

INSTRUCTIONS
WIND ENERGY FACILITY (WEF) TAX FACTOR TEMPLATE
April 10, 2009
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(This template is to be used only for the purpose of estimating property taxes. The actual value of any particular wind energy facility will be developed by the Division of Property Taxation.)

INPUT

1. Input the **Net Capacity Factor** for your facility as a decimal.
2. Input the **Plant Capacity** for your facility in terms of megawatts.
3. Input the **Energy Price** from your purchase power agreement in terms of \$/megawatt hours. (The Energy Price should NOT include any amount attributable to renewable energy credits.)
4. Input the **Capital Cost Threshold** from the table at the bottom of this template. The costs per kW are developed by the Division and will vary with the size of your facility.
5. The **Total Capital Cost Threshold in \$** is automatically calculated by a formula imbedded in the template.
6. Input the **Decimal Mill Levy of Facility Location**. You will need to check with the county to obtain the prior year's mill levy for the location of your facility.
7. If the purchase power agreement has an escalating energy price, input the **Inflation Assumption**. If there is no escalation of the energy price, leave this cell at zero.

CALCULATION

Once the input is complete, the information will flow through the template and will populate the cells for both the cost method and the income method. There are several formulas imbedded in this part of the template. These formulas are locked so that they cannot be altered. Once this step is completed only estimation of the Goal Seek Multiplier or the Tax Factor remains to be completed.

GOAL SEEK

Goal Seek is an internal function of Excel. It will be used to estimate the Tax Factor. On the template it is referred to as the **Goal Seek Multiplier**. Initiating this function is a three step process:

- 1 – On the **Tools** menu, click **Goal Seek**.
- 2 – In the **Set cell** box enter cell J57. This cell reference will calculate the total projected property tax from the income method.
- 3 – In the **To value** box, type the number from cell H34, the total projected property tax from the cost method.
- 4 – In the **By changing cell** box enter cell E37. This is the Tax Factor that is being solved for.
- 5 – Click OK, the Goal Seek function will indicate a found solution, click OK again to finish the operation.

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APPLICATION

For purposes of estimating the property tax on a wind energy facility, the twenty year tax estimate is shown on the template under the heading **Projected Property Tax** for the income method. These estimated numbers are in cells J37 through J56.

After energy production has started at the facility, the Actual Value of the wind energy facility for property tax purposes is developed by the Division by multiplying the actual gross revenue by the tax factor.

(IMPORTANT NOTE: The Division will recalculate this tax factor for each WEF every year. This tax factor will likely change because of the following variables: Net Capacity Factor; Energy Price; Capital Cost Threshold; and Mill Levy.)