



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 17, 2015

Jeff Byrd
Superintendent
Claude Independent School District
500 W. 5th St.
Claude, Texas 79019

Dear Superintendent Byrd:

On Sept. 25, 2015, the Comptroller issued written notice that Route 66 Wind II, LLC (the applicant) submitted a completed application (Application #1090) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on June 24, 2015, to the Claude Independent School District (the 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. |
| Sec. 313.024(d) | Applicant has requested a waiver for 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 #1090. |

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)

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

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 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 50-286) 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 Sept. 25, 2015, 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 Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reising
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarize the Comptroller’s economic impact analysis of Route 66 Wind II, LLC (the project) applying to Claude Independent School District (the 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 Route 66 Wind II, LLC.

Applicant	Route 66 Wind II, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Wind
School District	Claude ISD
Estimated 2014-2015 Average Daily Attendance	357
County	Armstrong
Proposed Total Investment in District	\$246,700,000
Proposed Qualified Investment	\$236,700,000
Limitation Amount	\$20,000,000
Number of new qualifying jobs committed to by applicant*	7
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$927
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$927
Minimum annual wage committed to by applicant for qualified jobs	\$48,203
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$35,242,857
Estimated M&O levy without any limit (15 years)	\$19,677,493
Estimated M&O levy with Limitation (15 years)	\$5,988,052
Estimated gross M&O tax benefit (15 years)	\$13,689,440
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

Table 2 is the estimated statewide economic impact of Route 66 Wind II, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	100	1,248	1348	\$4,000,000	\$71,927,734	\$75,927,734
2017	7	40	47	\$337,421	\$8,939,923	\$9,277,344
2018	7	5	12	\$337,421	\$5,277,813	\$5,615,234
2019	7	(19)	-12	\$337,421	\$2,226,056	\$2,563,477
2020	7	(32)	-25	\$337,421	\$883,282	\$1,220,703
2021	7	(34)	-27	\$337,421	-\$703,632	-\$366,211
2022	7	(27)	-20	\$337,421	-\$825,702	-\$488,281
2023	7	(25)	-18	\$337,421	-\$947,773	-\$610,352
2024	7	(25)	-18	\$337,421	-\$1,069,843	-\$732,422
2025	7	(15)	-8	\$337,421	-\$1,191,913	-\$854,492
2026	7	(23)	-16	\$337,421	-\$1,313,984	-\$976,563
2027	7	(15)	-8	\$337,421	-\$825,702	-\$488,281
2028	7	(13)	-6	\$337,421	-\$825,702	-\$488,281
2029	7	(17)	-10	\$337,421	-\$1,069,843	-\$732,422
2030	7	(15)	-8	\$337,421	-\$1,802,265	-\$1,464,844
2031	7	(17)	-10	\$337,421	-\$1,313,984	-\$976,563

