

# **Tab 1**

## **Application**

See attached.

SECTION 8: Limitation as Determining Factor

- 1. Does the applicant currently own the land on which the proposed project will occur? ... 2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ... 3. Does the applicant have current business activities at the location where the proposed project will occur? ... 4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ... 5. Has the applicant received any local or state permits for activities on the proposed project site? ... 6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ... 7. Is the applicant evaluating other locations not in Texas for the proposed project? ... 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ... 9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ... 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? ...

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 ... 07/2021
2. Estimated commencement of construction ... Q2 2022
3. Beginning of qualifying time period (MM/DD/YYYY) ... 01/02/2022
4. First year of limitation (YYYY) ... 2024
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 ... Q2 2023

SECTION 10: The Property

- 1. County or counties in which the proposed project will be located ... Angelina County
2. Central Appraisal District (CAD) that will be responsible for appraising the property ... Angelina County Appraisal District
3. Will this CAD be acting on behalf of another CAD to appraise this property? ... [ ] Yes [x] 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): Central ISD; 1.054700%; 100% (Name, tax rate and percent of project)
I&S (ISD): Central ISD; 10.162563%; 100% (Name, tax rate and percent of project)
County: Angelina County; 0.437120%; 100% (Name, tax rate and percent of project)
City: N/A (Name, tax rate and percent of project)
Hospital District: N/A (Name, tax rate and percent of project)
Water District: N/A (Name, tax rate and percent of project)
Other (describe): Angelina College; 0.170958%; 100% (Name, tax rate and percent of project)
Other (describe): N/A (Name, tax rate and percent of project)

## Tab 5

### Appraised Value Limitation is a Determining Factor

**Section 8, Question 2: Has the applicant entered into any agreements, contracts, or letters of intent related to the proposed project?**

The Applicant has executed contracts as part of the development process. The Applicant has not executed any contracts that would require the Project to be constructed in Central ISD or the State of Texas. All of Applicant's agreements and contracts related to this project are for early-stage project development; none requires Applicant to move forward with the Project. Applicant has engaged various consultants in connection with applying for incentive agreements and early-stage development studies. Applicant has also executed an agreement to commence an ERCOT Generator Interconnection study and has purchased option contracts for the land at issue.

**Section 8, Question 4: Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?**

As part of the commercial development for this Project, Applicant published the attached website/fact sheet for community engagement purposes – as a website intended to help build local support for the proposed Project and answer questions/provide detail. This website highlights benefits of the Project that would be enjoyed by the local community if the Project does, in fact, move forward. (See: <https://www.edpr.com/north-america/azalea-springs-solar-park>)

**Section 8, Question 7: Is the applicant evaluating other locations not in Texas for the proposed project?**

Applicant's parent company, EDP Renewables North America LLC ("EDP") can locate the Project anywhere in the U.S. with sufficient solar conditions conducive to power generation and transmission capacity to interconnect the Project to the grid. EDP has over 7,000 MW of development assets in twenty-four states that it is marketing to off-takers for potential construction throughout the U.S. EDP is considering investment in many of these potential projects, instead of this Project. For this Project to be competitive with the other projects being developed by EDP, as well as the other projects within Texas that have secured value limitation agreements, Applicant's Project must secure a Chapter 313 Appraised Value Limitation with Central ISD, as well as other 312 agreements with respective entities for this Project. The Chapter 313 Appraised Value Limitation with Central ISD has significant impact on the rate of return for this Project and allows it to be competitive not only with other projects in EDP's portfolio, but also with other projects being developed by competing companies in Texas.

**Azalea Springs Solar Park LLC**  
Chapter 313 Application to Central ISD

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EDP does not have any existing solar parks in Texas. Because wholesale power prices for solar energy have dropped significantly, the Chapter 313 value limitation is necessary to provide the needed economics to allow Applicant to invest capital, construct the project, and sell the power.

By way of comparison, EDP is actively developing and marketing multiple projects in California, Indiana and Mississippi, all states which provide significant tax incentives at the state and local level. California provides a 100% property tax exclusion for new construction of solar energy systems until a change of ownership occurs. In Indiana, there is an economic incentive available for solar facilities providing a property tax abatement of up to 100% for a period of ten years. Mississippi provides for a fee-in-lieu of ad valorem taxes (FILOT) agreement that sets the minimum FILOT payment at 1/3 of the ad valorem taxes due for a period of twenty years.

