



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 4, 2016

Jim Kirkland
Superintendent
Snyder Independent School District
2901 37th street
Snyder, Texas 79549

Dear Superintendent Kirkland:

On February 8, 2016, the Comptroller issued written notice that Fluvanna Wind Energy, LLC (the applicant) submitted a completed application (Application #1116) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on December 10, 2015, to the Snyder 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 #1116. |

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.

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).

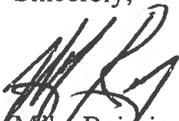
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 by December 31, 2016.

Note that any building or improvement existing as of the application review start date of February 8, 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 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 Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Fluvanna Wind Energy, LLC (the project) applying to Snyder 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 Fluvanna Wind Energy, LLC.

Applicant	Fluvanna Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Snyder
Estimated 2014-2015 Average Daily Attendance	2603
County	Scurry
Proposed Total Investment in District	\$204,000,000
Proposed Qualified Investment	\$204,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant*	5
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$856
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$854
Minimum annual wage committed to by applicant for qualified jobs	\$44,500
Minimum weekly wage required for non-qualifying jobs	\$1,098
Minimum annual wage required for non-qualifying jobs	\$57,083
Investment per Qualifying Job	\$40,800,000
Estimated M&O levy without any limit (15 years)	\$20,621,952
Estimated M&O levy with Limitation (15 years)	\$8,084,544
Estimated gross M&O tax benefit (15 years)	\$12,537,408
<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 Fluvanna Wind Energy, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	25	27	52	\$1,250,000	\$2,238,170	\$3,488,170
2017	150	158	308	\$7,500,000	\$14,126,375	\$21,626,375
2018	5	22	27	\$222,500	\$2,958,664	\$3,181,164
2019	5	14	19	\$222,500	\$2,278,137	\$2,500,637
2020	5	8	13	\$222,500	\$1,675,346	\$1,897,846
2021	5	4	9	\$222,500	\$1,259,851	\$1,482,351
2022	5	2	7	\$222,500	\$986,033	\$1,208,533
2023	5	2	7	\$222,500	\$797,532	\$1,020,032
2024	5	1	6	\$222,500	\$672,684	\$895,184
2025	5	1	6	\$222,500	\$618,358	\$840,858
2026	5	2	7	\$222,500	\$592,748	\$815,248
2027	5	2	7	\$222,500	\$582,251	\$804,751
2028	5	0	5	\$222,500	\$297,948	\$520,448
2029	5	0	5	\$222,500	\$178,943	\$401,443
2030	5	0	5	\$222,500	\$97,206	\$319,706
2031	5	0	5	\$222,500	\$57,761	\$280,261
2032	5	0	5	\$222,500	\$33,158	\$255,658

