ALBUQUERQUE DEVELOPMENT COMMISSION **March 08, 2022**
Industrial Revenue Bond Hearing

Case #2022-9

IRB-22-3: Able Grid Energy Solutions, Inc. Project

REQUEST: Approval of $7,750,344 in City Industrial Revenue Bonds is requested.

PROJECT SUMMARY:

Able Grid Energy Solutions, Inc. ("Able Grid") is a utility-scale energy storage developer. In partnership with utilities, municipalities, communities, and leading corporate buyers, Able Grid is developing low-cost battery energy storage systems ("BESS") that improve the electric grid's reliability and help integrate clean sources of energy. Able Grid invests in communities and markets where energy storage will provide long-term value to utilities managing a diverse energy portfolio to provide low-cost and sustainable power for their customers.

The company is requesting $7.750 million in City-issued industrial revenue bonds to assist with the purchase and improvement of an existing vacant site. Able Grid's project, known as Sandia Peak Grid, is a 100 MW – 200 MWh stand-alone BESS under development with site control/negotiations nearing completion, a large generator interconnection and charging study submission in process, and Project permitting, design, and engineering underway. The project site is in Albuquerque, NM, adjacent to and interconnects at the Reeves substation. The Point of Interconnection is approximately 0.12 miles from the site. Able Grid is completing permitting, environmental, and geotechnical review of the property for the site design basis for Sandia Peak Grid and is expanding the scope of these activities to include Sandia Peak Grid II (Phase 2).

For Sandia Peal Grid, approximately 60-100 unique jobs will be created during the construction and commissioning of the Project. Some of this labor will be NM-based as Able Grid will communicate with the Engineering & construction firms that we contract with that we expect their labor force to consist of at least 50% local labor. Labor from out of state will add significant economic activity through housing, restaurants, and other local services while they are on site. Permanent new jobs for Sandia Peak Grid will likely result in 2 full time operators and at least 50% of them would be local.

Able Grid will purchase a site of approximately 6.1 acres. The site is currently used as an RV Storage facility. The current improvements on the site include an exterior masonry wall around the perimeter of the entire site to two gates for access off of Jacs Lane NE, lot lights, and underground utilities. There are not permanent structures on the site. The Company expects to spend approximately $75,000,000 on improvements to the existing site.

Sandia Peak Grid is an energy storage system with containerized batteries and an associated thermal management system with power conversion systems (bi-directional inverters), step-up transformers, switchgear, and medium voltage cables to the project substation. Step-up to transmission voltage is accomplished via the 34.5 kV to 115 kV project substation, including the main power transformer, breakers, switches, meter, and other protection and control equipment.

The autonomous control and protection of the system is managed by an intelligent energy management system (EMS) and SCADA systems provided by the system vendor.

Able Grid has projects in 22 states and a development pipeline of over 10,000 Megawatts. Able Grid's joint venture partner is Eolian L.P. Since 2004 Eolian has funded the development of 11,540 MW of wind development that is now operational, representing ~10% of all wind projects in the US. Additionally, Eolian has funded ~1,100 MW of solar projects and entered the energy storage market with Able Grid.

Able Grid's team members have worked at major renewable energy development companies, engineering and construction firms, laboratories, and operating companies in the energy industry. With over 250 years of combined experience, the Able Grid team brings together an unmatched diversity of experience in the energy storage industry.

The goals of the Able Grid project are to further bolster New Mexico's renewable energy industry and infrastructure. A secondary result of will be to create two high-paying positions to maintain the facility.

City IRBs are issued to support eligible economic development projects that meet established policies and plans. The Company is responsible for funding the purchase of the bonds; no City funds are utilized to purchase or pay off the bonds, and no City credit is used to enhance the bonds. The State of New Mexico and its local governments are empowered to offer discretionary incentives to companies that support economic development projects that foster, promote, and enhance local economic development efforts.

In regard to IRBs more specifically, New Mexico municipal IRB legislation specifically identifies "projects" as land, buildings, equipment and improvements which are suitable for use by any of the following:

1. any industry for the manufacturing, processing or assembling of any agricultural or manufactured products;
2. any commercial enterprise in storing, warehousing, distributing or selling products of agriculture, mining or industry but does not include facilities designed for the sale of goods or commodities at retail or distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;
3. any business in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry or customer but does not include establishments primarily engaged in the sale of goods or commodities at retail;
4. any water distribution or irrigation system, including without limitation, pumps, distribution lines, transmission lines, towers, dams and similar facilities and equipment, designed to provide water to any vineyard or winery;
5. any electric generation facility other than one for which both location approval and a certificate of convenience and necessity are required prior to commending construction or operation of the facility, pursuant to the Public Utility Act [62-13-1 NMSA] and Electric Utility Industry Restructuring Act of 1999 [62-3A-1 NMSA 1978]; and
6. any 501(c)(3) corporation.

The IRB application, as shown in Exhibit 1 provides details of the Project and the number and types of jobs to be created.

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) as required given the project is a recipient of City funds. The analysis shows that the company will start out in its first year with positive fiscal impact in City tax revenues over the tax abatements, and an overall positive fiscal impact. Employing the current 20-year bond rate of 2.47% yields an estimated $7.6 million additional dollars to the city after 20 years. Returns are greatest in years 1 and 2 of the project as investments in the labor force, construction, and the purchase of capital are initiated. Employment numbers equalize after year 2024, at the end of the construction phase and the onset of operations & maintenance employment.

The project plan as shown in Exhibit A provides details of the project.

FINDINGS:

1. IRB 22-3 is a qualified project as defined by the State's Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (126-1985) as amended by Resolution 350 Sixth Council; and
2. IRB 22-3 would make positive substantive contributions to the local economy and community through a major capital investment and by creating 2 high-wage jobs; and
3. IRB 211-3 will continue Albuquerque's position in the forefront of alternative energy production; and
4. IRB 22-3 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives;
5. IRB 22-3 would adequately meet the evaluation criteria established by the City for Industrial Revenue Bond Act projects, including the requirement that the City recoup the value of its investment over the term of the bonds.

PROJECT ANALYSIS: The project, as proposed in the project application, will be analyzed in accordance with the City's IRB project evaluation criteria.

I. INITIAL QUALIFYING TEST; PASS/FAIL CRITERIA

1.Meets statutory requirements	Pass
2. Satisfactory initial demonstration of ability to service debt or self-fund purchase of the bonds, or evidence of an acceptable financing commitment.	Pass
3. Conforms to City planning and zoning policies.	Pass
4. Firm has no outstanding substantive federal, state or local tax issues.	Pass
5. Proposed project complies with all federal, state, and local environmental laws, regulations, and rules.	Pass
6. Jobs created by the project meet or exceed the median wage for similar jobs in the community	Pass

7. Per state requirements, the firm covers 50% of health insurance premiums for employees.	Pass
8. Other additional factors.	
RESULT	PASS

1. Able Grid qualifies under the IRB Act and the City's Ordinance as a business in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry and as an electric generation facility.

2. The bonds will be considered a "self-purchase"-- purchased by a subsidiary or affiliate of the Company.

3. The site is zoned NR-GM (Non-Residential – General Manufacturing), which includes permitted uses for drainage facility, electric utility, geothermal energy generation, major utility (other), solar energy generation, and wind energy generation uses and conforms to City planning and zoning policies.

4. Able Grid has certified that it has no outstanding substantive federal, state, or local tax issues.

5. The Project, in its design, complies with environmental regulations. Permits will be required for the renovations.

6. Jobs for the positions meet or exceed the median wages for similar jobs in the community.

7. Able Grid pays at least 50% percent of the health and dental insurance premiums for its employees.

II. LAND USE, PLAN AND DESIGN ELEMENTS

1. PLAN & ZONING:

Legal Description

The proposed Project is located at 7800 & 7850 Jacks LN NE Albuquerque, 87113. The site is comprised of (2) sites and more particularly described as 7800 JACS LN NE LT 6-A PLAT OF LOT 6-A BLUE SKYBUSINESS PARK CONT 4.9224 AC and 7800JACS LN NE LT 5 PLAT OF BLUE-SKY BUSINESS PARK (BEING TRACT T-4 OF VISTA DEL NORTE) CONT 1.1719 AC

Prevailing Site Conditions

Site consists of 2 parcels in Bernalillo County, parcels #1-016-063-465-399-1-02-28 & 1-016-063-442- 370-1-02-26. The total acreage of the site is approximately 6.1 AC. The site is currently used as an RV Storage facility. The improvements on the site include an

exterior masonry wall around the perimeter of the entire site to two gates for access off of Jacs Lane NE, lot lights, and underground utilities. There are not permanent structures on the site.