Source: CPA, REMI, Route 66 Wind II, 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 ¹	Claude ISD I&S Levy	Claude ISD M&O Levy	Claude ISD M&O and I&S Tax Levies	Armstrong County Tax Levy	Panhandle Ground Water Conservation District #3	High Plains Underground Water Conservation District #1	Estimated Total Property Taxes
2017	\$231,971,000	\$231,971,000		0.084	0.95	\$2,398,580	\$1,075,369	\$18,604	\$18,618	\$3,511,171
2018	\$213,440,600	\$213,440,600		\$194,856	\$2,203,725	\$2,206,976	\$989,466	\$17,118	\$17,131	\$3,230,690
2019	\$196,391,500	\$196,391,500		\$179,290	\$2,027,686	\$2,030,688	\$910,430	\$15,751	\$15,762	\$2,972,631
2020	\$180,705,700	\$180,705,700		\$164,969	\$1,865,719	\$1,868,497	\$837,714	\$14,493	\$14,503	\$2,735,207
2021	\$166,274,200	\$166,274,200		\$151,793	\$1,716,704	\$1,719,275	\$770,812	\$13,335	\$13,345	\$2,516,768
2022	\$152,997,000	\$152,997,000		\$139,670	\$1,579,605	\$1,581,989	\$709,262	\$12,270	\$12,280	\$2,315,801
2023	\$140,781,100	\$140,781,100		\$128,517	\$1,453,472	\$1,455,677	\$652,632	\$11,291	\$11,299	\$2,130,898
2024	\$129,542,500	\$129,542,500		\$118,256	\$1,337,420	\$1,339,469	\$600,532	\$10,389	\$10,397	\$1,960,788
2025	\$119,202,100	\$119,202,100		\$108,816	\$1,230,654	\$1,232,550	\$552,596	\$9,560	\$9,567	\$1,804,273
2026	\$109,688,000	\$109,688,000		\$100,130	\$1,132,420	\$1,134,174	\$508,491	\$8,797	\$8,804	\$1,660,265
2027	\$100,934,200	\$100,934,200		\$92,138	\$1,042,036	\$1,043,660	\$467,910	\$8,095	\$8,101	\$1,527,765
2028	\$92,880,600	\$92,880,600		\$84,785	\$958,875	\$960,385	\$430,575	\$7,449	\$7,455	\$1,405,864
2029	\$85,471,200	\$85,471,200		\$78,020	\$882,366	\$883,772	\$396,227	\$6,855	\$6,860	\$1,293,713
2030	\$78,654,100	\$78,654,100		\$71,796	\$811,976	\$813,283	\$364,624	\$6,308	\$6,313	\$1,190,528
2031	\$72,381,200	\$72,381,200		\$66,069	\$747,214	\$748,422	\$335,544	\$5,805	\$5,809	\$1,095,580
				\$60,800	\$687,621					
			Total	\$1,739,905	\$19,677,493	\$21,417,397	\$9,602,181	\$166,119	\$166,244	\$31,351,942

Source: CPA, Route 66 Wind II, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Armstrong 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.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought										
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Claude ISD I&S Levy	Claude ISD M&O Levy	Claude ISD M&O and I&S Tax Levies	Armstrong County Tax Levy	Panhandle Ground Water Conservation District #3	High Plains Underground Water Conservation District #1	Estimated Total Property Taxes
			Tax Rate ¹	0.084	0.95		0.463579	0.00802	0.008026	
2017	\$231,971,000	\$20,000,000		\$194,856	\$190,000	\$384,856	\$270,000	\$18,604	\$18,618	\$692,078
2018	\$213,440,600	\$20,000,000		\$179,290	\$190,000	\$369,290	\$270,000	\$17,118	\$17,131	\$673,539
2019	\$196,391,500	\$20,000,000		\$164,969	\$190,000	\$354,969	\$270,000	\$15,751	\$15,762	\$656,482
2020	\$180,705,700	\$20,000,000		\$151,793	\$190,000	\$341,793	\$270,000	\$14,493	\$14,503	\$640,789
2021	\$166,274,200	\$20,000,000		\$139,670	\$190,000	\$329,670	\$270,000	\$13,335	\$13,345	\$626,351
2022	\$152,997,000	\$20,000,000		\$128,517	\$190,000	\$318,517	\$270,000	\$12,270	\$12,280	\$613,067
2023	\$140,781,100	\$20,000,000		\$118,256	\$190,000	\$308,256	\$270,000	\$11,291	\$11,299	\$600,846
2024	\$129,542,500	\$20,000,000		\$108,816	\$190,000	\$298,816	\$270,000	\$10,389	\$10,397	\$589,602
2025	\$119,202,100	\$20,000,000		\$100,130	\$190,000	\$290,130	\$270,000	\$9,560	\$9,567	\$579,257
2026	\$109,688,000	\$20,000,000		\$92,138	\$190,000	\$282,138	\$270,000	\$8,797	\$8,804	\$569,738
2027	\$100,934,200	\$100,934,200		\$84,785	\$958,875	\$1,043,660	\$467,910	\$8,095	\$8,101	\$1,527,765
2028	\$92,880,600	\$92,880,600		\$78,020	\$882,366	\$960,385	\$430,575	\$7,449	\$7,455	\$1,405,864
2029	\$85,471,200	\$85,471,200		\$71,796	\$811,976	\$883,772	\$396,227	\$6,855	\$6,860	\$1,293,713
2030	\$78,654,100	\$78,654,100		\$66,069	\$747,214	\$813,283	\$364,624	\$6,308	\$6,313	\$1,190,528
2031	\$72,381,200	\$72,381,200		\$60,800	\$687,621	\$748,422	\$335,544	\$5,805	\$5,809	\$1,095,580
			Total	\$1,739,905	\$5,988,052	\$7,727,957	\$4,694,879	\$166,119	\$166,244	\$12,755,199
			Diff	\$0	\$13,689,440	\$13,689,440	\$4,907,302	\$0	\$0	\$18,596,742

