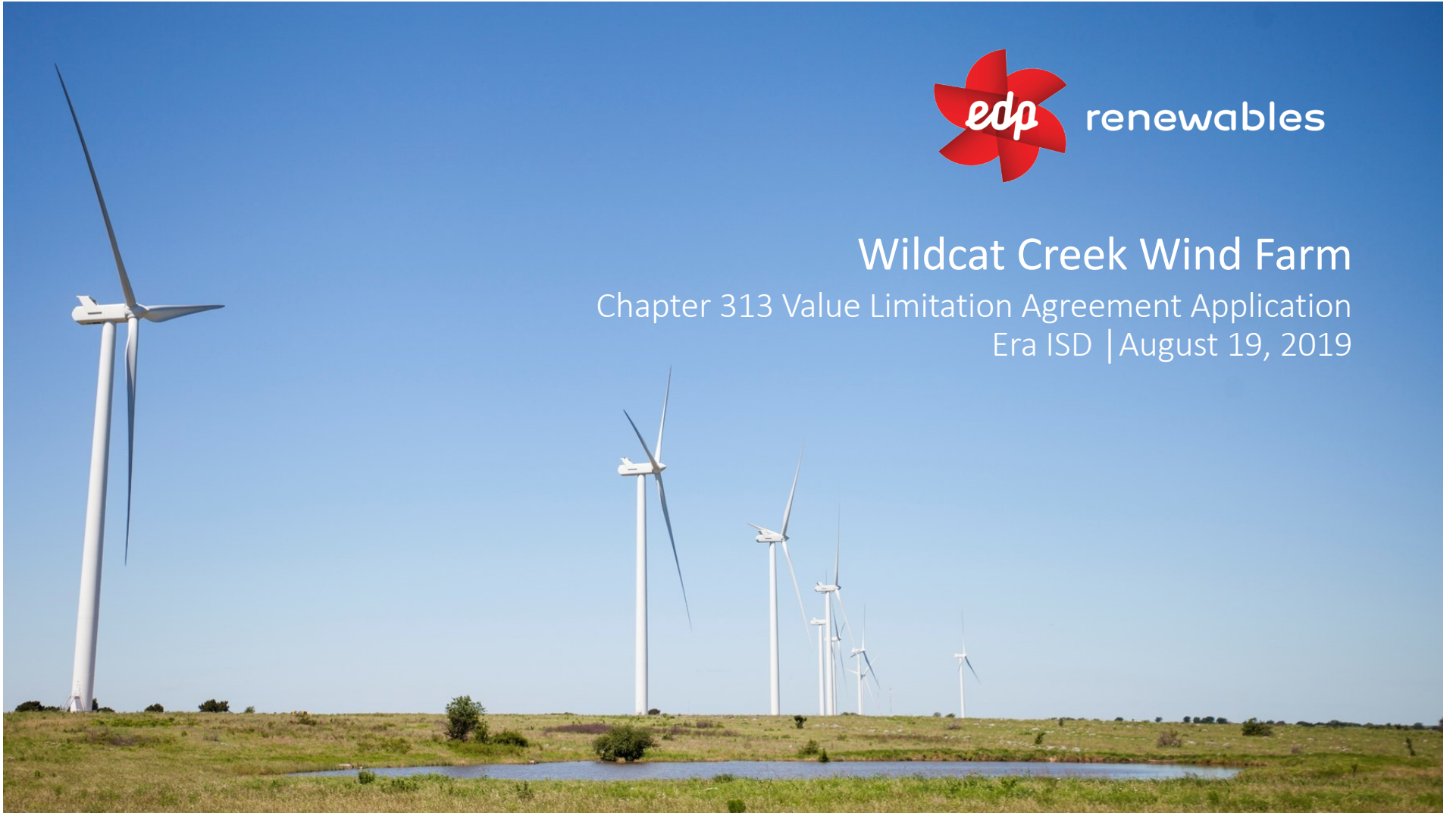




# Wildcat Creek Wind Farm

Chapter 313 Value Limitation Agreement Application  
Era ISD | August 19, 2019





## AGENDA

- A** About EDP Renewables North America
- B** About the Wildcat Creek Wind Farm
- C** Chapter 313 Value Limitation Agreement Application
- D** Project Benefits
- E** Addressing Common Concerns