Present Assessed Value

Notices of value for each lot have been confirmed by the Office of the Bernalillo County Assessor. In 2021, the property at 7800 Jacs maintained a taxable value of $217,000. The 2021 taxable value for 7850 Jacs is $59,000.

Present and Proposed Zoning

The parcel is currently zoned as NR-GM (Non – Residential – General Manufacturing), and will not require a Conditional Use or Zoning Change as Battery Storage is a permissible use recognized by the City of Albuquerque IDO. The project fits within the permitted uses.

2. LAND USE/INFILL/DESIGN AND CONSERVATION:

The Project Site is an approximately 6.1 acre graded and graveled but otherwise vacant industrial site in northern Albuquerque. The site consists of two contiguous parcels (Lots 5 and 6-A) in the Blue Sky Business Park. The site is located just west of the Reeves power plant and the substation to which the Project would interconnect. The gen-tie line would span across the adjacent flood control ditch (the North Diversion Channel Phase II) and road (Paseo del Norte NE), cross through one privately-owned parcel, and into the Reeves substation property.

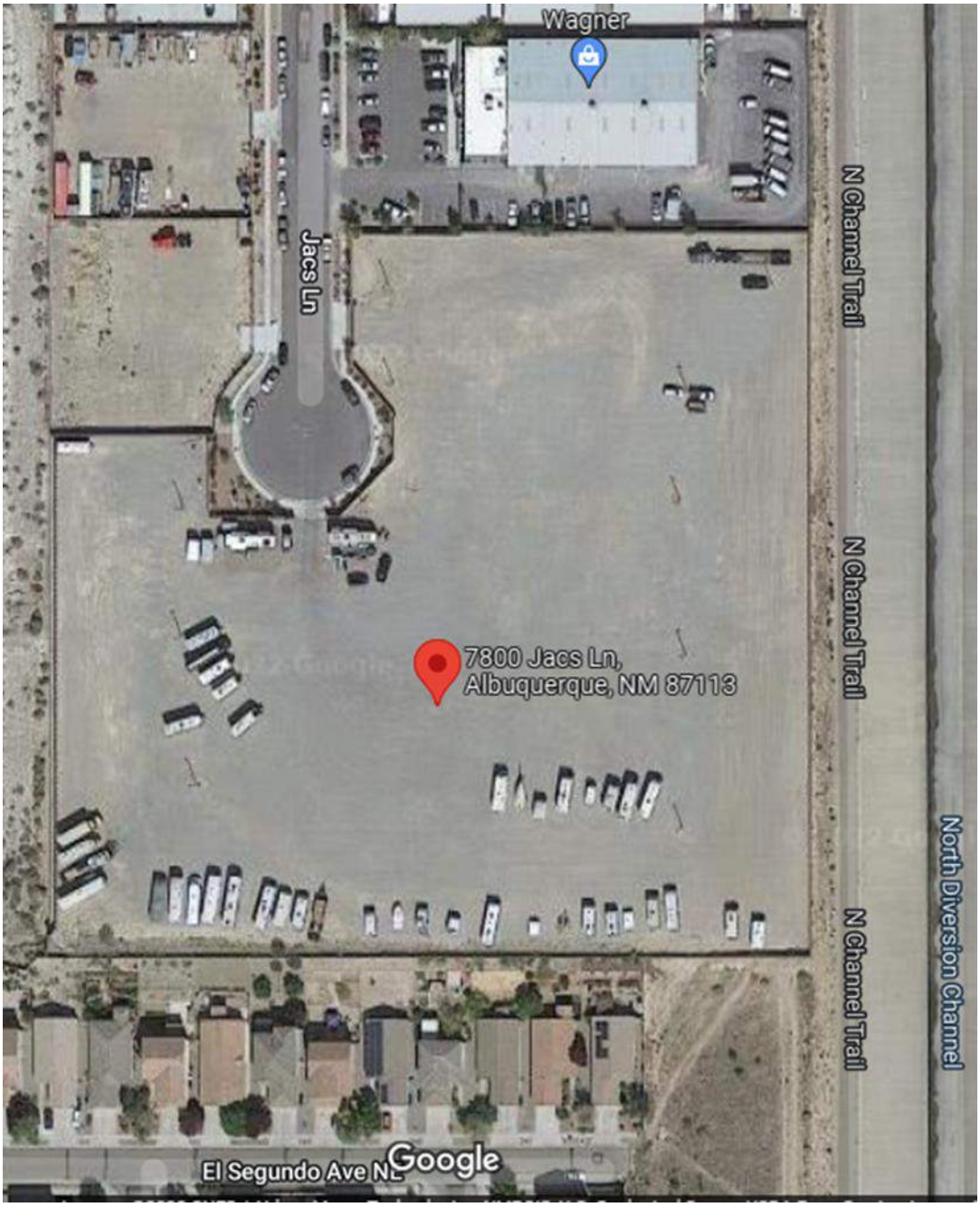
Demolition

No major external demolition is planned.

Relocation

No individuals, families, or businesses will be displaced by the activities outlined in this plan.

3. INFILL



The project also conforms to the City's Economic Development strategies:

Smart Recruitment, Retention, and Expansion – The Economic Development Department (EDD) is focused on recruiting companies from specific industries that build upon Albuquerque's existing assets. The EDD supports new enterprise creation, cluster development, and strategic attraction and recruitment of businesses that align with and complement existing strengths.

In addition, New Mexico municipal IRB legislation specifically identifies "projects" as land, buildings, equipment and improvements that are suitable for use by any of the following:

A. any business in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry or customer but does not include establishments primarily engaged in the sale of goods or commodities at retail;
B. any electric generation facility other than one for which both location approval and a certificate of convenience and necessity are required prior to commending construction or operation of the facility, pursuant to the Public Utility Act [62-13-1 NMSA] and Electric Utility Industry Restructuring Act of 1999 [62-3A-1 NMSA 1978]; and

III ECONOMIC BENEFITS

This project will have numerous positive economic benefits across the community and the state. The primary economic benefit will be the capital expenditure and jobs associated with the construction of the facility.

COMPETITION

The company has stated that "There are no other utility-scale BESS that have signed contracts with PNM in Albuquerque or even in New Mexico. As such, Sandia Peak Grid is not displacing or competing with any local BESS providers".

Staff research was not able to uncover anything that suggests this statement is not accurate.

EFFECT ON EXISTING INDUSTRY AND COMMERCE DURING AND AFTER CONSTRUCTION

The total project investment cost of Sandia Grid (Phases 1 and 2) is approximately $75.5MM, which includes all engineering, procurement, and construction activities of the Battery Energy Storage System. Most of that cost is associated with the batteries and related equipment, and as such, will be subject to the 6% New Mexico Gross Receipts Tax rate upon purchase. Depending on the ultimate treatment of the land and other property, there is also likely to be significant property tax revenue for the local schools and other property tax recipients in the region. In addition, there are ongoing annual operating costs and capital investments to maintain the system over the 20-year life.

For Sandia Peal Grid, approximately 60-100 unique jobs will be created during the construction and commissioning of the Project. Some of this labor will be NM-based as Able Grid will communicate with the Engineering & construction firms that we contract with that we expect their labor force to consist of at least 50% local labor. Labor from out of state will add significant economic activity through housing, restaurants, and other local services while they are on site.