Source: CPA, Route 66 Wind II, LLC

¹Tax 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 over 25 Years

This represents the Comptroller’s determination that Route 66 Wind II, 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	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$190,000	\$190,000	\$2,013,725	\$2,013,725
	2018	\$190,000	\$380,000	\$1,837,686	\$3,851,410
	2019	\$190,000	\$570,000	\$1,675,719	\$5,527,129
	2020	\$190,000	\$760,000	\$1,526,704	\$7,053,834
	2021	\$190,000	\$950,000	\$1,389,605	\$8,443,439
	2022	\$190,000	\$1,140,000	\$1,263,472	\$9,706,910
	2023	\$190,000	\$1,330,000	\$1,147,420	\$10,854,330
	2024	\$190,000	\$1,520,000	\$1,040,654	\$11,894,984
	2025	\$190,000	\$1,710,000	\$942,420	\$12,837,404
	2026	\$190,000	\$1,900,000	\$852,036	\$13,689,440
Maintain Viable Presence (5 Years)	2027	\$958,875	\$2,858,875	\$0	\$13,689,440
	2028	\$882,366	\$3,741,241	\$0	\$13,689,440
	2029	\$811,976	\$4,553,217	\$0	\$13,689,440
	2030	\$747,214	\$5,300,431	\$0	\$13,689,440
	2031	\$687,621	\$5,988,052	\$0	\$13,689,440
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$632,790	\$6,620,843	\$0	\$13,689,440
	2033	\$582,341	\$7,203,183	\$0	\$13,689,440
	2034	\$535,922	\$7,739,105	\$0	\$13,689,440
	2035	\$493,219	\$8,232,324	\$0	\$13,689,440
	2036	\$453,929	\$8,686,253	\$0	\$13,689,440
	2037	\$417,776	\$9,104,029	\$0	\$13,689,440
	2038	\$384,512	\$9,488,540	\$0	\$13,689,440
	2039	\$353,900	\$9,842,440	\$0	\$13,689,440
	2040	\$325,731	\$10,168,171	\$0	\$13,689,440
	2041	\$299,816	\$10,467,987	\$0	\$13,689,440

