May 18, 2016

AMENDED CERTIFICATION

Becky Whatley
Superintendent
Alpine Independent School District
704 W. Sul Ross Ave.
Alpine, Texas 79830

Dear Superintendent Whatley:

This application (Application #1025) was originally submitted on June 24, 2014, to the Alpine Independent School District (the school district) by SolaireHolman 1 LLC (the applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. On September 16, 2014, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a Certificate for a limitation on appraised value on November 12, 2014. The applicant and school district executed an agreement for a limitation on appraised value (the agreement) on December 16, 2014.

On April 6, 2016, the Comptroller received an amendment to the agreement. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement 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)

The information provided by the applicant related to eligibility has not changed and therefore, 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)

Based on the amended information provided by the applicant, 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 for the amendment.

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 amendment to the agreement by December 31, 2016.

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,

Lisa Craven for Mike Reissig

Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of SolaireHolman 1, LLC (the project) applying to Alpine 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 SolaireHolman 1, LLC.

Applicant	SolaireHolman 1, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Alpine ISD
2014-15 Enrollment in School District	950
County	Brewster
Proposed Total Investment in District	$160,000,000
Proposed Qualified Investment	$80,000,000
Limitation Amount	$15,000,000
Qualifying Time Period (Full Years)	2015-2016
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	$712
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	$700
Minimum annual wage committed to by applicant for qualified jobs	$37,000.00
Minimum weekly wage required for non-qualifying jobs	$649.50
Minimum annual wage required for non-qualifying jobs	$33,774.00
Investment per Qualifying Job	$80,000,000
Estimated M&O levy without any limit (15 years)	$12,456,607
Estimated M&O levy with Limitation (15 years)	$3,686,187
Estimated gross M&O tax benefit (15 years)	$8,770,421
** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*	

Table 2 is the estimated statewide economic impact of SolaireHolman 1, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	200	178	377.93	$7,506,800	$13,733,200	$21,240,000
2017	203	187	390	$7,618,535	$16,673,465	$24,292,000
2018	2	16	18	$74,000	$4,321,000	$4,395,000
2019	2	(0)	2	$74,000	$2,245,000	$2,319,000
2020	2	(10)	-8	$74,000	$1,391,000	$1,465,000
2021	2	(10)	-8	$74,000	$48,000	$122,000
2022	2	(16)	-14	$74,000	-$440,000	-$366,000
2023	2	(12)	-10	$74,000	-$562,000	-$488,000
2024	2	(12)	-10	$74,000	-$440,000	-$366,000
2025	2	(4)	-2	$74,000	-$684,000	-$610,000
2026	2	(10)	-8	$74,000	-$684,000	-$610,000
2027	2	(6)	-4	$74,000	-$806,000	-$732,000
2028	2	(6)	-4	$74,000	-$562,000	-$488,000
2029	2	(8)	-6	$74,000	-$562,000	-$488,000
2030	2	(8)	-6	$74,000	-$1,051,000	-$977,000
2031	2	(8)	-6	$74,000	-$1,051,000	-$977,000
2032	2	(6)	-4	$74,000	-$1,539,000	-$1,465,000

Source: CPA, REMI, SolaireHolman 1, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives									
Year	**Estimated Taxable Value for I&S**	**Estimated Taxable Value for M&O**		**Alpine ISD I&S Tax Levy**	**Alpine ISD M&O Tax Levy**	**Alpine M&O and I&S Tax Levies**	**Brewster County Tax Levy**	**Big Bend Hospital District Tax Levy**	**Estimated Total Property Taxes**
			Tax Rate[1]	**0.0810**	**1.1700**		**0.3826**	**0.1250**	
2017	$80,000,000	$80,000,000		$64,800	$936,000	$1,000,800	$306,104	$100,000	$1,406,904
2018	$160,000,000	$160,000,000		$129,600	$1,872,000	$2,001,600	$612,208	$200,000	$2,813,808
2019	$136,000,000	$136,000,000		$110,160	$1,591,200	$1,701,360	$520,377	$170,000	$2,391,737
2020	$115,600,000	$115,600,000		$93,636	$1,352,520	$1,446,156	$442,320	$144,500	$2,032,976
2021	$98,260,000	$98,260,000		$79,591	$1,149,642	$1,229,233	$375,972	$122,825	$1,728,030
2022	$83,521,000	$83,521,000		$67,652	$977,196	$1,044,848	$319,576	$104,401	$1,468,825
2023	$70,992,850	$70,992,850		$57,504	$830,616	$888,121	$271,640	$88,741	$1,248,502
2024	$60,343,923	$60,343,923		$48,879	$706,024	$754,902	$230,894	$75,430	$1,061,226
2025	$51,292,334	$51,292,334		$41,547	$600,120	$641,667	$196,260	$64,115	$902,042
2026	$43,598,484	$43,598,484		$35,315	$510,102	$545,417	$166,821	$54,498	$766,736
2027	$37,058,711	$37,058,711		$30,018	$433,587	$463,604	$141,798	$46,323	$651,726
2028	$32,000,000	$32,000,000		$25,920	$374,400	$400,320	$122,442	$40,000	$562,762
2029	$32,000,000	$32,000,000		$25,920	$374,400	$400,320	$122,442	$40,000	$562,762
2030	$32,000,000	$32,000,000		$25,920	$374,400	$400,320	$122,442	$40,000	$562,762
2031	$32,000,000	$32,000,000		$25,920	$374,400	$400,320	$122,442	$40,000	$562,762
			Total	**$862,381**	**$12,456,607**	**$13,318,988**	**$4,073,736**	**$1,330,834**	**$17,035,274**