**ABOUT EDP RENEWABLES NORTH AMERICA**

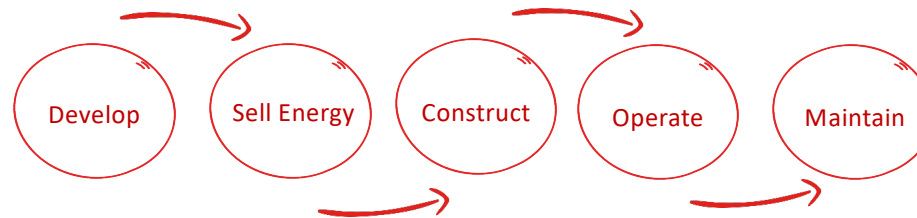




## EDPR is an industry leader, operating 48 wind farms and 5 solar parks providing significant benefits to their host communities.

- Long-term owner-operator with more than **6100 MW** of operating renewable energy projects across **14** states.
- Founded in Texas and headquartered in **Houston** with **13** regional and development offices across North America.
- More than **650 employees**, with 327 in Houston, 336 in rural communities.

### Business Model:

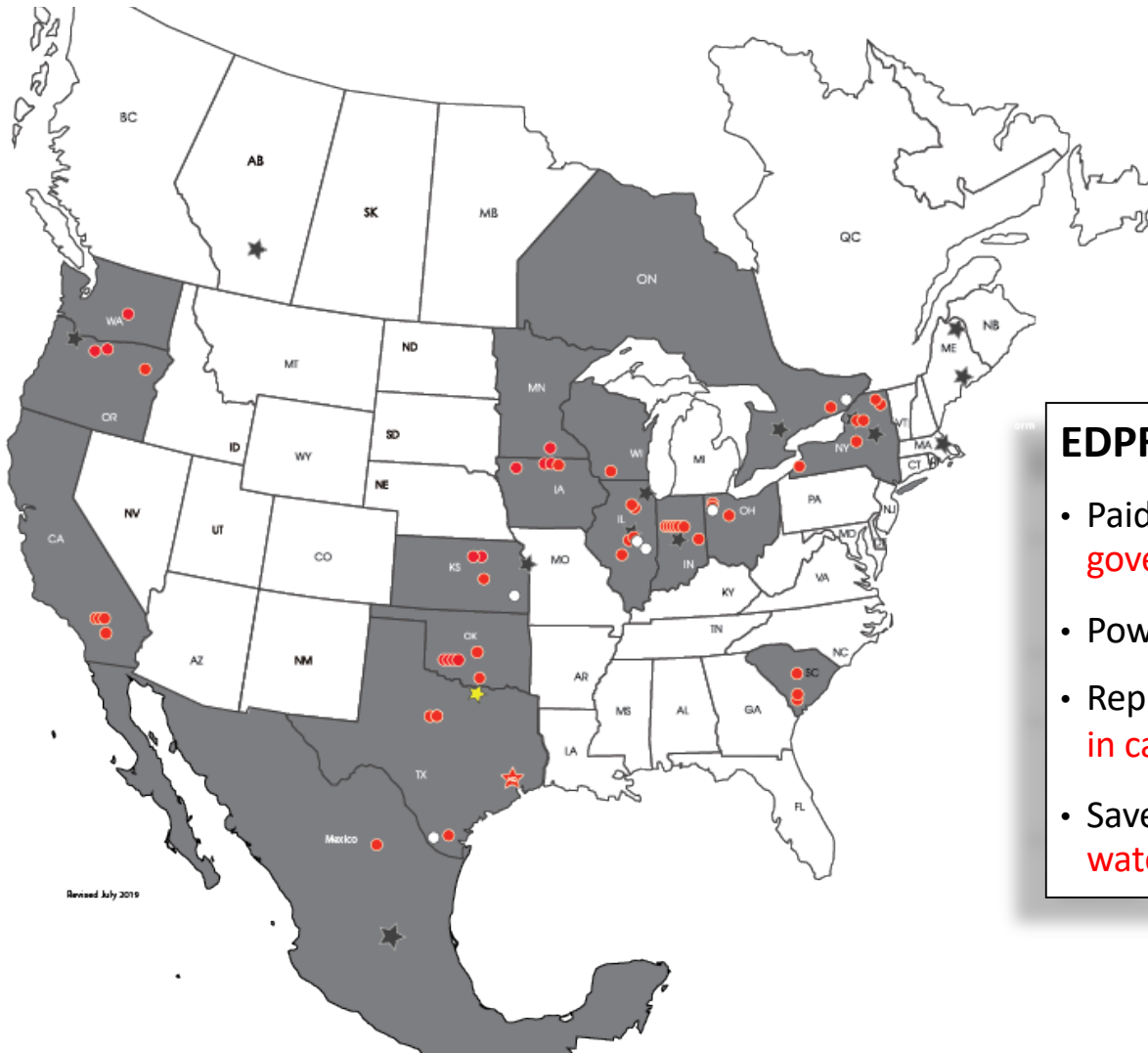


**19+** YEARS OF EXPERIENCE

**3,100+** TURBINES IN OPERATION

**>200M** HOURS OF OPERATIONAL HISTORY

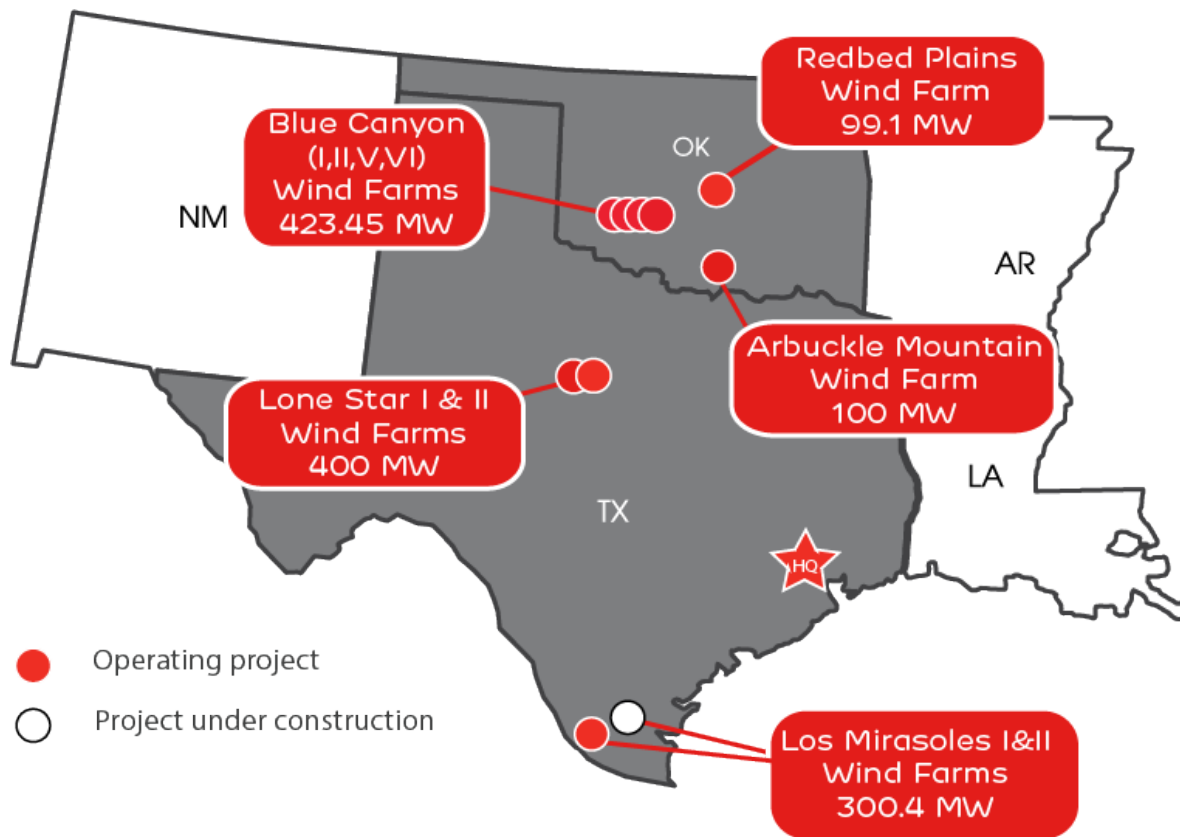




### EDPR's North America projects:

- Paid more than **\$270 million to local governments** through 2018.
- Power more than **1.8 million homes**.
- Represent approximately **\$15 billion in capital investment**.
- Save more than **9.4 billion gallons of water** every year.