\$10,467,987

is less than

\$13,689,440

Analysis Summary

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

No

Source: CPA, Route 66 Wind II, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	100	1,248	1348	\$4,000,000	\$71,927,734	\$75,927,734	\$10,963,440	-\$2,311,707	\$13,275,147
2017	7	40	47	\$337,421	\$8,939,923	\$9,277,344	\$450,134	\$961,304	-\$511,170
2018	7	5	12	\$337,421	\$5,277,813	\$5,615,234	\$305,176	\$946,045	-\$640,869
2019	7	(19)	-12	\$337,421	\$2,226,056	\$2,563,477	\$183,105	\$885,010	-\$701,905
2020	7	(32)	-25	\$337,421	\$883,282	\$1,220,703	\$76,294	\$778,198	-\$701,904
2021	7	(34)	-27	\$337,421	-\$703,632	-\$366,211	\$7,629	\$648,499	-\$640,870
2022	7	(27)	-20	\$337,421	-\$825,702	-\$488,281	\$30,518	\$511,169	-\$480,651
2023	7	(25)	-18	\$337,421	-\$947,773	-\$610,352	\$0	\$419,617	-\$419,617
2024	7	(25)	-18	\$337,421	-\$1,069,843	-\$732,422	-\$7,629	\$320,435	-\$328,064
2025	7	(15)	-8	\$337,421	-\$1,191,913	-\$854,492	-\$45,776	\$244,141	-\$289,917
2026	7	(23)	-16	\$337,421	-\$1,313,984	-\$976,563	-\$76,294	\$160,217	-\$236,511
2027	7	(15)	-8	\$337,421	-\$825,702	-\$488,281	-\$76,294	\$61,035	-\$137,329
2028	7	(13)	-6	\$337,421	-\$825,702	-\$488,281	-\$83,923	-\$7,629	-\$76,294
2029	7	(17)	-10	\$337,421	-\$1,069,843	-\$732,422	-\$106,812	-\$53,406	-\$53,406
2030	7	(15)	-8	\$337,421	-\$1,802,265	-\$1,464,844	-\$122,070	-\$122,070	\$0
2031	7	(17)	-10	\$337,421	-\$1,313,984	-\$976,563	-\$106,812	-\$183,105	\$76,293
2032	7	(17)	-10	\$337,421	-\$1,802,265	-\$1,464,844	-\$137,329	-\$213,623	\$76,294
2033	7	(17)	-10	\$337,421	-\$1,802,265	-\$1,464,844	-\$160,217	-\$282,288	\$122,071
2034	7	(21)	-14	\$337,421	-\$1,802,265	-\$1,464,844	-\$221,252	-\$335,693	\$114,441
2035	7	(21)	-14	\$337,421	-\$2,534,687	-\$2,197,266	-\$282,288	-\$366,211	\$83,923
2036	7	(23)	-16	\$337,421	-\$3,267,109	-\$2,929,688	-\$343,323	-\$450,134	\$106,811
2037	7	(28)	-21	\$337,421	-\$3,755,390	-\$3,417,969	-\$381,470	-\$495,911	\$114,441
2038	7	(32)	-25	\$337,421	-\$4,731,952	-\$4,394,531	-\$411,987	-\$541,687	\$129,700
2039	7	(32)	-25	\$337,421	-\$4,243,671	-\$3,906,250	-\$457,764	-\$617,981	\$160,217
2040	7	(36)	-29	\$337,421	-\$6,196,796	-\$5,859,375	-\$534,058	-\$686,646	\$152,588
2041	7	(36)	-29	\$337,421	-\$5,952,655	-\$5,615,234	-\$564,575	-\$755,310	\$190,735
						Total	\$7,896,423	-\$1,487,731	\$9,384,154
							\$19,852,141	is greater than	\$13,689,440

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

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 Route 66 Wind II, 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 the applicant, the land upon which the project will be constructed has no existing improvements.
- Per the applicant, the applicant has made no investment to date on the project site and construction will not start until January 2016.
- The applicant has a number of similar projects in other states, and appears to have a clear ability to build in other locations.
- Per the attached documents from the parent company of the applicant, SunEdison, dated Feb. 24, 2015, SunEdison included Route 66 II in its “Committed Drop Down Inventory” at 100MW. That capacity was increased to 200 MW on a May 7, 2015 presentation.
- The applicant has obtained an abatement agreement with the county.
- Per the applicant, with Texas’s low wholesale electricity prices, “Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.”

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 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

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

TAB 5

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

Sun Edison is keen to develop and build the proposed Route 66 Wind II Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects. Sun Edison is active in various states throughout the US, where each project individually competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to our customers and making our investment more viable and marketable. We are currently developing and constructing over 2,000 MW of wind throughout the country and are continually comparing investment opportunities and market viability of each project based upon project financial metrics.

Sun Edison's and its subsidiary's operates over 2,000 MW of wind projects from coast to coast across the U.S.