Sandia Peak Grid is the first stand-alone BESS to be located in NM, but there will be numerous additional stand-alone BESS as PNM works towards their goal of 100% carbon free electricity by 2040 while also complying with the statutory goals set in New Mexico's Energy Transition Act. Able Grid is in active development of a 200 MW stand-alone BESS on a parcel of land being acquired west of the UNM golf course. Other stand-alone storage developers have projects in PNM's transmission queue. Sandia Peak Grid will

mark the beginning of a build-out of numerous technologically advanced energy storage systems as PNM transitions to a clean energy grid.

1) What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere? At least 50%

2) Will jobs benefit low and moderate income residents? N/A

3) Will the jobs meet or exceed median wages for the industry within the community? Yes

4) Will the jobs match skills of current city residents? Yes

5) Will new employees be trained to fill the positions? Yes.

6) What stated advancement opportunities are there? Due to the project not being focused on job creation, but rather developing the renewable energy

7) Will "Job Training Incentive Program" or other job training programs be used? No.

8) Will at least 50% of health insurance premiums be covered for employees? Yes

CORPORATE CITIZENSHIP POLICY /PLAN

List any company policies/plans regarding the promotion of donations and volunteerism policy.

Due to the small number of permanent employees created by this project, volunteerism and donations are not a large factor in the project evaluation. However, Able Grid's Social and Environmental Goals are significant. Their energy storage projects seek to achieve the following social goals: 1.) Provide clean energy infrastructure investments in urban communities that will not see large wind or solar energy installations. This ensures the economic benefit of renewing our electric power system to a sustainable one is shared with urban communities.2.) Reduce or eliminate the environmental injustices of fossil fuel plants located in socially or economically disadvantaged communities by providing an alternative emissions-free resource that can replace those fossil fuel plants while maintaining some job opportunities, investment, and local tax base lost from the retired fossil fuel plants. 3.) Support diverse and local suppliers and vendors.

LOCAL PURCHASES

The company anticipates spending approximately $3,500,000 on good and services in New Mexico.

The impact on existing industry and commerce after construction is anticipated to be favorable.

COMPETITION

There are no other utility-scale BESS that have signed contracts with PNM in Albuquerque or even in New Mexico. As such, Sandia Peak Grid is not displacing or competing with any local BESS providers.

IV. PROJECT FEASIBILITY

COST/ FEASIBILITY/ FINANCING

The project is subject to City Council approval. Able Grid intends to self-fund the improvements through their own working capital, and they are responsible for their own and the City's fees related to the IRB application and associated legal or other administrative fees, including the fiscal impact analysis.

The initial bond amount covers a total of $7.750 million for the site and improvements, although the entire project costs are estimated at a greater amount.

DEVELOPER'S RECORD

Able Grid has projects in 22 states and a development pipeline of over 10,000 Megawatts. Able Grid's joint venture partner is Eolian L.P. Since 2004 Eolian has funded the development of 11,540 MW of wind development that is now operational, representing ~10% of all wind projects in the US. Additionally, Eolian has funded ~1,100 MW of solar projects and entered the energy storage market with Able Grid.

Able Grid's team members have worked at major renewable energy development companies, engineering and construction firms, laboratories, and operating companies in the energy industry. With over 250 years of combined experience, the Able Grid team brings together an unmatched diversity of experience in the energy storage industry.

Additional information is available on https://ablegridenergy.com/

EQUITY

The project intends to use a combination of financing elements, including the proceeds from the industrial revenue bonds and other sources.

MANAGEMENT

The company appears to have a strong, experienced management team.

The company will self-manage the project during development utilizing a Project Team. The Project Team will include the following Able Grid Employees:

Mark Tourangeau- Origination Director, West

Mark is responsible for the commercialization of Able Grid's energy storage projects in the Western US. He has over twenty-five years of experience in the energy industry in wholesale gas and power markets and in merchant generation, with a focus on origination, business development, asset management, risk management, and finance. He holds an MA in Natural Resource Economics from the University of New Mexico and a BS in Economics from the University of New Hampshire.

Ricardo Betts - Development Director, West

Ricardo leads the development of Able Grid's projects across the western regions, focusing on greenfield development, real estate contracts, and land use permitting. Previously, Ricardo has led the project execution, development, and management of over $8 billion of Residential, Commercial, Industrial, and Renewable Energy Projects. He holds an MBA from the American Business School in Paris and a BS in Urban Planning/ Housing and Urban Development from Arizona State University.

Information of other Company senior personnel is included in the Application and at https://ablegridenergy.com/

Based on the description given in the project plan, management appears to be qualified to manage the project. Based on financial information provided, the Company appears capable of managing and completing the Project.

FISCAL IMPACT ANALYSIS

This project includes a fiscal impact analysis prepared by the University of New Mexico's Bureau of Business and Economic Research (BBER) as required given the project is a recipient of City funds. The analysis shows that the company will start out in its first year with positive fiscal impact in City tax revenues over the tax abatements, and an overall positive fiscal impact. Employing the current 20-year bond rate of 2.47% yields an estimated $7.6 million additional dollars to the city after 20 years. Returns are greatest in years 1 and 2 of the project as investments in the labor force, construction, and the purchase of capital are initiated. Employment numbers equalize after year 2024, at the end of the construction phase and the onset of operations & maintenance employment.

The fiscal impact analysis demonstrates that the City will recoup the value of its investment within the term of the bonds.

FINDINGS:

1. IRB 22-3 is a qualified project as defined by the State's Industrial Revenue Bond Act and the City enabling legislation (Resolution R-196, Sixth Council (126-1985) as amended by Resolution 350 Sixth Council; and

2. IRB 22-3 would make positive substantive contributions to the local economy and community through a major capital investment and by creating 2 high-wage jobs; and3. IRB

22-3 will continue Albuquerque's position in the forefront of alternative energy infrastructure and production; and

4. IRB 22-3 would comply with the adopted City plans and policies, and meet community economic development priorities and objectives;

5. IRB 22-3 would adequately meet the evaluation criteria established by the City for Industrial Revenue Bond Act projects, including the requirement that the City recoup the value of its investment over the term of the bonds.

STAFF RECOMMENDATION:

Based on the above findings, staff recommends approval of IRB 22-3 as proposed in the project plan application.

Lisa Abeyta, Deputy Director
Economic Development Department

ABLE GRID

CITY OF ALBUQUERQUE
ECONOMIC DEVELOPMENT DEPARTMENT

INDUSTRIAL REVENUE BONDS (IRB) APPLICATION

December 2021

RESPONSE TO APPLICATION QUESTIONS

I. GENERAL DESCRIPTION

Give a brief overview of the Project, including general location, proposed development, use, and total bond amount requested. Include a statement of the benefit to be gained by the Albuquerque community from this development. The General Description should explain what will be done with the IRB if approved.

The Project Site is an approximately 6.1 acre graded and graveled but otherwise vacant industrial site in northern Albuquerque. The site consists of two contiguous parcels (Lots 5 and 6-A) in the Blue Sky Business Park. The site is located just west of the Reeves power plant and the substation to which the Project would interconnect. The gen-tie line would span across the adjacent flood control ditch (the North Diversion Channel Phase II) and road (Paseo del Norte NE), cross through one privately-owned parcel, and into the Reeves substation property.

- **Project Parcel ID:** 101606344237010226 (Lot 6_A; 4.9 acres) and 101606346539910228 (Lot 5;1.17 acres)
- **Project Parcel Address:** 7800 & 7850 Jacs LN NE Albuquerque 87113
- **Owner:** Michael & Mary Jacobs
- **Zoning:** NR-GM (Non-Residential – General Manufacturing)
- **Future Land Use Plan:** n/a
- **Substation Parcel ID:** 101706309537020175CA
- **Substation Address:** 4400 Paseo del Norte
- **Substation Owner:** Public Service of New Mexico
- **Substation Zoning:** NR-GM
- **Substation Future Land Use:** n/a

Sandia Peak Grid is comprised of a 100MW phase that could start construction in 2022 and a 50MW phase that could start construction in 2023. The project company, Sandia Peak Grid, LLC, has entered into a 20-year lease or 'tolling' contract with PNM. The Project provides emissions-free capacity and ancillary services to PNM to support PNM's efforts to comply with the New Mexico state decarbonization and renewable energy goals. The tolling contract is awaiting approval from the New Mexico Public Regulation Commission. PNM has shortlisted the 50MW phase of the Project in their 2021 Replacement Generation RFP, and the Project may begin contract negotiations with PNM in November 2021.