EDPR has more than **16 years** of operational experience in the region, with more than **1.3 GW** in Texas and Oklahoma.





**“The wind farm will help me retire.** I just hope you all stay around for a long, long, long time because I’d like to continue this.”

-Francis Lyssy,  
Landowner  
McCook, Texas



**“Any extra money for somebody in agriculture is a plus. The stable income makes a difference.”**

It’s added income for an area that gets hit with droughts.”

-Richard Kotzur,  
Landowner  
McCook, Texas



**“EDP Renewables did what they said they were going to do.”**

**“The economic part of the wind farm for the county is good. Especially for the school systems.”**

-Windle Hardy,  
County Commissioner  
Tuttle, Oklahoma

**edp** renewables





**ABOUT WILDCAT CREEK WIND FARM**

Wildcat Creek is supported by over **50** landowners (with roughly **12,000** acres leased to date) and will provide significant benefits to Era ISD and southwestern Cooke County.



**52**

Wind turbines sited across **15,000** acres.  
(1 per **250** acres)



**+1,500 ft**

Setback from residences to promote health and safety.



**\$14.5M**

Tax revenues to Era ISD over 30 year project life.



**<2%**

Land taken out of production, compatible with existing land use.



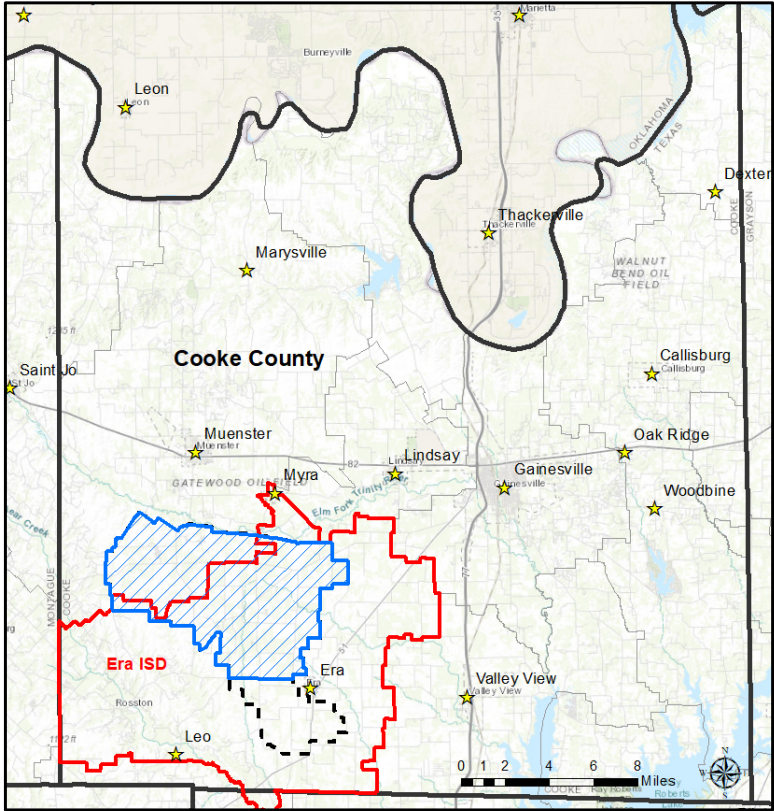
**\$250M**

Total estimated project cost.



**>\$72M**

Expected payments to landowners through the life of the project.





**CHAPTER 313 VALUE LIMITATION AGREEMENT APPLICATION**





## As enabled by state statute, Wildcat Creek is seeking a Chapter 313 Value Limitation Agreement with Era ISD.

- A 313 VLA is an economic development tool that provides **temporary** property tax relief while ensuring the school district significantly benefits from the project.
- Consideration of the application is only the first step and is not an approval of the value limitation.
- Project value is capped at \$20M against the M&O tax rate. The **school district is made whole** via supplemental payments in the form of PILOTs and revenue protection amount payments from Wildcat Creek.
- This process is **routine**, as school districts across the state see the Chapter 313 program as a means to encourage additional economic development within their districts.

