



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 15, 2016

Jim Knight  
Superintendent  
Lamesa Independent School District  
212 North Houston  
Lamesa, Texas 79331

Dear Superintendent Knight:

On June 21, 2016, the Comptroller issued written notice that Lamesa Solar II, LLC (the applicant) submitted a completed application (Application #1138) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on May 11, 2016, to the Lamesa 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 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 #1138.  |

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.

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<sup>1</sup> 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 50-826) 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 21, 2016, 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](mailto:Will.Counihan@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 6-0758, or direct in Austin at 512 936-0758.

Sincerely,

  
Mike Reissig  
Deputy Comptroller

Enclosure  
cc: Will Counihan

### Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Lamesa Solar II, LLC (the project) applying to Lamesa 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 Lamesa Solar II, LLC.

Applicant	Lamesa Solar II, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Lamesa ISD
Estimated 2014-2015 Average Daily Attendance	1740
County	Dawson County
Proposed Total Investment in District	\$163,000,000
Proposed Qualified Investment	\$163,000,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2018-2019
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	\$900
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$695
Minimum annual wage committed to by applicant for qualified jobs	\$46,790
Minimum weekly wage required for non-qualifying jobs	\$695
Minimum annual wage required for non-qualifying jobs	\$36,114
Investment per Qualifying Job	\$81,500,000
Estimated M&O levy without any limit (15 years)	\$13,206,375
Estimated M&O levy with Limitation (15 years)	\$4,489,875
Estimated gross M&O tax benefit (15 years)	\$8,716,500
<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 Lamesa Solar II, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	190	829	1019	\$9,500,000	\$77,611,455	\$87,111,455
2019	2	338	340	\$93,600	\$28,610,233	\$28,703,833
2020	2	181	183	\$93,600	\$18,436,828	\$18,530,428
2021	2	82	84	\$93,600	\$11,075,640	\$11,169,240
2022	2	24	26	\$93,600	\$6,062,100	\$6,155,700
2023	2	(8)	-6	\$93,600	\$2,689,421	\$2,783,021
2024	2	(24)	-22	\$93,600	\$479,634	\$573,234
2025	2	(30)	-28	\$93,600	-\$803,188	-\$709,588
2026	2	(30)	-28	\$93,600	-\$1,495,349	-\$1,401,749
2027	2	(28)	-26	\$93,600	-\$1,786,188	-\$1,692,588
2028	2	(23)	-21	\$93,600	-\$1,799,131	-\$1,705,531
2029	2	(19)	-17	\$93,600	-\$1,694,211	-\$1,600,611
2030	2	(15)	-13	\$93,600	-\$1,462,986	-\$1,369,386

Source: CPA, REMI, Lamesa Solar 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 <sup>1</sup>	Lamesa ISD I&S Tax Levy	Lamesa ISD M&O Tax Levy	Lamesa ISD M&O and I&S Tax Levies	Dawson County Tax Levy	Dawson County Hospital Tax Levy	Mesa Underground Water Conservation	Estimated Total Property Taxes
2019	\$161,000,000	\$161,000,000		\$0	\$1,883,700	\$1,883,700	\$795,340	\$313,950	\$25,760	\$2,992,990
2020	\$147,000,000	\$147,000,000		\$0	\$1,719,900	\$1,719,900	\$726,180	\$286,650	\$23,520	\$2,732,730
2018	\$133,000,000	\$133,000,000		\$0	\$1,556,100	\$1,556,100	\$657,020	\$259,350	\$21,280	\$2,472,470
2019	\$117,250,000	\$117,250,000		\$0	\$1,371,825	\$1,371,825	\$579,215	\$228,638	\$18,760	\$2,179,678
2020	\$101,500,000	\$101,500,000		\$0	\$1,187,550	\$1,187,550	\$501,410	\$197,925	\$16,240	\$1,886,885
2021	\$85,750,000	\$85,750,000		\$0	\$1,003,275	\$1,003,275	\$423,605	\$167,213	\$13,720	\$1,594,093
2022	\$68,250,000	\$68,250,000		\$0	\$798,525	\$798,525	\$337,155	\$133,088	\$10,920	\$1,268,768
2023	\$52,500,000	\$52,500,000		\$0	\$614,250	\$614,250	\$259,350	\$102,375	\$8,400	\$975,975
2024	\$42,000,000	\$42,000,000		\$0	\$491,400	\$491,400	\$207,480	\$81,900	\$6,720	\$780,780
2025	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$181,545	\$71,663	\$5,880	\$683,183
2026	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$181,545	\$71,663	\$5,880	\$683,183
2027	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$181,545	\$71,663	\$5,880	\$683,183
2028	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$181,545	\$71,663	\$5,880	\$683,183
2029	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$181,545	\$71,663	\$5,880	\$683,183
2030	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$181,545	\$71,663	\$5,880	\$683,183
			<b>Total</b>	<b>\$0</b>	<b>\$13,206,375</b>	<b>\$13,206,375</b>	<b>\$5,576,025</b>	<b>\$2,201,063</b>	<b>\$180,600</b>	<b>\$20,983,463</b>