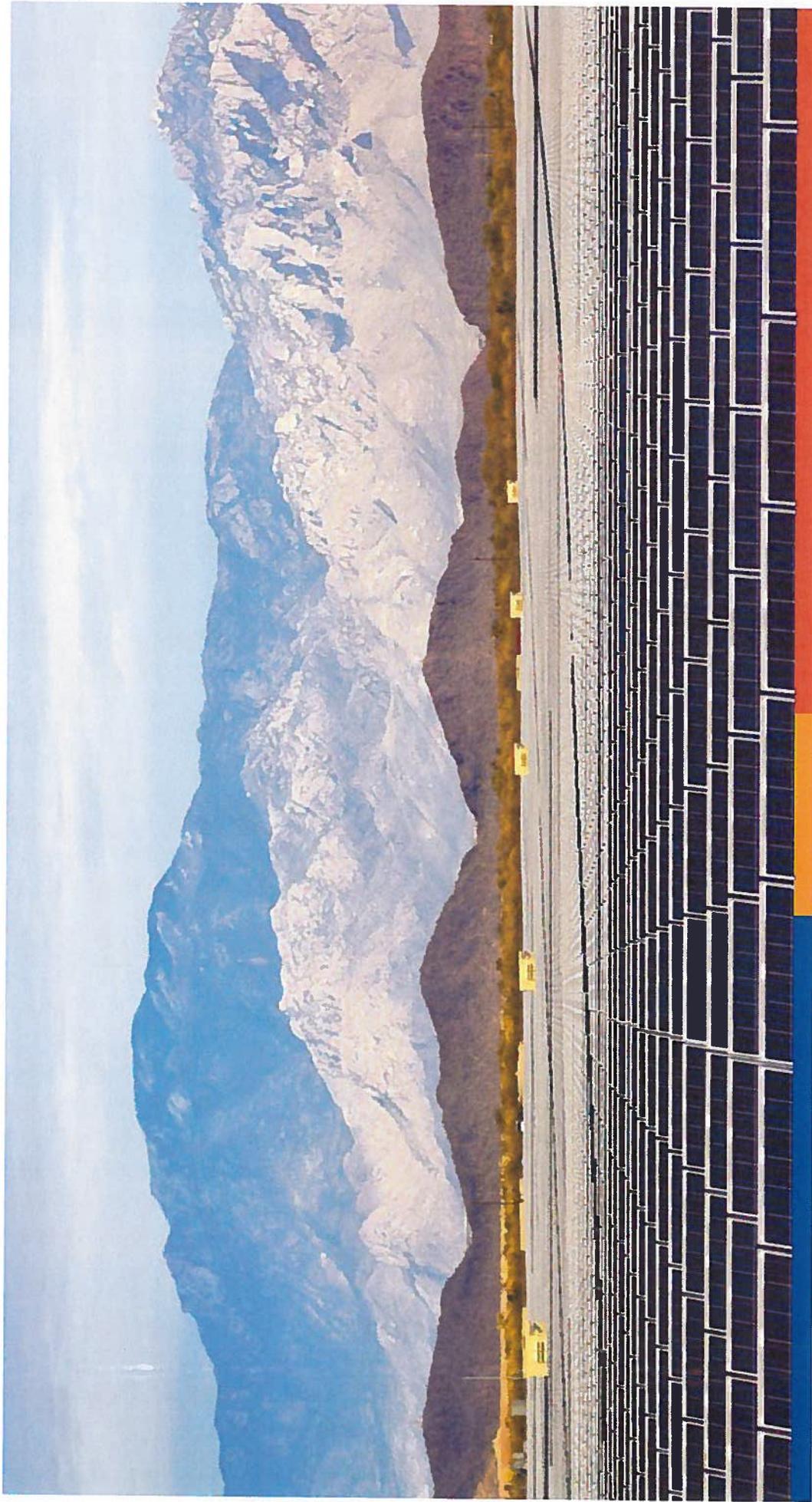
The Applicant is a national wind developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable wind characteristics. The Applicant is actively assessing and developing other projects that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a wind project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement (PPA). Therefore, the applicant would not be able to finance and build the project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.

Armstrong County has approved an abatement agreement with Route 66 Wind II, LLC. The terms of the abatement are as follows; 10 year 100% abatement with a PILOT payment of \$1,500 per MW installed capacity.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



2015 CAPITAL MARKETS DAY

February 24, 2015



1

Committed Drop Down Inventory of 3.3 GW



Project	COD	Fuel Type	MW
Ontario 2015 Projects	2015-2016	Solar	16
UK Projects #1-13	2015	Solar	179
Chile Project #1	2015	Solar	42
US C&I 2015 Projects	2015	Solar	118
Chile Project #2	2016	Solar	94
US AP North Lake I	2015	Solar	24
US Bluebird	2015	Solar	8
US River Mountains Solar	2015	Solar	18
US Kingfisher	2015	Solar	7
US Western Project #1	2016	Solar	156
US Island Project #1	2016	Solar	65
US Southwest Project #1	2016	Solar	100
US Utah Project #1	2016	Solar	163
US California Project #1	2016	Solar	55
Tenaska Imperial Solar Energy Ctr. West	2016	Solar	73
US California Project #2	2016	Solar	46
US C&I 2016 Projects	2016	Solar	55
US California Projects #3-4	2016-2019	Solar	516
			1,734