**Wildcat Creek seeks the same approach with Era ISD in order to economically compete with other wind farms in school districts across the state.**



# Estimated Tax Payments



renewables

Wildcat Creek Wind Farm LLC  
Cooke County, Texas  
Property Tax Benefit

Community Stakeholders	Years 1-10 Benefit	Years 11-30 Benefit	Cumulative Benefit
<b>Era Independent School District</b>	<b>\$6,042,000</b>	<b>\$8,414,000</b>	<b>\$14,456,000</b>
Other Taxing Jurisdictions	\$13,770,000	\$12,050,000	\$25,820,000
<b>Total Benefit to Community</b>	<b>\$19,812,000</b>	<b>\$20,464,000</b>	<b>\$40,276,000</b>

*Note: Assumes approximately \$200M FMV of Wind Farm Project. Fair Market Values and Tax Rates may change.  
Estimate is inclusive of revenue protection payments and other supplemental payments*



## Securing a Value Limitation Agreement with Era ISD is **critical** to the viability of this project.

- The Chapter 313 Program does not remove property from tax rolls.
- Property tax expense accounts for 20 percent of our operating budget.
- Value Limitation provides budget assurance that produces an attractive investment model.
- Given the routine use of Chapter 313 VLAs across the industry, this project could not compete with other projects if no value limitation is provided.



**In Texas, Chapter 312 and 313 incentives have routinely been granted to a variety of industries to foster economic development.**

- Routinely granted by counties to manufacturing, oil and gas, and renewable energy. [Since 2015 – over 300 projects participating in the 313 program]
- Has increased wind energy competition and further reduced the cost of wind energy (a benefit to consumers).
- Other states have similar, or more aggressive, incentive programs in place.





# WILDCAT CREEK PROJECT BENEFITS



## Cumulative tax revenues in the county are estimated to exceed **\$40 million**, including over **\$14 million** to Era ISD.

- ✓ **Millions in tax revenue** will enhance educational opportunities for current and future students.
- ✓ **High-paying high-value jobs** during operations, and work contracted out to local skilled laborers.
- ✓ **Secondary jobs** such as of those employed by **MFG Corp** and **Petroflex** right here locally in Gainesville.
- ✓ **250+ construction jobs** and an influx of **spending at local businesses** during the year of construction.
- ✓ **Supplemental income for landowners** as a drought resistant cash crop that allow farms to stay in the family.
- ✓ **Millions of dollars spent within 50 miles** of the wind farm through the life of the project.



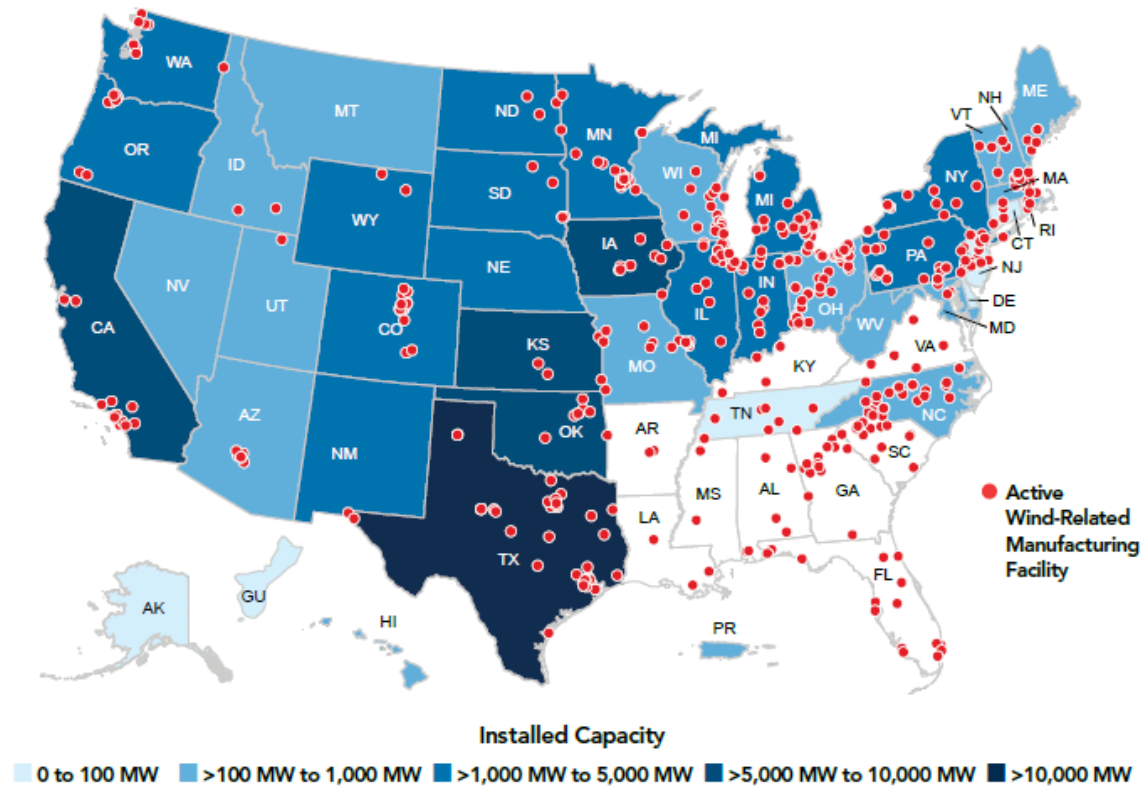
**By 2020, wind will support 248,000 jobs at wind farms and manufacturing facilities, as well as surrounding communities.**