Source: CPA, Lamesa Solar II, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Dawson 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 Dawson County, Dawson Hospital District and Mesa Underground Water Conservation.

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		Lamesa ISD I&S Tax Levy	Lamesa ISD M&O Tax Levy	Lamesa ISD M&O and I&S Tax Levies	Dawson County Tax Levy	Dawson County Hospital Tax Levy	Mesa Underground Water Conservation	Estimated Total Property Taxes
			Tax Rate <sup>1</sup>	0.0000	1.1700		0.4940	0.1950	0.0160	
2019	\$161,000,000	\$20,000,000		\$0	\$234,000	\$234,000	\$238,602	\$313,950	\$25,760	\$812,312
2020	\$147,000,000	\$20,000,000		\$0	\$234,000	\$234,000	\$217,854	\$286,650	\$23,520	\$762,024
2018	\$133,000,000	\$20,000,000		\$0	\$234,000	\$234,000	\$197,106	\$259,350	\$21,280	\$711,736
2019	\$117,250,000	\$20,000,000		\$0	\$234,000	\$234,000	\$173,765	\$228,638	\$18,760	\$655,162
2020	\$101,500,000	\$20,000,000		\$0	\$234,000	\$234,000	\$150,423	\$197,925	\$16,240	\$598,588
2021	\$85,750,000	\$20,000,000		\$0	\$234,000	\$234,000	\$127,082	\$167,213	\$13,720	\$542,014
2022	\$68,250,000	\$20,000,000		\$0	\$234,000	\$234,000	\$101,147	\$133,088	\$10,920	\$479,154
2023	\$52,500,000	\$20,000,000		\$0	\$234,000	\$234,000	\$77,805	\$102,375	\$8,400	\$422,580
2024	\$42,000,000	\$20,000,000		\$0	\$234,000	\$234,000	\$145,236	\$81,900	\$6,720	\$467,856
2025	\$36,750,000	\$20,000,000		\$0	\$234,000	\$234,000	\$127,082	\$71,663	\$5,880	\$438,624
2026	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$127,082	\$71,663	\$5,880	\$634,599
2027	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$181,545	\$71,663	\$5,880	\$689,063
2028	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$181,545	\$71,663	\$5,880	\$689,063
2029	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$181,545	\$71,663	\$5,880	\$689,063
2030	\$36,750,000	\$36,750,000		\$0	\$429,975	\$429,975	\$181,545	\$71,663	\$5,880	\$689,063
			<b>Total</b>	<b>\$0</b>	<b>\$4,489,875</b>	<b>\$4,489,875</b>	<b>\$2,409,362</b>	<b>\$2,201,063</b>	<b>\$180,600</b>	<b>\$9,280,899</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$8,716,500</b>	<b>\$8,716,500</b>	<b>\$3,166,664</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,702,564</b>

