

# Tax Abatement Proposal for NRG Greens Bayou 6 LLC

## Economic Development Committee

### February 18, 2026



**Mayor's Office of  
Economic Development**

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# Presentation Outline



Project Introduction

Economic Development  
Tax Abatement Proposal

Questions



# Project Moonshot (Greens Bayou 6)

Proposed Expansion – Greens Bayou Site

# Project Moonshot: Overview

*Proposed Power Generation for a Stronger Houston*

## Facility Detail

Additional **455 megawatt (MW)** electric power generation plant (“peaker” unit) at the NRG Greens Bayou complex

## Capital Investment

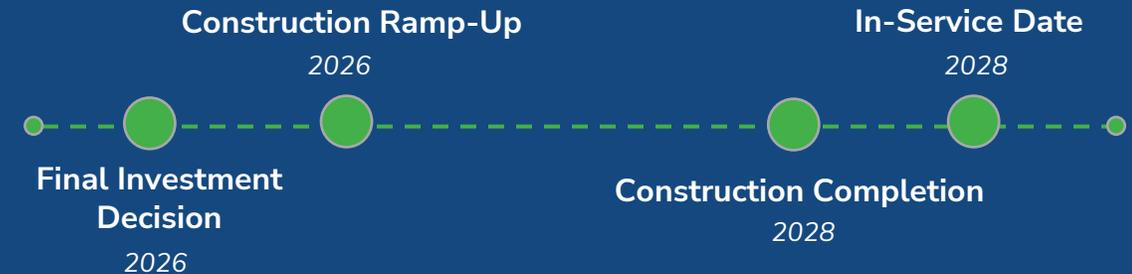
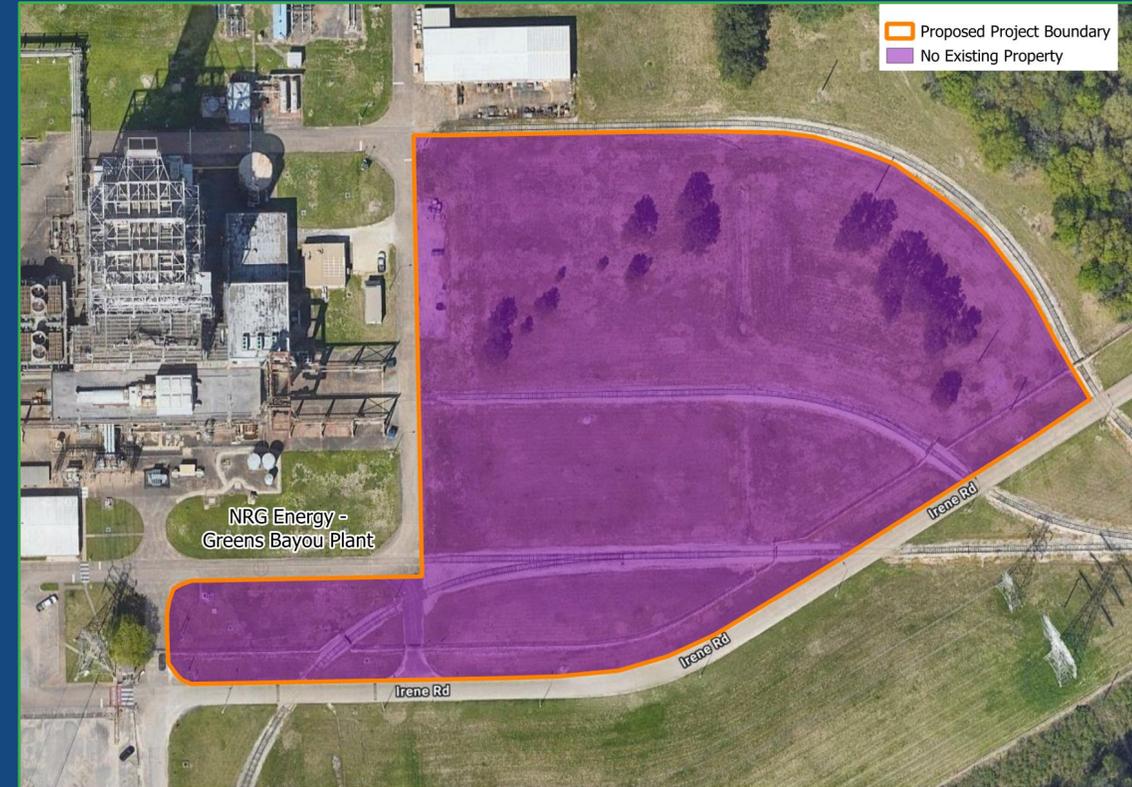
Estimated total capital investment of **~\$570M**