Source: American Wind Energy Association, AWEA U.S. Wind Industry Annual Market Report 2018.



Through 2020, wind energy will generate \$85 billion in US economic activity for 500+ wind-related manufacturing facilities, largely in rural areas.



Source: American Wind Energy Association, AWEA U.S. Wind Industry Annual Market Report 2018.



ANSWERING ADDITIONAL QUESTIONS



## **We welcome the opportunity to address questions and concerns with facts and our experiences in other communities.**

It is not uncommon to hear questions or concerns when a new project is being developed.

We would like to address some of the common ones by discussing the realities of wind energy development based on our experience elsewhere.

PROPERTY  
VALUES

DECOMMISSIONING

ECONOMICS &  
MARKETS

HEALTH





**CONCERN #1:**  
**WIND FARMS NEGATIVELY IMPACT PROPERTY VALUES**



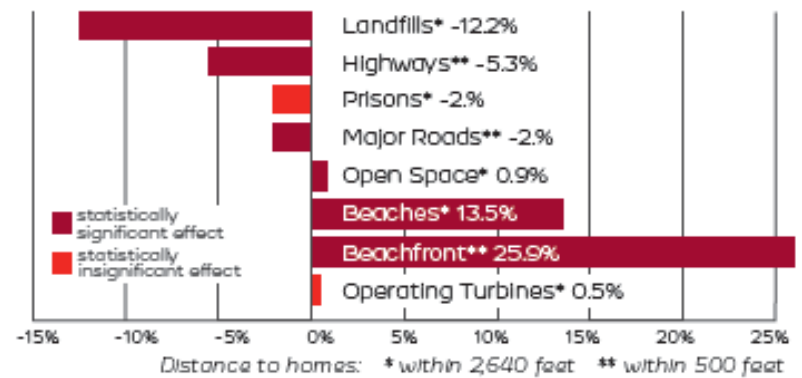
**FACT:** There is no statistically significant evidence showing a measurable effect of wind farms on land valuation.

*“Neither the view of wind energy facilities nor the distance of the home to those facilities was found to have any consistent, measurable, and significant effect on the selling prices of nearby homes.”*

– Lawrence Berkeley National Laboratory, 2014

Long-term, comprehensive studies show **turbines do not effect property values**. Rather, it is a driver for economic development in the host communities and supports local municipal services, benefiting all property owners.

Research shows that wind farms do not reduce property values<sup>1</sup>



**“A Spatial Hedonic Analysis of the Effects of Wind Energy Facilities on Surrounding Property Values in the United States”**

Published in the *Journal of Real Estate Finance and Economics*, 2013<sup>2</sup>




**School ratings also impact home prices and property values.**

**\$289 million**  
paid in lease payments to families by wind farm operators in 2018.<sup>3</sup> Wind farm lease and easement payments are a stable source of income that can make land more valuable.

**>114,000 jobs**  
created by wind power in the U.S.<sup>4</sup> The family-wage jobs at wind farms cannot be outsourced and can help attract families to wind farm communities.

<sup>1</sup> Atkinson-Palombo, C, & Hoan, Q. (2014). Relationship Between Wind Turbines and Residential Property Values in Massachusetts. Lawrence Berkeley National Laboratory.