Source: CPA, Lamesa Solar II, LLC

<sup>1</sup>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 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Lamesa Solar 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 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)
<b>Limitation Pre-Years</b>	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2017	\$234,000	\$234,000	\$1,649,700	\$1,649,700
	2018	\$234,000	\$468,000	\$1,485,900	\$3,135,600
	2019	\$234,000	\$702,000	\$1,322,100	\$4,457,700
	2020	\$234,000	\$936,000	\$1,137,825	\$5,595,525
	2021	\$234,000	\$1,170,000	\$953,550	\$6,549,075
	2022	\$234,000	\$1,404,000	\$769,275	\$7,318,350
	2023	\$234,000	\$1,638,000	\$564,525	\$7,882,875
	2024	\$234,000	\$1,872,000	\$380,250	\$8,263,125
	2025	\$234,000	\$2,106,000	\$257,400	\$8,520,525
	2026	\$234,000	\$2,340,000	\$195,975	\$8,716,500
<b>Maintain Viable Presence (5 Years)</b>	2027	\$429,975	\$2,769,975	\$0	\$8,716,500
	2028	\$429,975	\$3,199,950	\$0	\$8,716,500
	2029	\$429,975	\$3,629,925	\$0	\$8,716,500
	2030	\$429,975	\$4,059,900	\$0	\$8,716,500
	2031	\$429,975	\$4,489,875	\$0	\$8,716,500
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2032	\$429,975	\$4,919,850	\$0	\$8,716,500
	2033	\$429,975	\$5,349,825	\$0	\$8,716,500
	2034	\$429,975	\$5,779,800	\$0	\$8,716,500
	2035	\$429,975	\$6,209,775	\$0	\$8,716,500
	2036	\$429,975	\$6,639,750	\$0	\$8,716,500
	2037	\$429,975	\$7,069,725	\$0	\$8,716,500
	2038	\$429,975	\$7,499,700	\$0	\$8,716,500
	2039	\$429,975	\$7,929,675	\$0	\$8,716,500
	2040	\$429,975	\$8,359,650	\$0	\$8,716,500
	2041	\$429,975	\$8,789,625	\$0	\$8,716,500

**\$8,789,625** is greater than **\$8,716,500**

<b>Analysis Summary</b>	
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

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.

Source: CPA, Lamesa Solar II, 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 Lamesa Solar 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 in Tab 5 of the application:
  - a) The applicant is a national wind and solar developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable solar characteristics.
  - b) With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates.
  - c) 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.
  - d) 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.

- e) 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.
- Per the Comptroller research:
  - a) On October 27, 2014, BNB Solar LLC submitted a value limitation application to the Comptroller (application number 1033). The applicant was granted a tax abatement by Dawson County Commissioners Court and Dawson County Hospital District on May 05, 2014 and January 27, 2015 respectively. A school district limitation agreement for application number 1033 was executed July 07, 2015, between Lamesa Independent School District and BNB Lamesa Solar, LLC.
  - b) On, November 07, 2015 the *Lamesa Press-Reporter* reported that the project owner requested the county and hospital district abatement agreement(s) executed July 7, 2015 be split into two separate abatement agreements to facilitate construction of the project in two phases. Dawson County Hospital District board members “spent about 20 minutes expressing concern about granting any future requests for abatements to wind or solar projects in Dawson County.”
  - c) On May 25, 2016 *Lamesa Press-Reporter* reported that the Dawson County Commissioners Court ratified and approved the prior designation of the Lamesa Solar reinvestment zone and the tax abatement agreement with BNB Lamesa Solar, LLC (application number 1033) for the Lamesa Phase I Solar project and the tax abatement agreement with Lamesa Solar, LLC for the Lamesa Phase II Solar project (application number 1138).
  - d) On May 25, 2016 *Lamesa Press-Reporter* reported that Judge O’Brien saying that, “as far as we can tell, there is nothing legally wrong with what they are asking us to do.”

### **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**



Application for Appraised Value Limitation on Qualified Property

**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.**

For more information, visit our website: [www.TexasAhead.org/tax\\_programs/chapter313/](http://www.TexasAhead.org/tax_programs/chapter313/)

# **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.*

As one of the top renewable energy companies in the world, Renewable Energy Systems (RES) has been providing services in development, engineering, construction, and operations since 1982. RES has developed and/or built over 10 GW of renewable energy capacity worldwide, has an asset management portfolio exceeding 1 GW, and is active in a range of energy technologies including onshore wind, solar, energy storage, transmission, and demand side management (DSM).