The Sandia Peak Grid project will assist PNM and New Mexico with taking appropriate actions to protect the local environment and conserving its local natural resources while maintaining its commitment to emissions-free electricity by 2040. In addition, the Project will also positively impact the community by reducing local air pollution within Albuquerque.

Able Grid Energy Solutions, Inc. ("Able Grid") Able Grid and PNM agreed to a contract price for Sandia Peak Grid 100MW Phase 1 in 2020. Since then, there have been significant increases in the prices of raw materials and high voltage electric equipment and disruptions to the supply chain due to the lingering effects of COVID-19. While the Project and Able Grid have attempted to internalize these cost increases, the costs have exceeded the contingency reserved for Project and now make the Project economically unviable. Able Grid has even explored selling the Project to competitors who may have some cost advantages to mitigate the price increases; however, two potential buyers have declined to engage in discussion, citing the price increases and supply chain issues which challenge the Project's viability. The proceeds/avoided taxes from the IRB are required to make the Project economically viable. Able Grid is keen to maintain its commitment to PNM to deliver this clean energy infrastructure project to support the state of New Mexico with its decarbonization and renewable energy goals at least cost, but this commitment can only be maintained with an IRB used to offset the price increases faced by the Project.

II. SITE AND EXISTING CONDITIONS

A. Legal Description

Give both the precise and complete legal description and address or identification of location. (For example: The proposed Project is located at 5300 2nd Street N.W. The site is more particularly described as Tracts B-1 and C of the Plan of Division of Lands of Mel Sanchez and Lath & Plaster Supply Company, as the same is shown and designated on the plat of said land filed in the office of the County Clerk on April 27, 1979 in Bernalillo County, New Mexico, containing approximately 11.15 acres.)

The proposed Project is located at 7800 & 7850 Jacks LN NE Albuquerque, 87113. The site is comprised of (2) sites and more particularly described as 7800 JACS LN NE LT 6-A PLAT OF LOT 6-A BLUE SKY BUSINESS PARK CONT 4.9224 AC and 7800JACS LN NE LT 5 PLAT OF BLUE-SKY BUSINESS PARK (BEING TRACT T-4 OF VISTA DEL NORTE) CONT 1.1719 AC

B. Prevailing Site Conditions

Describe the present use and development of the site, including any improvements, vacant land, etc.
Site consists of 2 parcels in Bernalillo County, parcels #1-016-063-465-399-1-02-28 & 1-016-063-442-370-1-02-26. The total acreage of the site is approximately 6.1 AC. The site is currently used as an RV Storage facility. The improvements on the site include an exterior masonry wall around the perimeter of the entire site to two gates for access off of Jacs Lane NE, lot lights, and underground utilities. There are not permanent structures on the site.

C. Present Assessed Value

Give the present assessed value according to the Bernalillo County Assessor's office. You may also list a current appraised value if you feel it will make the post-development value clearer.
Please see attached Property Tax report for the assessed value.

D. Present and Proposed Zoning

Give the current zoning of the property. If any change in zoning is required for the proposed use, give the proposed new zone. We recommend that zoning changes required be requested before the project plan reaches the Development Commission.
The parcel is currently zoned as NR-GM (Non – Residential – General Manufacturing), and will not require

a Conditional Use or Zoning Change as Battery Storage is a permissible use recognized by the City of Albuquerque.

E. Renewable Energy

Indicate in detail if and how the Project will create, produce or use renewable energy and renewable energy technology.

Sandia Peak Grid is a utility-scale stand-alone Battery Energy Storage System (BESS). Sandia Peak Grid will be directly interconnected to the Public Service of New Mexico (PNM) high-voltage transmission system adjacent to the Reeves Generating Station in Albuquerque.

The function of a BESS on an electrical grid can be described as follows:

- BESS are an integral part of integrating more renewable energy onto an electric grid, as they allow for additional large, low-cost solar and wind generators to be reliably integrated into the grid
  - BESS can be used to store excess renewable generation that is produced but not needed during times of high supply but low demand, and re-dispatch that renewable energy when supply is low and demand is high
- BESS enable Electric Vehicle (EV) integration, as a grid-connected BESS can integrate electric vehicles to help utilities and customers effectively manage this new load source
- Compared to traditional power generation run on fossil fuels, BESS can provide a faster response at a lower cost, making the electric grid more flexible and reliable while eliminating the carbon and criteria pollution emissions generated by traditional power sources that provide these same services
- BESS are environmentally-friendly, don't produce any air or solid waste emissions or waste products, and they don't require precious water supplies for operation

When comparing grid-connected stand-alone BESS to storage that charges solely from a renewable energy source such as solar, stand-alone storage proves to be a more flexible storage resource.

- A stand-alone BESS independently optimizes for the energy storage use cases that benefit the entire system, not just one resource
- Unlike a BESS that charges from a solar resource, there are no restrictions on use for a stand-alone BESS for it to retain federal Investment Tax Credit (ITC) eligibility, as stand-alone BESS do not qualify for the ITC
- Stand-alone BESS comprises advanced technology that complements and enables renewable energy and will drive reductions in carbon emissions to meet the New Mexico Energy Transition Act (SB#489) requirements
  - 50% Carbon-Free Electricity by 2030
  - 100% Carbon-Free Electricity by 2045

II. PROJECT PLAN

A. Information Concerning Applicant

Describe the development entity – corporation, syndicate, individual, etc., and give information about the experience of the company or of significant individuals involved in the type of development or industry proposed. Include as an attachment resumes of main principles, or other information which will bear on the experience and credibility of the development entity.

Able Grid Energy Solutions, Inc. ("Able Grid") is a utility-scale energy storage developer. In partnership with utilities, municipalities, communities, and leading corporate buyers, Able Grid is developing low-cost battery energy storage systems (BESS) that improve the electric grid's reliability and help integrate clean sources of energy. Able Grid invests in communities and markets where energy storage will provide long-term value to utilities managing a diverse energy portfolio to provide low-cost and sustainable power for their customers.

Able Grid has projects in 22 states and a development pipeline of over 10,000 Megawatts. Able Grid's joint venture partner is Eolian L.P. Since 2004 Eolian has funded the development of 11,540 MW of wind development that is now operational, representing ~10% of all wind projects in the US. Additionally, Eolian has funded ~1,100 MW of solar projects and entered the energy storage market with Able Grid.

Able Grid's team members have worked at major renewable energy development companies, engineering and construction firms, laboratories, and operating companies in the energy industry. With over 250 years of combined experience, the Able Grid team brings together an unmatched diversity of experience in the energy storage industry.

This experience is applied to all aspects of developing, engineering, constructing, and operating our energy storage projects, ensuring that the battery energy storage systems (BESS) projects we develop bring long-lasting value to our customers.

See Statement of Qualifications as attachment for additional information.

B. Tax Issues

Please provide a statement declaring that the applicant has no outstanding substantive federal, state or local tax issues. If, however, there are pending issues, thoroughly describe all issues and their status.

Able Grid has no outstanding substantive federal, state or local tax issues.

C. Information Concerning Products and Process

Identify the products and/or processes involved with this Project. Specifically address the question of whether the proposed development will generate air, noise, or waste pollution or traffic congestion. Include any plans for the reduction and disposal of waste and/or project emissions.

BESS are important community investments in critical energy infrastructure. BESS are capital-intensive projects that yield substantial tax revenues for local authorities but require little use of any city infrastructure.

Specifically, there is effectively no use of water during operations, no generation of wastewater, and no need for waste disposal. BESS are remotely operated, and therefore, other than during construction, there is no road use or traffic congestion associated with the ongoing operation of a BESS.

D. Competition

Please describe any competition in the same area of commerce or industry existing in the City. Since the Development Commission and City Council do not wish to make industrial revenue bonds, with their associated tax abatements, available for projects with local competition, this statement is very important.