Source: CPA, Fluvanna Wind Energy, 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	Snyder ISD I&S Tax Levy	Snyder ISD M&O Tax Levy	Snyder ISD M&O and I&S Tax Levies	Scurry County Tax Levy	Scurry County Hospital District Tax Levy	Western Texas College Tax Levy	Estimated Total Property Taxes
				0.1240	1.0400		0.3128	0.2064	0.2457	
2018	\$ 183,600,000	\$ 183,600,000		\$227,664	\$1,909,440	\$2,137,104	\$117,000	\$67,500	\$69,000	\$2,321,604
2019	\$ 176,256,000	\$ 176,256,000		\$218,557	\$1,833,062	\$2,051,620	\$117,000	\$67,500	\$69,000	\$2,236,120
2020	\$ 168,912,000	\$ 168,912,000		\$209,451	\$1,756,685	\$1,966,136	\$117,000	\$67,500	\$69,000	\$2,150,636
2021	\$ 161,568,000	\$ 161,568,000		\$200,344	\$1,680,307	\$1,880,652	\$117,000	\$67,500	\$69,000	\$2,065,152
2022	\$ 154,224,000	\$ 154,224,000		\$191,238	\$1,603,930	\$1,795,167	\$117,000	\$67,500	\$69,000	\$1,979,667
2023	\$ 146,880,000	\$ 146,880,000		\$182,131	\$1,527,552	\$1,709,683	\$183,000	\$67,500	\$108,000	\$1,960,183
2024	\$ 139,536,000	\$ 139,536,000		\$173,025	\$1,451,174	\$1,624,199	\$183,000	\$67,500	\$108,000	\$1,874,699
2025	\$ 132,192,000	\$ 132,192,000		\$163,918	\$1,374,797	\$1,538,715	\$183,000	\$67,500	\$108,000	\$1,789,215
2026	\$ 124,848,000	\$ 124,848,000		\$154,812	\$1,298,419	\$1,453,231	\$183,000	\$67,500	\$108,000	\$1,703,731
2027	\$ 117,504,000	\$ 117,504,000		\$145,705	\$1,222,042	\$1,367,747	\$183,000	\$67,500	\$108,000	\$1,618,247
2028	\$ 110,160,000	\$ 110,160,000		\$136,598	\$1,145,664	\$1,282,262	\$344,525	\$227,370	\$270,663	\$1,854,158
2029	\$ 102,816,000	\$ 102,816,000		\$127,492	\$1,069,286	\$1,196,778	\$321,557	\$212,212	\$252,619	\$1,730,548
2030	\$ 95,472,000	\$ 95,472,000		\$118,385	\$992,909	\$1,111,294	\$298,589	\$197,054	\$234,575	\$1,606,937
2031	\$ 88,128,000	\$ 88,128,000		\$109,279	\$916,531	\$1,025,810	\$275,620	\$181,896	\$216,530	\$1,483,326
2032	\$ 80,784,000	\$ 80,784,000		\$100,172	\$840,154	\$940,326	\$252,652	\$166,738	\$198,486	\$1,359,716
			Total	\$2,458,771	\$20,621,952	\$23,080,723	\$2,992,943	\$1,660,271	\$2,057,874	\$27,733,938

Source: CPA, Fluvanna Wind Energy, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Scurry 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 Scurry County, Scurry County Hospital District and Western Texas College.

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		Snyder ISD I&S Tax Levy	Snyder ISD M&O Tax Levy	Snyder ISD M&O and I&S Tax Levies	Scurry County Tax Levy	Scurry County Hospital District Tax Levy	Western Texas College Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.1240	1.0400		0.3128	0.2064	0.2457	
2018	\$ 183,600,000	\$ 30,000,000		\$227,664	\$312,000	\$539,664	\$117,000	\$67,500	\$69,000	\$724,164
2019	\$ 176,256,000	\$ 30,000,000		\$218,557	\$312,000	\$530,557	\$117,000	\$67,500	\$69,000	\$715,057
2020	\$ 168,912,000	\$ 30,000,000		\$209,451	\$312,000	\$521,451	\$117,000	\$67,500	\$69,000	\$705,951
2021	\$ 161,568,000	\$ 30,000,000		\$200,344	\$312,000	\$512,344	\$117,000	\$67,500	\$69,000	\$696,844
2022	\$ 154,224,000	\$ 30,000,000		\$191,238	\$312,000	\$503,238	\$117,000	\$67,500	\$69,000	\$687,738
2023	\$ 146,880,000	\$ 30,000,000		\$182,131	\$312,000	\$494,131	\$183,000	\$67,500	\$108,000	\$744,631
2024	\$ 139,536,000	\$ 30,000,000		\$173,025	\$312,000	\$485,025	\$183,000	\$67,500	\$108,000	\$735,525
2025	\$ 132,192,000	\$ 30,000,000		\$163,918	\$312,000	\$475,918	\$183,000	\$67,500	\$108,000	\$726,418
2026	\$ 124,848,000	\$ 30,000,000		\$154,812	\$312,000	\$466,812	\$183,000	\$67,500	\$108,000	\$717,312
2027	\$ 117,504,000	\$ 30,000,000		\$145,705	\$312,000	\$457,705	\$183,000	\$67,500	\$108,000	\$708,205
2028	\$ 110,160,000	\$ 110,160,000		\$136,598	\$1,145,664	\$1,282,262	\$344,525	\$227,370	\$270,663	\$1,854,158
2029	\$ 102,816,000	\$ 102,816,000		\$127,492	\$1,069,286	\$1,196,778	\$321,557	\$212,212	\$252,619	\$1,730,548
2030	\$ 95,472,000	\$ 95,472,000		\$118,385	\$992,909	\$1,111,294	\$298,589	\$197,054	\$234,575	\$1,606,937
2031	\$ 88,128,000	\$ 88,128,000		\$109,279	\$916,531	\$1,025,810	\$275,620	\$181,896	\$216,530	\$1,483,326
2032	\$ 80,784,000	\$ 80,784,000		\$100,172	\$840,154	\$940,326	\$252,652	\$166,738	\$198,486	\$1,359,716
			Total	\$2,458,771	\$8,084,544	\$10,543,315	\$2,992,943	\$1,660,271	\$2,057,874	\$15,196,530
			Diff	\$0	\$12,537,408	\$12,537,408	\$0	\$0	\$0	\$12,537,408

