD I&S Tax Levy	Odem-Edroy ISD M&O Tax Levy	Odem-Edroy ISD M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio County Drainage District Tax Levy	San Patricio County Road Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.5000	1.0684		0.4269	0.0655	0.0787	
2022	\$88,631,868	\$20,000,000		\$443,159	\$213,670	\$656,829	\$75,678	\$58,010	\$69,732	\$860,249
2023	\$81,984,478	\$20,000,000		\$409,922	\$213,670	\$623,592	\$70,002	\$53,659	\$64,502	\$811,756
2024	\$75,833,426	\$20,000,000		\$379,167	\$213,670	\$592,837	\$64,750	\$49,633	\$59,663	\$766,883
2025	\$70,152,124	\$20,000,000		\$350,761	\$213,670	\$564,431	\$59,899	\$45,915	\$55,193	\$725,437
2026	\$64,887,391	\$20,000,000		\$324,437	\$213,670	\$538,107	\$55,404	\$42,469	\$51,051	\$687,031
2027	\$60,021,501	\$20,000,000		\$300,108	\$213,670	\$513,778	\$51,249	\$39,284	\$47,223	\$651,533
2028	\$55,519,002	\$20,000,000		\$277,595	\$213,670	\$491,265	\$47,405	\$36,337	\$43,680	\$618,687
2029	\$51,353,304	\$20,000,000		\$256,767	\$213,670	\$470,437	\$43,848	\$33,611	\$40,403	\$588,298
2030	\$47,506,681	\$20,000,000		\$237,533	\$213,670	\$451,203	\$40,563	\$31,093	\$37,376	\$560,236
2031	\$43,943,680	\$20,000,000		\$219,718	\$213,670	\$433,388	\$37,521	\$28,761	\$34,573	\$534,244
2032	\$40,646,575	\$40,646,575		\$203,233	\$434,248	\$637,481	\$173,530	\$26,603	\$31,979	\$869,593
2033	\$37,597,638	\$37,597,638		\$187,988	\$401,674	\$589,663	\$160,513	\$24,608	\$29,580	\$804,364
2034	\$34,779,145	\$34,779,145		\$173,896	\$371,563	\$545,459	\$148,481	\$22,763	\$27,363	\$744,065
2035	\$32,164,505	\$32,164,505		\$160,823	\$343,629	\$504,452	\$137,318	\$21,052	\$25,306	\$688,127
2036	\$29,753,718	\$29,753,718		\$148,769	\$317,874	\$466,642	\$127,026	\$19,474	\$23,409	\$636,551
			Total	\$4,073,875	\$4,005,688	\$8,079,564	\$1,293,188	\$533,270	\$641,032	\$10,547,054
			Diff	\$0	\$4,698,961	\$4,698,961	\$2,185,282	\$0	\$0	\$6,884,243

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, El Algodon Alto 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 El Algodon Alto 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 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	\$213,670	\$213,670	\$733,229	\$733,229
	2023	\$213,670	\$427,340	\$662,211	\$1,395,440
	2024	\$213,670	\$641,010	\$596,496	\$1,991,936
	2025	\$213,670	\$854,680	\$535,800	\$2,527,736
	2026	\$213,670	\$1,068,350	\$479,554	\$3,007,291
	2027	\$213,670	\$1,282,020	\$427,570	\$3,434,860
	2028	\$213,670	\$1,495,690	\$379,467	\$3,814,328
	2029	\$213,670	\$1,709,360	\$334,963	\$4,149,291
	2030	\$213,670	\$1,923,030	\$293,868	\$4,443,158
	2031	\$213,670	\$2,136,700	\$255,802	\$4,698,961
Maintain Viable Presence (5 Years)	2032	\$434,248	\$2,570,948	\$0	\$4,698,961
	2033	\$401,674	\$2,972,622	\$0	\$4,698,961
	2034	\$371,563	\$3,344,185	\$0	\$4,698,961
	2035	\$343,629	\$3,687,815	\$0	\$4,698,961
	2036	\$317,874	\$4,005,688	\$0	\$4,698,961
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$294,012	\$4,299,700	\$0	\$4,698,961
	2038	\$272,044	\$4,571,744	\$0	\$4,698,961
	2039	\$251,591	\$4,823,335	\$0	\$4,698,961
	2040	\$232,748	\$5,056,083	\$0	\$4,698,961
	2041	\$215,230	\$5,271,313	\$0	\$4,698,961
	2042	\$199,133	\$5,470,446	\$0	\$4,698,961
	2043	\$189,380	\$5,659,825	\$0	\$4,698,961
	2044	\$189,380	\$5,849,205	\$0	\$4,698,961
	2045	\$189,380	\$6,038,585	\$0	\$4,698,961
	2046	\$189,380	\$6,227,965	\$0	\$4,698,961
		\$6,227,965	is greater than	\$4,698,961	
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, El Algodon Alto Wind Farm, 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 El Algodon Alto 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 El Algodon Alto Wind Farm LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “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 position and containment of several large population centers has made Texas a favorable location for renewable energy development.”
 - B. “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.”
 - C. “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.”
 - D. “In the event a 313 value limitation agreement cannot be secured with Odem-Edroy ISD, the Company is currently considering several other sites to locate this investment including areas 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, and Canada. These area also offer tax incentives to 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.”