There are no other utility-scale BESS that have signed contracts with PNM in Albuquerque or even in New Mexico. As such, Sandia Peak Grid is not displacing or competing with any local BESS providers.

E. Effect on Existing Industry and Commerce during and after Construction

Describe the predicted effects of the Project including construction jobs generated, increased employment, increased sales, new industrial base, possible spin-off business, etc.

The total project investment cost of Sandia Grid (Phases 1 and 2) is approximately $75.5MM, which includes all engineering, procurement, and construction activities of the Battery Energy Storage System. Most of that cost is associated with the batteries and related equipment, and as such, will be subject to the 6% New Mexico Gross Receipts Tax rate upon purchase. Depending on the ultimate treatment of the land and other property, there is also likely to be significant property tax revenue for the local schools and other property tax recipients in the region. In addition, there are ongoing annual operating costs and capital investments to maintain the system over the 20-year life.

For Sandia Peal Grid, approximately 60-100 unique jobs will be created during the construction and commissioning of the Project. Some of this labor will be NM-based as Able Grid will communicate with the Engineering & construction firms that we contract with that we expect their labor force to consist of at least 50% local labor. Labor from out of state will add significant economic activity through housing, restaurants, and other local services while they are on site.

Sandia Peak Grid is the first stand-alone BESS to be located in NM, but there will be numerous additional stand-alone BESS as PNM works towards their goal of 100% carbon free electricity by 2040 while also complying with the statutory goals set in New Mexico's Energy Transition Act. Able Grid is in active development of a 200 MW stand-alone BESS on a parcel of land being acquired west of the UNM golf course. Other stand-alone storage developers have projects in PNM's transmission queue. Sandia Peak Grid will mark the beginning of a build-out of numerous technologically advanced energy storage systems as PNM transitions to a clean energy grid.

F. Land Acquisition

Indicate if IRB proceeds will be used to acquire land, and whether land is presently owned by the applicant, or is under option.

Sandia Peak Grid is located at 7800 Jacs Ln in Albuquerque, directly west of the Reeves Generating Station. Able Grid has a signed option to purchase this 6.5-acre parcel for Sandia Peak Grid and Sandia Peak Grid, with closing expected to occur in Q1 2022. Able Grid does not intend to acquire land through IRB proceeds.

G. Description of Proposed Development

Describe the construction to be undertaken in the Project, including square footage, construction type, and location of construction on the project site. Indicate whether existing buildings on the site will be rehabilitated or incorporated in the construction. Detail any demolition which will be required by the Project, and indicate whether demolition involves any identified historic properties. If possible, attach a conceptual site plan and elevation (alternately, these may be presented at the Development Commission hearing).

Able Grid's Sandia Peak Grid is a 100 MW – 200 MWh stand-alone BESS under development with site control/negotiations nearing completion, a large generator interconnection and charging study submission in process, and Project permitting, design, and engineering underway. The project site is in Albuquerque, NM, adjacent to and interconnects at the Reeves substation. The Point of Interconnection is approximately 0.12 miles from the site. Able Grid is completing permitting, environmental, and geotechnical review of the property for the site design basis for Sandia Peak Grid and is expanding the scope of these activities to include Sandia Peak Grid II (Phase 2).

Sandia Peak Grid is an energy storage system with containerized batteries and an associated thermal management system with power conversion systems (bi-directional inverters), step-up transformers, switchgear, and medium voltage cables to the project substation. Step-up to transmission voltage is accomplished via the 34.5 kV to 115 kV project substation, including the main power transformer, breakers, switches, meter, and other protection and control equipment. The autonomous control and protection of the system is managed by an intelligent energy management system (EMS) and SCADA systems provided by the system vendor.

H. Infrastructure

Indicate if Project will require any extension or relocation of utility or road systems. If additional infrastructure is required, what cost sharing agreements have been reached between the applicant and the city?

Sandia Peak Grid does not require other services or infrastructure.

I. Area Enhancement

Describe how Project design and placement will enhance the area.

Please see project layout and renderings as attached to the application.

J. Local Purchasing

Please provide an estimated annual expenditure of goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.

$3,500,000

K. Water Conservation

Estimate average daily and monthly water consumption and include any plans for the reduction or re-use of water. The Project will not require water consumption.

L. Relocation of Individuals or Businesses

No individuals, families or businesses should be displaced by the activities outlined in this plan. If any relocation is required, detail the assistance the applicant will give in relocation.
N/A

M. Number and Types of Jobs Created

Identify the number and type (i.e., professional, clerical, assembly line, etc.) of permanent jobs which will be created in the Project. If any existing jobs are to be retained to the project site, describe separately. Please include the wages of all positions to be created. The following questions must also be answered: In addition to our answers here, please see "O" below. Able Grid estimates that for this 100MW Project, 60-100 unique jobs will be created for the construction of the Project.

1) **What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere?**
Permanent new jobs for Sandia Peak Grid will likely result in 2 full time operators and at least 50% of them would be local.

2) **Will jobs benefit low and moderate income residents? N/A;** We don't have access to income of residents or prospective/current employees household incomes.

3) **Will the jobs meet or exceed median wages for the industry within the community?**
Yes. We pay significantly above any minimum wage requirements for the fieldwork and office jobs, and the average pay is well above the average for New Mexico.

4) **Will the jobs match skills of current city residents?** We are currently building a team of individuals who will have the chance to make a career out of installing these plants. We'll have equipment specialists and electricians for the fieldwork, and the office support will consist of project managers, electrical designers, and engineers.

5) **Will new employees be trained to fill the positions?**
Yes, we're currently looking to fill several roles for both the office and the field teams.

6) **What stated advancement opportunities are there?**
This is a relatively new and developing technology vertical that will be expanding throughout the US as the technology becomes more widely available and cost-effective. Anyone with the skills and experience to design or install a system will be in high demand.

7) **Will "Job Training Incentive Program" or other job training programs be used?**
Local Business Mentoring Programs
Able Grid is a strong supporter of local business and mentoring programs that focus on technology, education, and culture to create a long-term, sustainable, and environmental impact that positively affects change in the local economy.

Able Grid is willing to work with small, local, and diverse or minority-owned businesses in the Project area. In particular, the development and construction of these projects provide contracting opportunities with local land-use planning attorneys, civil engineers, surveyors, landscapers, security firms, and fencing contractors. Able Grid will craft a scope to identify talent that meets the criteria needed for upcoming opportunities.

Educational Commitments

Able Grid is committed to continuous outreach to local community colleges and university programs, internships, and Renewable Energy Stewardship programs to teach the benefits of Sustainability and Battery Energy Storage Systems within the Project region. Able Grid is willing to partner with Electrical Engineering programs at local community colleges to provide site visits of the BESS. Working with our Project-based contractor and the local utility, we would like to integrate educational site visits and potentially internship or employment opportunities on the Project for students in these programs. However, we will not be extending educational opportunities on site to students under18 years of age for safety reasons.

8) **Will at least 50% of health insurance premiums be covered for employees?**
Yes

N. Corporate Citizenship Policy/Plan

List any company policies/plans regarding the promotion of donations and volunteerism policy.

Company Mission Statement

Able Grid Energy Solutions develops, constructs, and operates utility-scale energy storage projects to serve utilities, communities, and corporate customers with solutions to integrate their portfolio of renewable energy resources, providing emissions-free, flexible capacity and reliability, and alternatives and complements to transmission and distribution build. We work together with our customers as a collaborative team passionate about supporting communities' transition to a clean energy future.

Company Culture and Values

We are a team of energy professionals committed to building energy storage projects to lower the cost of energy to consumers and decarbonize the electric power system. We are providing a key technological solution to facilitate integrating ever-larger amounts of variable renewable energy onto the system at lower costs than thermal peaking resources. Our projects must deliver local, regional, and global economic, social, and environmental wins for the communities where our projects are located. We adhere to our diversity, equity, and inclusion policies and seek opportunities for diverse and local suppliers and vendors for our projects.