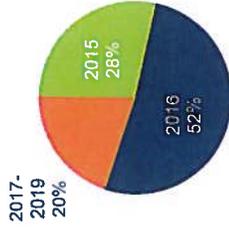
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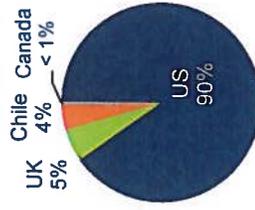
Project	COD	Fuel Type	MW
Mililani Solar I	2015	Solar	26
Seven Sisters	2015	Solar	23
Kawailoa Solar	2016	Solar	65
Waiawa	2016	Solar	61
Mililani Solar II	2016	Solar	20
Four Brothers	2016	Solar	400
South Plains	2015	Wind	200
Oakfield	2015	Wind	148
South Plains II	2015	Wind	150
Bingham	2016	Wind	185
Hancock	2016	Wind	51
Weaver	2017	Wind	74
Rattlesnake	2017	Wind	62
Route 66 II	2017	Wind	100
Bowers	2017	Wind	48
			1,611

Pro Forma Drop Down Inventory : 3.3 GW

MW by Expected COD Year (%)



MW by Country (%)



- Call Right list does not yet include residential projects from SunEdison
- Call Right list does not yet include additional 1.6 GW of PTC-eligible wind projects

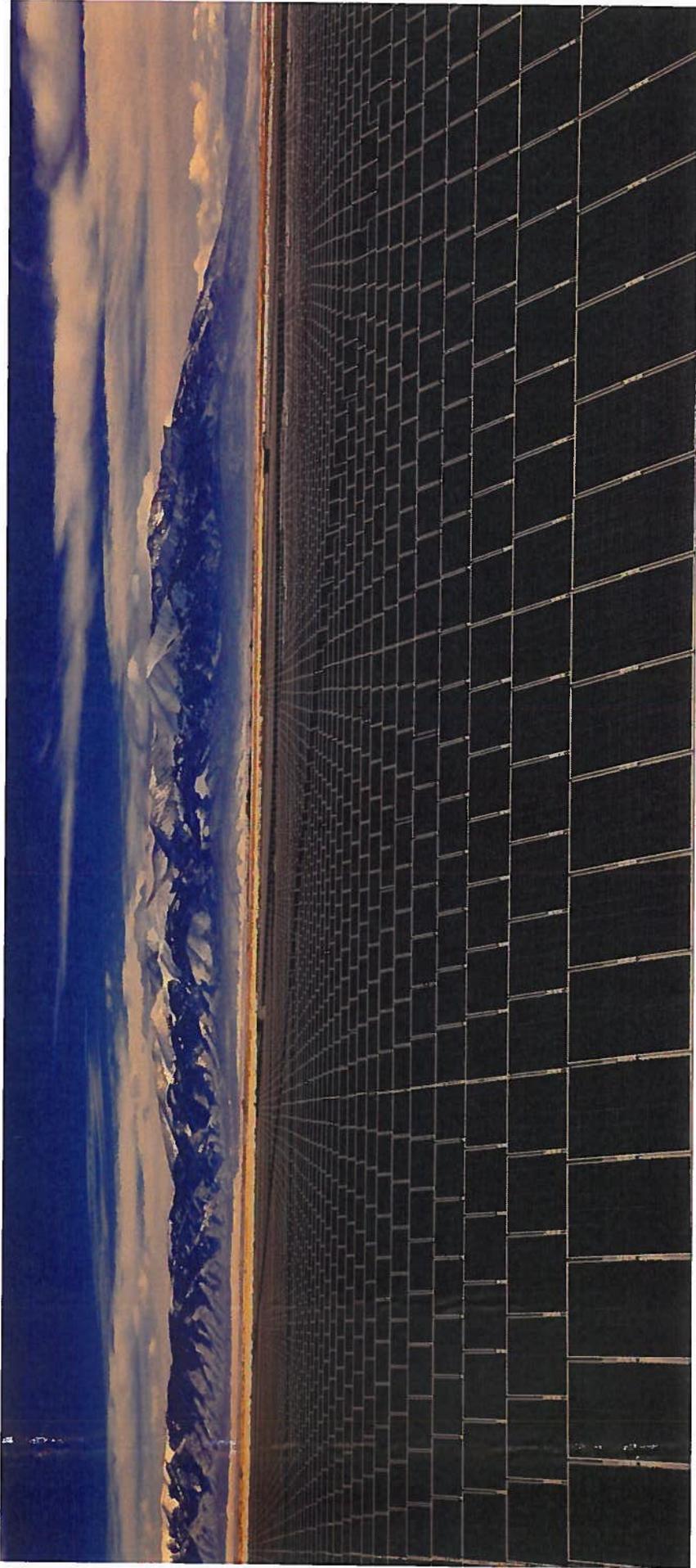
Note: Represents MW-ac for wind assets, MW-dc for solar assets.