<sup>2</sup> Hoan, Q, Wilson, R, Cappers, P, Brown, J, Jackson, T, & Thayer, M.A. (2013). A Spatial Hedonic Analysis of the Effects of Wind Energy Facilities on Surrounding Property Values in the United States. *Journal of Real Estate Finance and Economics*, 51(1).

A photograph of a wind turbine against a sunset sky with a dark horizontal band containing text. The sky is filled with soft, colorful clouds in shades of blue, purple, and orange. The wind turbine is silhouetted against the lower part of the sky. A dark, semi-transparent horizontal band is overlaid across the middle of the image, containing white text.

**CONCERN #2:**  
WIND TURBINES WILL BE ABANDONED AT THE END OF THE PROJECT LIFE



**FACT:** Our leases include decommissioning language that ensures proper restoration and compliance with Texas statute.

- Our leases include language requiring restoration of the property.
- Our leases also include language establishing a decommissioning bond as added insurance that there will be funds in place in the event that our company is unable to perform end of life duties.
- House Bill 2845 now requires removal of wind power facility at the end of the lease.

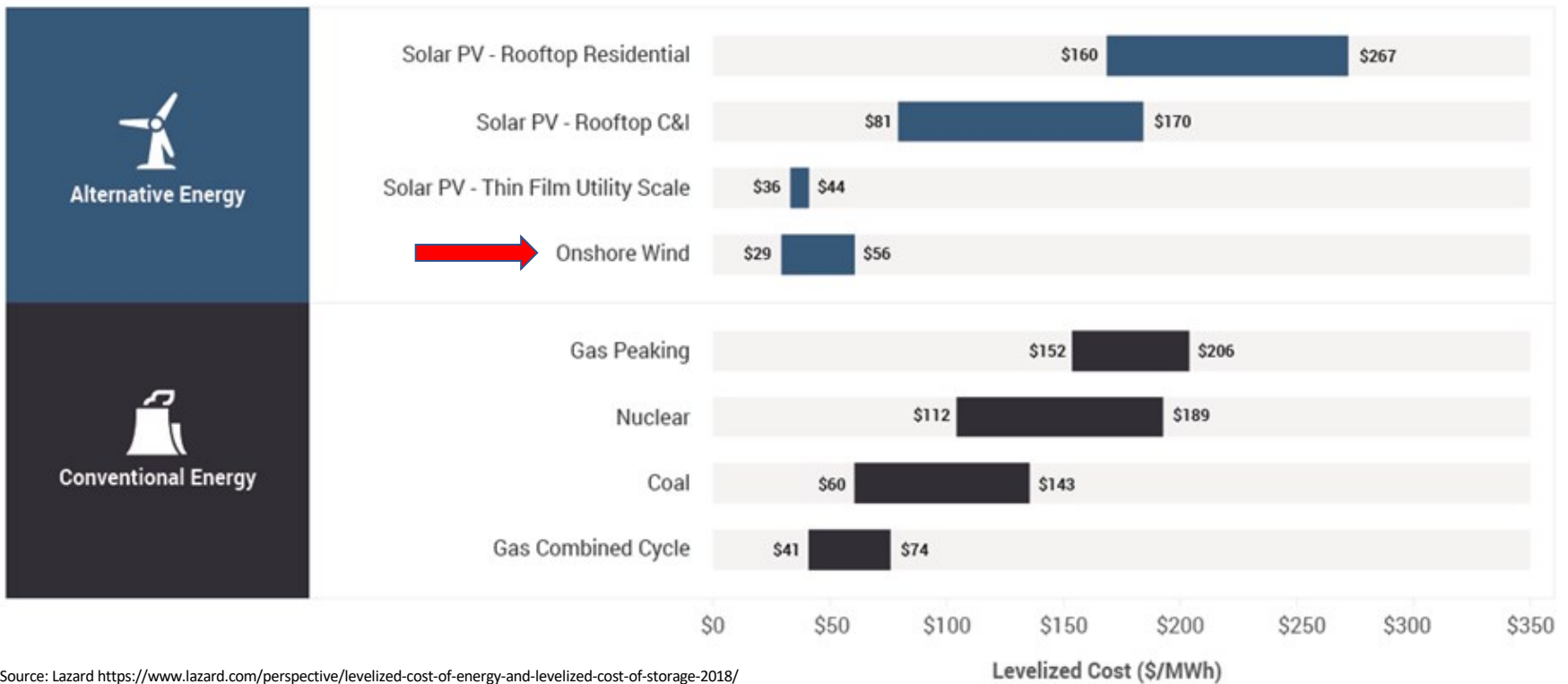




**CONCERN #3:**  
**WIND ENERGY IS TOO EXPENSIVE**



**FACT: Wind energy is affordable and one of the cheapest sources of energy generation.**



Source: Lazard <https://www.lazard.com/perspective/levelized-cost-of-energy-and-levelized-cost-of-storage-2018/>