Environmental Goals

The purpose of our energy storage projects is to decarbonize the electric power system and reduce local air pollutants from fossil fuel resources that provide peaking capacity and reliability services. We accomplish decarbonization by providing a flexible capacity resource that can balance a portfolio of variable renewable energy resources by either charging during overgeneration conditions or discharging during under generation conditions to serve load. We are acritical enabling technology to allow the electric power system to reliably add increasing levels of renewable generation and displace fossil fuel plants. We accomplish

reductions in local air pollutants by siting our energy storage projects to replace existing fossil-fuel-peaking capacity resources that emit NOx, SOx, and particulate matter that harm human health in the community.

Social Goals

Our energy storage projects seek to achieve the following social goals: 1.) Provide clean energy infrastructure investments in urban communities that will not see large wind or solar energy installations. This ensures the economic benefit of renewing our electric power system to a sustainable one is shared with urban communities.2.) Reduce or eliminate the environmental injustices of fossil fuel plants located in socially or economically disadvantaged communities by providing an alternative emissions-free resource that can replace those fossil fuel plants while maintaining some job opportunities, investment, and local tax base lost from the retired fossil fuel plants. 3.)Support diverse and local suppliers and vendors.

Sustainability

Able Grid is a signatory to the Energy Storage Corporate Responsibility Initiative to engage in a good-faith effort to optimize performance, minimize risk and serve as an exemplary corporate citizen in the manufacturing, deployment, implementation, and operation of energy storage projects across the United States.

Able Grid supports safe operations of battery energy storage projects with its employee's participation in standards committees, including NFPA 855 and UL 9540. Able Grid only sources from battery vendors who can demonstrate responsible sourcing and disposal of equipment, particularly batteries, to minimize the environmental impact of the projects.

O. Positive Contributions

List all positive contributions that the Project will make to the neighborhood.

Similar to power generation plants, the major equipment of a battery energy storage project, including batteries, inverters, and transformers, is supplied by large multinational corporations, including US-based firms like Tesla and General Electric. Able Grid is unable to enforce Diverse or Local Supplier requirements on those prominent vendors; however, our battery energy storage projects can utilize Diverse and Local Suppliers providing any of the following services in the development and construction of the Project:

- Development services: these are often professional services, including surveying, engineering, permitting, and legal support to design and secure entitlements to construct the Project.
- Construction labor and services: where Diverse and Local Suppliers are operating as subcontractors to the general contractor performing craftwork such as electricians and carpenters or local suppliers for materials, excavation, and earthwork, concrete and foundations, and fencing and security.

Our preference is to work out specific metrics with PNM during the contracting phase to identify diverse local suppliers to be included in the Project and implement this through a program with our Project-based general contractor.

P. Management

Who will manage the Project? If the Project will be managed by someone other than the applicant, does the applicant have any long-range involvement?

Able Grid will manage the Project.

IV. PROJECT FINANCING

A. Cost of Improvements, Bond Amount and Private Financing

Provide the total cost of the improvements to be constructed and the amount of bonds requested. The amount requested should be no more than that needed to complete the Project in addition to equity or conventional financing. Also provide the amount of private financing (equity or conventional financing) involved in this Project; this may include the value of land and existing facilities, if relevant.

- Total Cost of improvement $85,000,000
- Bond Amount requested $6,142,313

B. Estimated Value After Completion

Indicate the estimated appraised value of the Project after completion.

- Project Value: $75,000,000
- Project Assessed Value $26,250,000

C. Feasibility

Present information to show that the Project can reasonably be expected to generate sufficient revenue to liquidate the debt. This information may be an attached pro forma, and should be sufficiently detailed to show the assumptions on which the projections are based. However, a firm commitment to provide financing for the Project will be considered sufficient evidence of feasibility, and no pro forma will be needed in such cases.

Please see attached.

D. Construction Schedule

Give the date of anticipated beginning and completion of construction.

Please see construction schedule as attached.

E. Issuance of Bonds

Provide the anticipated date of bond issuance. 4/1/2024

Attachments: Attach to the plan a map location of the Project (you may use the base maps from the City Zone Atlas if you wish), and any other information as desired to supplement the plan. If you are attaching glossy or colored printed material, please submit 25 copies.

Please see attached.

Project Name	Sandia Peak				
County	Bernalillo		Tax Payments without project improvements	$	10,429
Project Size (MW)	150		Tax Payments with BESS Project	$	18,513,793
Total Acres	6.5		Tax Payment Multiplier: 20 years		
Millage Rate	47.978		Tax Payment Multiplier: 40 years		
Land Value Per Acre	$ 700,000		Capital Investment per Acre	$	17,692,308
CUVA Value %	0		Additional Revenue for County and School District		
Project Value	$ 115,000,000		from Pilot Payments		
Project Assessed Value	$ 40,250,000		After 20 Years:	$	9,256,897
Abatement %	65%		After 40 Years:	$	18,513,793
Land Value Per Acre	100%	***After Project is titled in the Development Authority's name, no taxes or Pilot during construction period years.			

Year	Land Value (100%	Assessed Land	Real Property	Adjusted	Tax	Class III	Depreciated	Equipment	Total Personal	PILOT	Adj. Personal	Total Tax Pilot	Additional Tax Benefit	Levelized Pilot Opt #2
1	$ 4,550,000	$ 1,501,500	$ 72,039	$ -	$ -	96%	$ 110,400,000	$ 44,160,000	$ 2,118,708	35%	$ 741,548	$ 813,587		$ 387,517.19
2	$ 4,595,500	$ 1,516,515	$ 72,759	$ -	$ -	86%	$ 98,900,000	$ 39,560,000	$ 1,898,010	35%	$ 664,303	$ 737,063		$ 387,517.19
3	$ 4,641,455	$ 1,531,680	$ 73,487	$ -	$ -	80%	$ 92,000,000	$ 36,800,000	$ 1,765,590	35%	$ 617,957	$ 691,444		$ 387,517.19
4	$ 4,687,870	$ 1,546,997	$ 74,222	$ -	$ -	72%	$ 82,800,000	$ 33,120,000	$ 1,589,031	35%	$ 556,161	$ 630,383		$ 387,517.19
5	$ 4,734,748	$ 1,562,467	$ 74,964	$ -	$ -	64%	$ 73,600,000	$ 29,440,000	$ 1,412,472	35%	$ 494,365	$ 569,329		$ 387,517.19
6	$ 4,782,096	$ 1,578,092	$ 75,714	$ -	$ -	56%	$ 64,400,000	$ 25,760,000	$ 1,235,913	35%	$ 432,570	$ 508,283		$ 387,517.19
7	$ 4,829,917	$ 1,593,873	$ 76,471	$ -	$ -	48%	$ 55,200,000	$ 22,080,000	$ 1,059,354	35%	$ 370,774	$ 447,245		$ 387,517.19
8	$ 4,878,216	$ 1,609,811	$ 77,236	$ -	$ -	40%	$ 46,000,000	$ 18,400,000	$ 882,795	35%	$ 308,978	$ 386,214		$ 387,517.19
9	$ 4,926,998	$ 1,625,909	$ 78,008	$ -	$ -	32%	$ 36,800,000	$ 14,720,000	$ 706,236	35%	$ 247,183	$ 325,191		$ 387,517.19
10	$ 4,976,268	$ 1,642,168	$ 78,788	$ -	$ -	24%	$ 27,600,000	$ 11,040,000	$ 529,677	35%	$ 185,387	$ 264,175		$ 387,517.19
11	$ 5,026,031	$ 1,658,590	$ 79,576	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	35%	$ 154,489	$ 234,065		$ 387,517.19
12	$ 5,076,291	$ 1,675,176	$ 80,372	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	35%	$ 154,489	$ 234,861		$ 387,517.19
13	$ 5,127,054	$ 1,691,928	$ 81,175	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	35%	$ 154,489	$ 235,664		$ 387,517.19
14	$ 5,178,324	$ 1,708,847	$ 81,987	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	35%	$ 154,489	$ 236,476		$ 387,517.19
15	$ 5,230,108	$ 1,725,936	$ 82,807	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	35%	$ 154,489	$ 237,296		$ 387,517.19
16	$ 5,282,409	$ 1,743,195	$ 83,635	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	35%	$ 154,489	$ 238,124		$ 387,517.19
17	$ 5,335,233	$ 1,760,627	$ 84,471	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	35%	$ 154,489	$ 238,961		$ 387,517.19
18	$ 5,388,585	$ 1,778,233	$ 85,316	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	35%	$ 154,489	$ 239,805		$ 387,517.19
19	$ 5,442,471	$ 1,796,015	$ 86,169	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	35%	$ 154,489	$ 240,658		$ 387,517.19
20	$ 5,496,896	$ 1,813,976	$ 87,031	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	35%	$ 154,489	$ 241,520		$ 387,517.19
Total After PILOT			$ 1,586,226		$ -				$ 17,611,764			$ 7,750,344		$ 7,750,343.79
21	$ 5,551,865	$ 1,832,115	$ 87,901	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 529,299		$ 538,172.48
22	$ 5,607,383	$ 1,850,436	$ 88,780	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 530,178		$ 538,172.48
23	$ 5,663,457	$ 1,868,941	$ 89,668	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 531,066		$ 538,172.48
24	$ 5,720,092	$ 1,887,630	$ 90,565	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 531,962		$ 538,172.48
25	$ 5,777,293	$ 1,906,507	$ 91,470	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 532,868		$ 538,172.48
26	$ 5,835,066	$ 1,925,572	$ 92,385	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 533,783		$ 538,172.48
27	$ 5,893,416	$ 1,944,827	$ 93,309	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 534,707		$ 538,172.48
28	$ 5,952,350	$ 1,964,276	$ 94,242	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 535,640		$ 538,172.48
29	$ 6,011,874	$ 1,983,918	$ 95,184	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 536,582		$ 538,172.48
30	$ 6,071,993	$ 2,003,758	$ 96,136	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 537,534		$ 538,172.48
31	$ 6,132,713	$ 2,023,795	$ 97,098	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 538,495		$ 538,172.48
32	$ 6,194,040	$ 2,044,033	$ 98,069	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 539,466		$ 538,172.48
33	$ 6,255,980	$ 2,064,473	$ 99,049	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 540,447		$ 538,172.48
34	$ 6,318,540	$ 2,085,118	$ 100,040	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 541,437		$ 538,172.48
35	$ 6,381,725	$ 2,105,969	$ 101,040	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 542,438		$ 538,172.48
36	$ 6,445,543	$ 2,127,029	$ 102,051	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 543,448		$ 538,172.48
37	$ 6,509,998	$ 2,148,299	$ 103,071	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 544,469		$ 538,172.48
38	$ 6,575,098	$ 2,169,782	$ 104,102	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 545,499		$ 538,172.48
39	$ 6,640,849	$ 2,191,480	$ 105,143	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 546,540		$ 538,172.48
40	$ 6,707,257	$ 2,213,395	$ 106,194	$ -	$ -	20%	$ 23,000,000	$ 9,200,000	$ 441,398	100%	$ 441,398	$ 547,592		$ 538,172.48
Total after 40 years			**$ 3,521,724**		**$ -**				**$ 26,439,716**			**$ 18,513,793**		**$ 10,763,450**