Source: CPA, Fluvanna Wind Energy, 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 Fluvanna Wind Energy, 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	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$46,800	\$46,800	\$0	\$0
Limitation Period (10 Years)	2018	\$312,000	\$358,800	\$1,597,440	\$1,597,440
	2019	\$312,000	\$670,800	\$1,521,062	\$3,118,502
	2020	\$312,000	\$982,800	\$1,444,685	\$4,563,187
	2021	\$312,000	\$1,294,800	\$1,368,307	\$5,931,494
	2022	\$312,000	\$1,606,800	\$1,291,930	\$7,223,424
	2023	\$312,000	\$1,918,800	\$1,215,552	\$8,438,976
	2024	\$312,000	\$2,230,800	\$1,139,174	\$9,578,150
	2025	\$312,000	\$2,542,800	\$1,062,797	\$10,640,947
	2026	\$312,000	\$2,854,800	\$986,419	\$11,627,366
	2027	\$312,000	\$3,166,800	\$910,042	\$12,537,408
Maintain Viable Presence (5 Years)	2028	\$1,145,664	\$4,312,464	\$0	\$12,537,408
	2029	\$1,069,286	\$5,381,750	\$0	\$12,537,408
	2030	\$992,909	\$6,374,659	\$0	\$12,537,408
	2031	\$916,531	\$7,291,190	\$0	\$12,537,408
	2032	\$840,154	\$8,131,344	\$0	\$12,537,408
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$763,776	\$8,895,120	\$0	\$12,537,408
	2034	\$687,398	\$9,582,518	\$0	\$12,537,408
	2035	\$611,021	\$10,193,539	\$0	\$12,537,408
	2036	\$534,643	\$10,728,182	\$0	\$12,537,408
	2037	\$458,266	\$11,186,448	\$0	\$12,537,408
	2038	\$381,888	\$11,568,336	\$0	\$12,537,408
	2039	\$381,888	\$11,950,224	\$0	\$12,537,408
	2040	\$381,888	\$12,332,112	\$0	\$12,537,408
	2041	\$381,888	\$12,714,000	\$0	\$12,537,408
	2042	\$381,888	\$13,095,888	\$0	\$12,537,408
		\$13,095,888	is greater than	\$12,537,408	

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

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, Fluvanna Wind Energy, 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 is able to determine that the limitation on appraised value is a determining factor in the Fluvanna Wind Energy, 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:
 - a) Fluvanna Wind Energy, LLC has entered into agreements and contracts related to the proposed project. These include: grants of land leases covering approximately 24,000 acres, bat study, jurisdiction wetland study, wind data measurement and analysis among others.
 - b) Fluvanna Wind Energy, LLC is in the preliminary assessment to determine whether the identified site in Snyder Independent School District represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable.
 - c) Its parent company Terna Energy is actively evaluating the technical and economic feasibility of other locations not in Texas; these include California, Kansas and Indiana.
 - d) Chapter 313 value limitation is an essential economic driver to allow for the return on investment to finance and construct the wind energy project. The project will be unable to generate energy and associated returns necessary to attract tax sponsor equity investment.
- On November 11, 2015, a Midland Reporter-Telegram article reported that, the wind developers will pay no county taxes. Instead, Terna Energy will pay \$780 per megawatt produced each year for the first five years, and \$1,220 per megawatt produced for the next five years. According to Scurry County Judge Ricky Fritz, the arrangement has become a common model between wind developers and rural counties across West Texas.
- The same article reported that, Terna Energy will also pay wind royalties to several landowners through the company’s Wind Force Plan, which gives local landowners and community investors opportunities to have partial ownership of the project. Such projects provide substantial rate of return to the local communities in form of job creation and local economic benefit.
- The applicant submitted documents clearly demonstrating land location and boundaries of the proposed project fall within the designated Reinvestment Zone.