Consistently Delivering on Commitments

- Declared a 20% Q4 dividend increase to \$1.08/share annualized
- 2015 DPS guidance at \$1.30/share up 44% from IPO
 - CAFD guidance to \$214M up 2x from IPO
 - Operating fleet 1,507 MW portfolio
 - Current annualized CAFD of ~\$180M
- Growth visibility: 3.3 GW committed SunEdison drop downs
- Well capitalized balance sheet and access to liquidity
 - \$640M of corporate liquidity as of Jan 31, 2015 (excluding restricted cash)
 - \$1.5B of committed capital for drop down warehouse facility; ability to expand

Executing Beyond IPO Plan



Alamosa Project in Colorado: 8 MW

1Q 2015 Results

May 7, 2015



Drop Down Inventory Increased to 3.6 GW

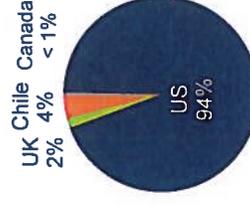
2015 Drop Down Inventory			
Project	COD	Fuel Type	MW
Ontario 2015 DG Projects	2015	Solar	4
Ontario 2015 Utility Projects	2015	Solar	3
UK Projects	2015	Solar	59
Chile Project #1	2015	Solar	42
US DG 2015 Projects	2015	Solar	117
US AP North Lake I	2015	Solar	24
US Bluebird	2015	Solar	8
US River Mountains Solar	2015	Solar	18
US Goldfinch	2015	Solar	4
US Kingfisher	2015	Solar	8
Seven Sisters	2015	Solar	23
South Plains	2015	Wind	200
Oakfield	2015	Wind	148
Total			657

2016+ Drop Down Inventory			
Project	COD	Fuel Type	MW
Ontario 2016-2017 DG Projects	2016-2017	Solar	8
Chile Project #2	2016	Solar	94
US DG 2016+ Projects	2016-2017	Solar	163
US Western Project #1	2016	Solar	156
US Island Project #1	2016	Solar	64
US Southwest Project #1	2016	Solar	99
US Utah Project #1	2016	Solar	163
US California Project #1	2016	Solar	55
Tenaska Imperial Solar Energy Ctr. West	2016	Solar	73
US California Project #2	2016	Solar	46
US California Projects #3-4	2016-2019	Solar	528
Mililani Solar I	2016	Solar	27
Kawailoa Solar	2016	Solar	65
Waiawa	2016	Solar	68
Mililani Solar II	2016	Solar	20
Four Brothers	2016	Solar	420
South Plains II	2016	Wind	300
Bingham	2016	Wind	185
Hancock	2016	Wind	51
Weaver	2017	Wind	73
Route 66 II	2017	Wind	200
Bowers	2017	Wind	48
Total			2,905

MW by Asset Type



MW by Country



Note: Represents MW-ac for wind assets, MW-dc for solar assets