ABLE GRID

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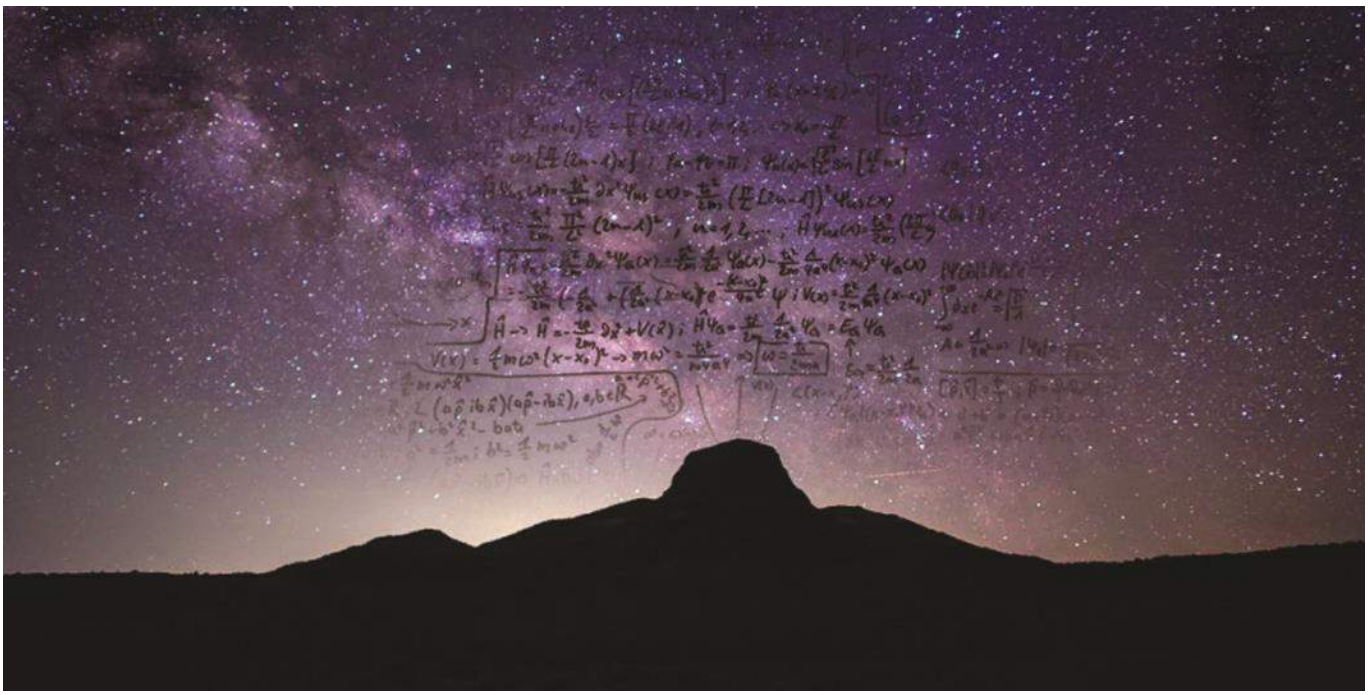
January 2022

FISCAL IMPACT ANALYIS OF PROPOSED ABLE GRID SOLUTIONS, LLC PROJECT IN THE CITY OF ALBUQUERQUE

Prepared for the City of Albuquerque by Omar Solis



BUREAU OF BUSINESS & ECONOMIC RESEARCH

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1. Introduction

The Department of Economic Development at the City of Albuquerque has requested that the Bureau of Business and Economic Research at the University of New Mexico (BBER) conduct a fiscal impact analysis of operations related to a proposed project by Able Grid Energy Solutions, Inc (Able Grid). Founded in 2017, Able Grid tasks itself with the development, construction, and operation of battery energy storage system facilities (BESS). To date, the organization has completed more than 2 gigawatts of standalone storage, wind, and solar projects.[1] Able Grid is currently headquartered in Boulder, Colorado, but has projects in 22 states.[2]

In Albuquerque, the Able Grid project will be completed in two phases. The initial phase entails the construction of a 150-megawatt BESS, to begin in 2022 and terminate in 2023. Phase two encompasses the construction of a 50-megawatt BESS. Construction in phase two will begin in 2023; construction is scheduled to conclude in 2024. Able Grid has apportioned over $40 million to complete both construction projects. 40% ($16 million) of construction-related expenditures will be from Albuquerque firms.

Able Grid is requesting an industrial revenue bond (IRB) from the City of Albuquerque totaling $7,750,344 to complete the project, dubbed Sandia Peak Grid. The IRB will aid Able Grid in diffusing a portion of COVID-19-related increases to raw materials and supply chain disruptions. Able Grid anticipates that the IRB will be issued in April 2024, but this analysis assumes an initiation in 2022.