Source: CPA, SolaireHolman 1, LLC

[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Brewster 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 Tax Code Chapter 313, and tax abatements with the county and hospital district.

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		Alpine ISD I&S Tax Levy	Alpine ISD M&O Tax Levy	Alpine M&O and I&S Tax Levies	Brewster County Tax Levy	Big Bend Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.0810	1.1700		0.3826	0.1250	
2017	$80,000,000	$15,000,000		$64,800	$175,500	$240,300	$149,991	$49,000	$439,291
2018	$160,000,000	$15,000,000		$129,600	$175,500	$305,100	$299,982	$98,000	$703,082
2019	$136,000,000	$15,000,000		$110,160	$175,500	$285,660	$254,985	$83,300	$623,945
2020	$115,600,000	$15,000,000		$93,636	$175,500	$269,136	$216,737	$70,805	$556,678
2021	$98,260,000	$15,000,000		$79,591	$175,500	$255,091	$184,226	$60,184	$499,501
2022	$83,521,000	$15,000,000		$67,652	$175,500	$243,152	$156,592	$51,157	$450,901
2023	$70,992,850	$15,000,000		$57,504	$175,500	$233,004	$133,104	$43,483	$409,591
2024	$60,343,923	$15,000,000		$48,879	$175,500	$224,379	$113,138	$36,961	$374,477
2025	$51,292,334	$15,000,000		$41,547	$175,500	$217,047	$96,167	$31,417	$344,631
2026	$43,598,484	$15,000,000		$35,315	$175,500	$210,815	$81,742	$26,704	$319,261
2027	$37,058,711	$37,058,711		$30,018	$433,587	$463,604	$141,798	$46,323	$651,726
2028	$32,000,000	$32,000,000		$25,920	$374,400	$400,320	$122,442	$40,000	$562,762
2029	$32,000,000	$32,000,000		$25,920	$374,400	$400,320	$122,442	$40,000	$562,762
2030	$32,000,000	$32,000,000		$25,920	$374,400	$400,320	$122,442	$40,000	$562,762
2031	$32,000,000	$32,000,000		$25,920	$374,400	$400,320	$122,442	$40,000	$562,762
			Total	**$862,381**	**$3,686,187**	**$4,548,567**	**$2,318,229**	**$757,334**	**$7,624,130**
			Diff	**$0**	**$8,770,421**	**$8,770,421**	**$1,755,508**	**$573,500**	**$9,411,144**

Source: CPA, SolaireHolman 1, LLC

[1]Tax Rate per $100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that SolaireHolman 1, 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	$175,500	$175,500	$760,500	$760,500
	2018	$175,500	$351,000	$1,696,500	$2,457,000
	2019	$175,500	$526,500	$1,415,700	$3,872,700
	2020	$175,500	$702,000	$1,177,020	$5,049,720
	2021	$175,500	$877,500	$974,142	$6,023,862
	2022	$175,500	$1,053,000	$801,696	$6,825,558
	2023	$175,500	$1,228,500	$655,116	$7,480,674
	2024	$175,500	$1,404,000	$530,524	$8,011,198
	2025	$175,500	$1,579,500	$424,620	$8,435,818
	2026	$175,500	$1,755,000	$334,602	$8,770,421
Maintain Viable Presence (5 Years)	2027	$433,587	$2,188,587	$0	$8,770,421
	2028	$374,400	$2,562,987	$0	$8,770,421
	2029	$374,400	$2,937,387	$0	$8,770,421
	2030	$374,400	$3,311,787	$0	$8,770,421
	2031	$374,400	$3,686,187	$0	$8,770,421
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	$374,400	$4,060,587	$0	$8,770,421
	2033	$374,400	$4,434,987	$0	$8,770,421
	2034	$374,400	$4,809,387	$0	$8,770,421
	2035	$374,400	$5,183,787	$0	$8,770,421
	2036	$374,400	$5,558,187	$0	$8,770,421
	2037	$374,400	$5,932,587	$0	$8,770,421
	2038	$374,400	$6,306,987	$0	$8,770,421
	2039	$374,400	$6,681,387	$0	$8,770,421
	2040	$374,400	$7,055,787	$0	$8,770,421
	2041	$374,400	$7,430,187	$0	$8,770,421
		$7,430,187	is less than	**$8,770,421**	