CONCERN #4:  
WIND TURBINES WILL CAUSE ADVERSE HEALTH IMPACTS

**FACT:** Claims of negative impacts to human health are not supported by medical research or the experiences of the hundreds of host communities.

- **Wind turbines are quieter than most household sounds we easily tune out.**
- Infrasound is a common occurrence and no peer reviewed scientific journal article demonstrates a causal link between people living near wind turbines, turbine sounds, and physiological health effects.
- We perform noise and shadow flicker studies and maintain 1,500 setbacks residential setbacks in order to responsibly site turbines.

Comparing Common Sound Levels<sup>3,4</sup>

Sound	Decibel Level
Vacuum Cleaner	75 dB(A)
Normal Conversation	60-70 dB(A)
Noise in a Busy Office	60 dB(A)
Household Refrigerator	55 dB(A)
<b>10 Turbines 1,148 Feet Away</b>	<b>35-45 dB(A)</b>
Quiet Bedroom	35 dB(A)
Background Noise in a Rural Area at Night	20-40 dB(A)

This chart is provided for comparison purposes only. Actual recorded sound levels may vary.

<sup>3</sup> Australian National Health and Medical Research Council. (2010). Wind Turbines and Health: A Rapid Review of the Evidence.

<sup>4</sup> Yale Environmental Health & Safety. (n.d.). Decibel Level Comparison Chart. Retrieved from <https://ehs.yale.edu/noise-hearing-conservation>.

<sup>5</sup> Knopper, L. D., & Olson, C. A. (2011). Health effects and wind turbines: A review of the literature. Environmental Health, 10(1).

## FACT: Wind turbines protect human health.

- The World Health Organization considers wind power to be **one of the healthiest forms of energy generation available.**

*"It's a clean fuel source. **Wind energy doesn't pollute the air like power plants that rely on combustion of fossil fuels, such as coal or natural gas, which emit particulate matter, nitrogen oxides, and sulfur dioxide—causing human health problems.**"*

- U.S. Department of Energy

## Health Benefits of Wind Energy

When wind energy increases, harmful pollution decreases.



Wind energy provides power without releasing any toxic chemicals into the air or water.<sup>6</sup>



Heart Disease  
Chronic Asthma  
Stroke  
Cancer

When **wind power decreases air pollution**, the rates of many **illnesses decrease.**<sup>11</sup>



**\$9.4 billion**

avoided by wind power in public health impacts in 2018.<sup>12</sup>

<sup>6</sup> U.S. Department of Energy. Advantages and Challenges of Wind Energy. Retrieved from <https://www.energy.gov/eere/wind/advantages-and-challenges-wind-energy>.

<sup>11</sup> World Health Organization. (n.d.). Ambient (outdoor) air quality and health. Retrieved from [http://www.who.int/er/news-room/fact-sheets/detail/ambient-\(outdoor\)-air-quality-and-health](http://www.who.int/er/news-room/fact-sheets/detail/ambient-(outdoor)-air-quality-and-health).

<sup>12</sup> American Wind Energy Association. U.S. Wind Industry Annual Market Report, 2018. Retrieved from: <https://www.awea.org/resources/publications-and-reports/market-reports/2018-u-s-wind-industry-market-reports>.



# WILDCAT CREEK & ERA ISD





**Wildcat Creek will directly benefit Era ISD students and the surrounding communities; accepting the Ch. 313 application starts the process to make these benefits a reality.**

- Enough electricity to power **41,000 Texas** homes
- **98%+** of land remains available for continued use.
- Approximately **\$72M** paid to local landowners
- Creation of up to **250** full-time equivalent jobs during construction and **10-12** permanent high-paying jobs during the life of the project.
- Estimated **\$14M** in tax revenues to further enhance educational opportunities for future generations of Era
- **Acceptance of the application is the first step to realizing these benefits.**



# *edp* renewables

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