For this proposed Project to compete with projects in California, Mississippi and Indiana, as well as other projects throughout the U.S., Applicant must secure the available tax incentives in Texas. This includes obtaining a Chapter 313 Value Limitation Agreement with Central ISD.



## Project Overview

Azalea Springs Solar Park is a proposed 180 MW utility-scale solar park located in the northwest corner of Angelina County, Texas, about 10 miles northwest of Lufkin and 17 miles southwest of Nacogdoches. The solar park would be sited on land primarily used as a timber site and would provide an economic benefit to the surrounding community. Azalea Springs Solar Park could commence construction as early as 2022, which would enable full operations to be achieved in 2023.

## Energy Output

Azalea Springs Solar Park would have an installed capacity of **180 megawatts (MW)**. Azalea Springs Solar Park's generation would be equivalent to the consumption of more than **27,000** Texas homes.



## Benefits

### Community

Azalea Springs Solar Park would yield significant economic benefits to the community in the form of payments to landowners, local spending, and annual community investment.

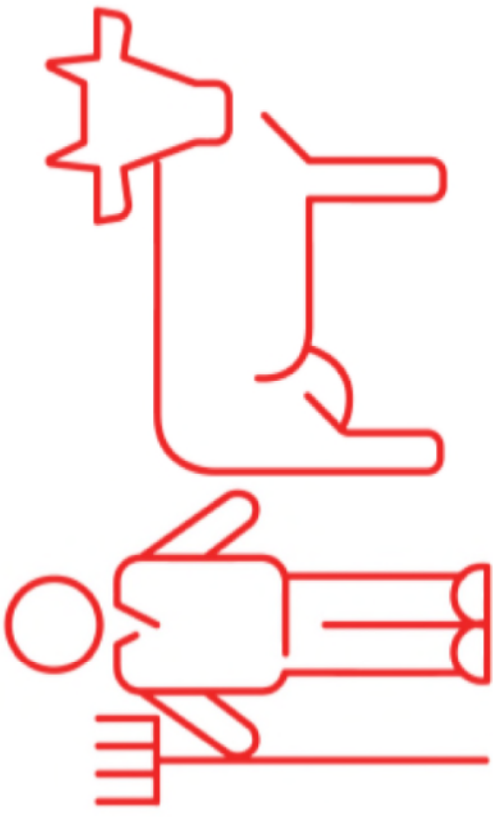
Azalea Springs would represent a capital investment of approximately \$200 million and would disperse millions in cumulative payments to local governments through the life of the project. An estimated \$36 million in taxes would be paid to support local schools and community services. Hundreds of construction jobs would be created as well as multiple permanent jobs.





## Environment

Azalea Springs would save more than **228 million** gallons of water each year and prevent the air pollution that causes smog, acid rain, and climate change. Solar energy also enhances air quality by helping to mitigate the health effects of harmful air pollutants.



## Landowners

Azalea Springs Solar Park would provide a stable form of income to local landowners. Millions of dollars would be paid to the solar park's landowners through the life of the project.

## National Security

Azalea Springs Solar Park would contribute to Texas' energy security and help diversify energy supply.

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## Technology



### Solar Panels

Azalea Springs Solar Park is currently exploring using single-axis tracking PV panels, across approximately 2,000 acres. Photovoltaic solar cells have no moving parts and convert sunlight directly into electricity via the photoelectric effect. This direct-current electricity is then collected, transformed into alternating-current, and finally enters the electrical grid through a substation after being converted to the proper voltage.



(north-america/sites/edpma/files/2021-07/TX%20Azalea%20Springs%20Solar%20Fact%20Sheet%202021\_0.pdf)  
AZALEA SPRINGS SOLAR FACT SHEET

DOWNLOAD

(north-america/sites/edpma/files/2021-07/TX%20Texas%20State%20Fact%20Sheet%202021.pdf)  
TEXAS FACT SHEET

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