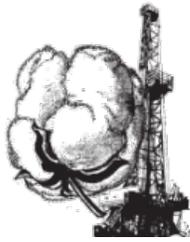
Since 1997, RES has been active in the Americas where we developed and constructed our first wind project in the United States and today have over 7,500 MW of wind constructed in 13 states. We entered the Canadian renewable energy market in 2003, followed by the Chilean market in 2010. We started constructing our first solar project in 2010 and have since built over 280 MW in three states and one Canadian province. Continuing to provide innovative solutions for our clients, we are a leader in the energy storage market and in 2014 constructed our first 4 MW energy storage project in Ohio. While RES has constructed transmission lines for other projects, in 2013 we built an independent 214-mile/230kV transmission line.

The Applicant is a national wind and solar developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable solar 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 solar 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.

# **Supporting Information**

**Additional information  
provided by the Applicant or  
located by the Comptroller**



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## Solar farm modification approved Hospital board expresses concern about future requests for abatement

Russel Skiles, Lamesa Press-Reporter

Saturday, November 07, 2015 5:59 AM

Although they approved a modification to an existing tax abatement for a solar energy generation project here, hospital board members said on Friday they will look long and hard before approving any such deals in the future.

In a meeting called specifically for that purpose, directors of the Dawson County Hospital District agreed to modify the tax abatement approved earlier for a solar energy project proposed by BNB Lamesa Solar.

Board member Ray Stephens said the change was basically the same as one approved in late October by the Dawson County Commissioners Court.

Plans now call for the solar energy facility planned just east of Lamesa to be built in two phases, starting about a year apart.

BNB officials requested the previous single abatement agreement be split into two separate agreements to match the dates for the two phases of the project.

"Overall I think it looks good," Stephens said about the proposed changes. "I really hope this project goes forward."

Before approving the request, however, board members spent about 20 minutes expressing concern about granting any future requests for abatements on wind or solar energy projects in Dawson County.

"I'm going to look at these harder and I may not be on board," President Cris Norris told his fellow directors.

(See complete story in e-Edition online and printed edition of Lamesa Press-Reporter on newsstands now.)

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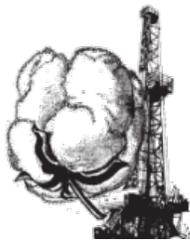
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This Week's Events



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## Lamesa Solar agreement is reapproved by county

Herrel Hallmark, Press-Reporter

Wednesday, May 25, 2016 11:59 AM

### This Week's Events

After tabling a request two weeks earlier, it did not take long this week for the Dawson County Commissioners Court to ratify and approve the prior agreements it made with BNB Lamesa Solar LLC.

At their regular meeting held on Tuesday afternoon, the Commissioners Court ratified and approved the prior designation of the Lamesa Solar Reinvestment Zone and the Tax Abatement Agreement with BNB Lamesa Solar, LLC, for the Lamesa Phase I Solar Project and the Tax Abatement Agreement with Lamesa Solar, LLC, for the Lamesa Phase II Solar Project.

That motion was made by County Commissioner Russell Cox and seconded by Commissioner Nicky Goode. Cox and Goode along with Commissioners Rick Minjarez and Joe Raines, as well as County Judge Foy O'Brien, all voted in favor.

Judge O'Brien pointed out that the matter had been discussed in the Commissioners Court meeting held on May 10, but was tabled at that time after some questions came up about the legality of moving forward with that request as presented.

"County Attorney Steve Payson and I have reviewed this extensively the past two weeks," Judge O'Brien said, "and, as far as we can tell, there is nothing legally wrong with what they are asking us to do."

Judge O'Brien also pointed out that the reason for tabling the matter earlier this month had nothing to do with any county officials being against the moving forward of the project.

(See complete story in e-Edition online and printed edition of Lamesa Press-Reporter on newsstands now.)

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