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?	No

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, SolaireHolman 1, LLC

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	200	178	377.93	$7,506,800	$13,733,200	$21,240,000	1190000	-641000	$1,831,000
2017	203	187	390	$7,618,535	$16,673,465	$24,292,000	1289000	-404000	$1,693,000
2018	2	16	18	$74,000	$4,321,000	$4,395,000	214000	534000	-$320,000
2019	2	(0)	2	$74,000	$2,245,000	$2,319,000	145000	496000	-$351,000
2020	2	(10)	-8	$74,000	$1,391,000	$1,465,000	61000	443000	-$382,000
2021	2	(10)	-8	$74,000	$48,000	$122,000	8000	351000	-$343,000
2022	2	(16)	-14	$74,000	-$440,000	-$366,000	-38000	275000	-$313,000
2023	2	(12)	-10	$74,000	-$562,000	-$488,000	-46000	191000	-$237,000
2024	2	(12)	-10	$74,000	-$440,000	-$366,000	-23000	153000	-$176,000
2025	2	(4)	-2	$74,000	-$684,000	-$610,000	-69000	84000	-$153,000
2026	2	(10)	-8	$74,000	-$684,000	-$610,000	-76000	38000	-$114,000
2027	2	(6)	-4	$74,000	-$806,000	-$732,000	-99000	-38000	-$61,000
2028	2	(6)	-4	$74,000	-$562,000	-$488,000	-92000	-99000	$7,000
2029	2	(8)	-6	$74,000	-$562,000	-$488,000	-114000	-130000	$16,000
2030	2	(8)	-6	$74,000	-$1,051,000	-$977,000	-153000	-191000	$38,000
2031	2	(8)	-6	$74,000	-$1,051,000	-$977,000	-183000	-252000	$69,000
2032	2	(6)	-4	$74,000	-$1,539,000	-$1,465,000	-206000	-282000	$76,000
2033	2	(6)	-4	$74,000	-$1,295,000	-$1,221,000	-206000	-351000	$145,000
2034	2	(12)	-10	$74,000	-$1,783,000	-$1,709,000	-275000	-389000	$114,000
2035	2	(16)	-14	$74,000	-$2,271,000	-$2,197,000	-305000	-443000	$138,000
2036	2	(10)	-8	$74,000	-$2,515,000	-$2,441,000	-328000	-526000	$198,000
2037	2	(16)	-14	$74,000	-$3,004,000	-$2,930,000	-359000	-595000	$236,000
2038	2	(20)	-18	$74,000	-$3,736,000	-$3,662,000	-351000	-626000	$275,000
2039	2	(16)	-14	$74,000	-$3,004,000	-$2,930,000	-351000	-679000	$328,000
2040	2	(22)	-20	$74,000	-$4,713,000	-$4,639,000	-427000	-732000	$305,000
2041	2	(20)	-18	$74,000	-$4,713,000	-$4,639,000	-443000	-793000	$350,000
						Total	**-$1,237,000**	**-$4,606,000**	**$3,369,000**
							$10,799,187	is greater than	**$8,770,421**

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

Source: CPA, REMI, SolaireHolman 1, LLC

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 SolaireHolman 1 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, it did not own the property upon which the project will be constructed, and thus the applicant is not geographically predisposed to the project site.
- Per the applicant, the applicant has made no investment to date on the project site.
- Per the applicant, no construction has commenced at the project site.
- The applicant's parent company is an international company, has a number of similar projects in other states and countries, and appears to have a clear ability to build in other locations.

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

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:

☑ Land has no existing improvements	☐ Land has existing improvements *(complete Section 13)*
☐ Expansion of existing operation on the land *(complete Section 13)*	☐ 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 or contracts for work to be performed 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 official 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. 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
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project?	☑ Yes	☐ No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?	☐ Yes	☑ No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?	☐ Yes	☑ No

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

The applicant's parent company for this project is an international solar developer with the ability to locate projects of this type in other countries and states in the US with strong solar characteristics. The applicant is actively developing and constructing other projects throughout the US and internationally. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely.

Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, 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, including power sales under a bi-lateral contract. 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.

The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement becomes unfinanciable.