2. Property

The Sandia Grid Project will be located on the following Albuquerque properties:

- 7800 Jacs Ln NE; Parcel ID: 101606344237010226
- 7850 Jacs Ln NE; Parcel ID: 101606346539910228

Properties as described as lots 6 and 5 (respectably) of the Blue Sky Business Park. Together, this real estate totals just over 6 acres. Notices of value for each lot have been confirmed by the Office of the Bernalillo County Assessor. In 2021, the property at 7800 Jacs maintained a taxable value of $217 thousand. The 2021 taxable value for 7850 Jacs is $59 thousand.

[1] https://ablegridenergy.com/who-we-are/

[2] IRB application presented to City of Albuquerque

3. Methodology

This analysis is based on self-reported budget and expenditure information provided directly by Able Grid. Information transmitted to the City of Albuquerque through the IRB application are also considered. Data consist of expected payroll and employment figures, operating expenditures, and construction and equipment expenditures over the next 20 years.

The fiscal impact analysis process involves measuring direct, indirect, and induced jobs, as well as associated labor income due from projects. The model employed by BBER also applies disposable income derived from annual employee wages. Nearly 60% of all labor income is taxable. A portion of these salaries and wages are allocated for federal and state income taxes. Other portions are spent on the purchase of food and drugs, which are not taxed. Likewise, a portion of earnings will be spent out-of-state where they, too, escape New Mexico taxation. With broad-based gross receipts (GRT) and compensation taxes, however, much local spending will be taxed.

As such, taxes associated with company purchases have been recorded. Property tax was determined using estimated employment increases and per capita property tax. Additionally, estimates for increases in per capita costs of City of Albuquerque services due to elevated resident activities in the city are employed.

Importantly, fiscal impact analysis results are dependent on assumptions; different assumptions can return markedly different results. The following summarizes the major assumptions used in this analysis:

1. Only City of Albuquerque incentives and the ensuing fiscal impact on the City are considered; incentives received from the State of New Mexico, or any other governing entity, are not considered.
2. 50% of total Sandia Grid new hires will be hired from within Albuquerque. This amounts a total of 70 full- and half-time hires in 2022, and an additional 42 in 2023. 2024 will see a decrease to 24, total, as construction phases wane. 13 individuals will remain employed into 2041.
3. It is expected that construction jobs will be sourced from within the city.
4. In connection with the City of Albuquerque IRB, 65% of land and real property taxes will be foregone.
5. 40% of all personal property purchases will be from within the community; these purchases are also subject to GRT.
6. All operational expenditures for goods and services will be spent locally; these purchases do not forego gross receipts.

4. Results

Table 1 illustrates the fiscal impacts of the proposed Able Grid Expansion in the City of Albuquerque. The table summarizes the impact of both BESS—150MW and 50MW. Employing the current 20-year bond rate of 2.47% yields an estimated $7.6 million additional dollars to the city after 20 years. Returns are greatest in years 1 and 2 of the project as investments in the labor force, construction, and the purchase of capital are initiated. Employment numbers equalize after year 2024, at the end of the construction phase and the onset of operations & maintenance employment.

Table 1. 20-Year IRB Analysis: Estimated Tax Revenues for Proposed Able Grid Solutions, Inc Project, Including Incremental Tax, Present Value of City Taxes and Net Tax Increment, and Cumulative Net Present Value by Year (2022 dollars)

	Gross Receipts Taxes (GRT)					Property Tax		Other Taxes	Pre-Abatement Revenues	Foregone Real Property Tax	City Costs	Fiscal Impact		
	Company Employees	Indirect and Induced Employees	Company Purchases	Construction	Construction Employees	Real (Company)	Personal (Company)					Annual	Present Value	Cumulative
2022	8,876	12,946	3,093,750	664,125	99,516	95,907	594,129	1,045	4,602,100	62,340	8,991	4,530,770	4,530,770	4,530,770
2023	19,250	26,399	38,500	453,819	66,689	155,855	509,253	1,672	1,322,327	101,306	14,385	1,206,635	1,177,550	5,708,320
2024	4,319	6,840	-	-	-	150,061	424,378	358	596,862	97,540	3,083	496,239	472,604	6,180,924
2025	2,951	3,366	-	-	-	144,267	339,502	194	496,187	93,773	1,670	400,744	372,457	6,553,381
2026	2,959	3,385	-	-	-	138,473	254,627	194	405,544	90,007	1,670	313,867	284,681	6,838,063
2027	2,966	3,405	-	-	-	132,678	169,751	194	314,901	86,241	1,670	226,991	200,921	7,038,983
2028	2,974	3,424	-	-	-	126,884	84,876	194	224,258	82,475	1,670	140,114	121,032	7,160,016
2029	2,982	3,443	-	-	-	121,090	-	194	133,615	78,708	1,670	53,237	44,879	7,204,894
2030	2,989	3,463	-	-	-	115,295	-	194	127,848	74,942	1,670	51,236	42,151	7,247,045
2031	2,997	3,482	-	-	-	109,501	-	194	122,081	71,176	1,670	49,235	39,528	7,286,573
2032	3,004	3,501	-	-	-	103,707	-	194	116,313	67,409	1,670	47,234	37,007	7,323,580
2033	3,012	3,520	-	-	-	97,913	-	194	110,546	63,643	1,670	45,233	34,585	7,358,166
2034	3,020	3,540	-	-	-	92,118	-	194	104,779	59,877	1,670	43,232	32,259	7,390,424
2035	3,027	3,559	-	-	-	86,324	-	194	99,011	56,111	1,670	41,231	30,024	7,420,448
2036	3,035	3,574	-	-	-	80,530	-	194	93,240	52,344	1,670	39,226	27,875	7,448,323
2037	3,042	3,590	-	-	-	74,735	-	194	87,468	48,578	1,670	37,221	25,813	7,474,136
2038	3,050	3,605	-	-	-	68,941	-	194	81,697	44,812	1,670	35,216	23,833	7,497,969
2039	3,058	3,620	-	-	-	63,147	-	194	75,926	41,045	1,670	33,210	21,935	7,519,904
2040	3,065	3,636	-	-	-	57,353	-	194	70,154	37,279	1,670	31,205	20,113	7,540,017
2041	3,073	3,651	-	-	-	51,558	-	194	64,383	33,513	1,670	29,200	18,367	7,558,385
Total	83,651	105,949	3,132,250	1,117,944	166,205	2,066,338	2,376,515	6,374	9,249,241	1,343,119	54,844			

Gross Receipts Taxes, Company Employees: Gross receipts taxes on local purchases by new operating personnel employed by applicant.

Gross Receipts Taxes, Indirect and Induced Employees: Gross receipts taxes on local spending by those supported by company's purchases of local goods and services and by spending by operating personnel.

Gross Receipts Taxes, Company Purchases: Gross receipts taxes on increased company purchases of local goods and services as a result of the project.

Gross Receipts Taxes, Construction: Gross receipts taxes on contractor receipts and on local spending by construction workers and those supported indirectly by the project.

Total Revenues: Gross receipt tax revenues and other revenues associated with the additional population resulting from the project.

Foregone Property Taxes: Property taxes that would have been paid on land, buildings and equipment financed by the IRB. Title to properties financed are held by the City and the properties are exempt from taxes during the life of the bond. There is a minimum Payment in Lieu of Taxes of 5% of the taxes foregone.

City Costs: Costs of providing City services and infrastructure to the additional population and additional employment supported by the project. Costs include general fund expenditures, the subsidy for Transit, city street fund expenditures and average spending over past 5 years in the City's Capital Acquisition less that supported by Federal funds or transfers. The cost of services provided by the city is split between businesses (based on employment) and residents (based on additional population).

Fiscal Impact, Annual: The annual fiscal impact is the total revenue less the cost for each year of the Industrial Revenue Bond.

Fiscal Impact, Present Value: Present value of the stream of annual net fiscal impacts discounted to current values. Here the discount rate is the real rate of interest on GO bonds.

Fiscal Impact, Cumulative: The running total of state present value fiscal impacts over the life of the Industrial Revenue Bond, where the last year is the net present value of the Industrial Revenue Bond .

Company Purchases includes employer paid health care insurance as well as G&S expenditures.

Property Tax includes Real and Personal property for applicant and employees.