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

Does the applicant have current business activities at the location where the proposed project will occur?

The business activities these agreements and contracts listed above will determine with greater certainty and granularity the feasibility of completing development of an economic renewable energy project in the Snyder ISD.

These contracts and initial investments are preliminary in nature as Fluvanna Wind Energy, LLC has determined that a value limitation agreement with Snyder ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the wind energy project.

Is the applicant evaluating other locations not in Texas for the proposed project?

Terna Energy's management team out of its offices in California and Idaho is actively pursuing to develop, construct and operate wind and other energy projects throughout the United States. The company has furthered the physical presence of its managers and specialists in the USA to that effect. Based on this experience the management team evaluates all potential projects for feasibility, finance-ability, and the economic returns they represent in comparison to other project opportunities across the country.

The states where Terna Energy is actively evaluating other projects and their feasibility both technically and economically include California, Kansas and Indiana.

The Fluvanna Wind Energy, LLC Project is currently in such a period of assessment to determine whether the identified site in Snyder ISD represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable.

A 313 Limitation of Appraised Value Agreement is a key tax incentive agreement necessary to ensure the Project is on a level playing field with other wind projects with similar incentives and with alternative forms of generation that receive their own forms of economic support. Without the requested limitation. The Project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associated returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the projected capital costs of approximately \$200M needed to purchase wind turbines and other infrastructure and to fund the construction and closing costs of the facility.

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?

The information provided in this Attachment and throughout the application has been assembled to provide the reviewer with the best possible data on which to make an assessment and determination of the critical nature of the limitation on appraised value to the feasibility of Fluvanna Wind Energy, LLC.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



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Greek developer invests in West Texas wind

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by Brandon Mulder bmulder@mrt.com | 1 comment



Greek wind power developers have struck a deal with Scurry County officials to construct a wind farm across 32,000 leased acres of privately owned ranch and farm land. Athens, Greece-based Terna Energy will develop and operate the county's seventh wind farm.

County officials recently approved a 2017 completion date for the Fluvanna Wind Energy Project, according to Scurry County Judge Ricky Fritz. Once completed, the project is expected to generate 380 megawatts of wind energy per year -- enough to supply roughly 110,200 homes.

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Terna Energy facilities currently generate 885 megawatts of renewable energy per year in Europe and the U.S. The West Texas project will be the company's first in Texas and second in the U.S., according to company officials.

In an agreement with the county, the wind developers will pay no county taxes. Instead, Terna Energy will pay \$780 per megawatt produced each year for the first five years, and \$1,220 per megawatt produced for the next five years, according to Fritz. The arrangement has become a common model between wind developers and rural counties across West Texas, Fritz said.

Terna Energy will also pay wind royalties to the several landowners through the company's Wind Force Plan, which gives local landowners and community investors opportunities to have partial ownership of the project.

"Through our partnership with the community managers and more than 130 landowners and community investors participating in the Fluvanna Project, we've been able to work together to bring about a high level of local support and attention to wind energy," said John Billingsley, CEO of Tri Global Energy -- the Dallas-based company that founded the project and facilitated its sale to the Greek company.

"There will be land payments to the property owners, so they do receive compensation and that goes right into the local economy," Fritz said. "And they'll still be able to farm the land and run the cows on it. It's a win-win for our area for sure."

The rural economy also will be significantly impacted during the construction phase of the project, which employs local resources and construction crews for groundwork and foundation construction, he said.

With nearly 400 wind turbines in the county as of 2015, Scurry County, which includes Snyder, is one of Texas' leading generators of wind energy. Nolan County, which includes Sweetwater, leads the state in generation with a total of 1,371 turbines producing 2,060 megawatts of energy per year.

"The measured wind speeds and capacity at the Fluvanna Wind Energy Project are among the best in the world," according to Tri Global Energy. Once the project is completed, it will feed into the state grid through the recently completed Competitive Renewable Energy Zone, which has increased transmission capacity between the West Texas region and the metropolitan areas of the state.

Wind developers began erecting turbines in Scurry County about 11 years ago, Fritz said. Having made 10-year abatement plans with developers then, the county is now beginning to see new revenue pour into their coffers for the first time.

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