- Comptroller Research:
 - A. The qualified property for El Algodon Alto Wind Farm LLC located in Odem-Edroy ISD (Application #1506) is placed adjacent to the qualified property of El Algodon Alto Wind Farm LLC located in Mathis ISD (Application #1492) and adjacent to the qualified property of El Algodon Alto Wind Farm LLC located in Sinton ISD (Application #1495). Construction for App #1492, 1495, and 1506 is anticipated to begin the 2nd Quarter of 2021. (Proximity Map provided)
- Provided by the Applicant
 - A. This project is not known by any other names. In some reports this project may be referred to as “EAA” abbreviation for El Algodon Alto.
 - B. This project applied to ERCOT on February 4, 2013 and was assigned IGNR #15INR0034.

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 September 30, 2020
- 2. Estimated commencement of construction April 1, 2021
- 3. Beginning of qualifying time period (MM/DD/YYYY) January 1, 2022
- 4. First year of limitation (MM/DD/YYYY) January 1, 2022
- 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 December 31, 2021

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located San Patricio County (100%)
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property San Patricio County CAD
- 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): <u>Odem-Edroy 1.068350, 100%</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Odem-Edroy .50, 100%</u> <small>(Name, tax rate and percent of project)</small>
County: <u>San Patricio County .426924, 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>Drainage District .065450 100%</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>County Road .078676, 100%</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>County Road .078676, 100%</u> <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

El Algodon Alto 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.

In the event a 313 value limitation agreement cannot be secured with Odem-Edroy ISD, the Company is currently considering several other sites to locate this investment including areas 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, and Canada. These area also offer tax incentives to 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.

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.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

1492-Mathis ISD

The map displays three overlapping school district boundaries on an aerial view of a rural area. The 1492-Mathis ISD is outlined in blue and filled with a light blue color. The 1506-Odem-Edroy ISD is outlined in green and filled with a light green color. The 1495-Sinton ISD is outlined in red and filled with a light red color. A yellow pushpin is placed on the Mathis ISD boundary, a red pushpin is on the Odem-Edroy ISD boundary, and another yellow pushpin is on the Sinton ISD boundary. The background shows a patchwork of agricultural fields in various shades of brown, tan, and green.

1506-Odem-Edroy ISD

1495-Sinton ISD

Proximity Map

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
Sinton ISD–El Algodon Alto Wind Farm, LLC App. #1495

Comptroller Questions (via email on August 25, 2020):

1. *Is this project known by any specific names not otherwise mentioned in this application??*
2. *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.*
3. *Has this project applied to ERCOT at this time? If so, please provide the project’s IGNR number and when was it assigned.*

Applicant Response (via email on August 25, 2020):

1. *NO.*
2. *There are no other names associated with this project. In some reports this project may be referred to as “EAA” abbreviation for El Algodon Alto.*
3. *Yes, this project applied to ERCOT on February 4, 2013 and was assigned IGNR #15INR0034 .*