## Local Job Impact

Estimated **~250 construction jobs** at peak; **~14 new, full-time jobs** to operate facility

## Project Location

Would be developed on ~6 acres within Harris County, inside an enterprise zone on land generally south of US Route 90 and west of Irene Road



Capex and timing are estimated and subject to change due to market, other factors and final engineering

# State-of-the-Art Technology

- The **GE 7HA.03** turbine delivers up to **455 MW**, making it one of the highest power output 60 hertz combustion turbines when compared to older F class gas turbine designs
- The turbine provides exceptional ramping capability that supports the **grid stability** and **complements intermittent generation**
- The turbine uses GE's latest combustion system, enabling it to achieve **very low NOx emissions** before reaching SCR for further emissions reduction, highlighting its **best-in-class emissions management systems** when compared to coal or older gas turbines
- The 7HA.03 uses **advances materials and coatings** which allows the turbine to operate on up to 50% hydrogen by volume blended with natural gas, unlocking **new potential fuel sources** which could further drive down emissions
- The 7HA.03 is modular configuration, helping to **reduce assembly** and **construction durations**

# Significance of Local Support

- **Long-term ad valorem property tax exposure** is a material driver of lifecycle cost
- Combined with current financing, labor, and supply-chain conditions, this liability could **lessen the attractiveness of the investment, harming justification of the Project**
- A Chapter 312 tax abatement from the City of Houston is a “but-for” component needed to **close the remaining viability gap** and provide **confidence to advance development of the Project**
- This request is also consistent with the State’s demonstrated support for dispatchable generation through the **Texas Energy Fund** and with the **JETI value-limitation support** already secured through an executed agreement with Galena Park ISD
- By collaborating with NRG, the City of Houston could secure **lasting economic benefits** and **support the long-term power needs of its residents and businesses**

# Other Incentives & Financing

Other sources of support for Greens Bayou 6 obtained or under pending approval

- The **State of Texas** and **Galena Park ISD** have already demonstrated confidence in the Project, **taking action** and **approving support** for the Project in order to strengthen the Houston area as a more attractive location for investment
- Their actions underscore that the Project is not only aligned with statewide grid-reliability priorities, but is also recognized locally as a transformative opportunity for the Houston region

## Jobs, Energy, Technology, Innovation Act (JETI) Ch. 403 ISD Value Limitation

- Final JETI agreement executed by NRG and Galena Park ISD, awaiting full execution by Governor's Office
  - Potential Gross Value of Incentive: ~**\$21.8M**
  - Est. Net Present Value of Incentive: ~**\$11.9M**

## Texas Energy Fund (TEF) Programs

- **In-ERCOT Generation Loan**
  - Project currently in due diligence process
  - 20-year loan at an incentivized fixed interest rate of 3.0%
  - Est. total savings from fixed reduced rate financing: **\$90.6M net present value**
- **Completion Bonus Grant**
  - \$80k-\$120k per MW
  - Based on Commercial Operations Date
  - Est. total **\$16.7M net present value**

# TX Efforts to Attract New Power Generation

## New State-Level Incentives Designed to Complement Local Programs

Winter Storm Uri in Feb. 2021 → 88th Legislative Session → Nov. 2023 Ballot Referendums put significant funding/financing behind building new power plants and stabilizing the TX electric grid, including:

- **SB 3** – PUCT weatherization requirements for power plants and utilities; bolstered communications
- **JETI** – amends Chapter 403 of TX Tax Code to exempt new power generation projects from jobs criteria
- **SB 2627 / HB 1500** – provide low/no interest loans / new incentives for smoother power delivery
- **New early completion bonuses, vegetation mgmt. grants, and line extension funding** for power plants

### “Keep the Lights On”

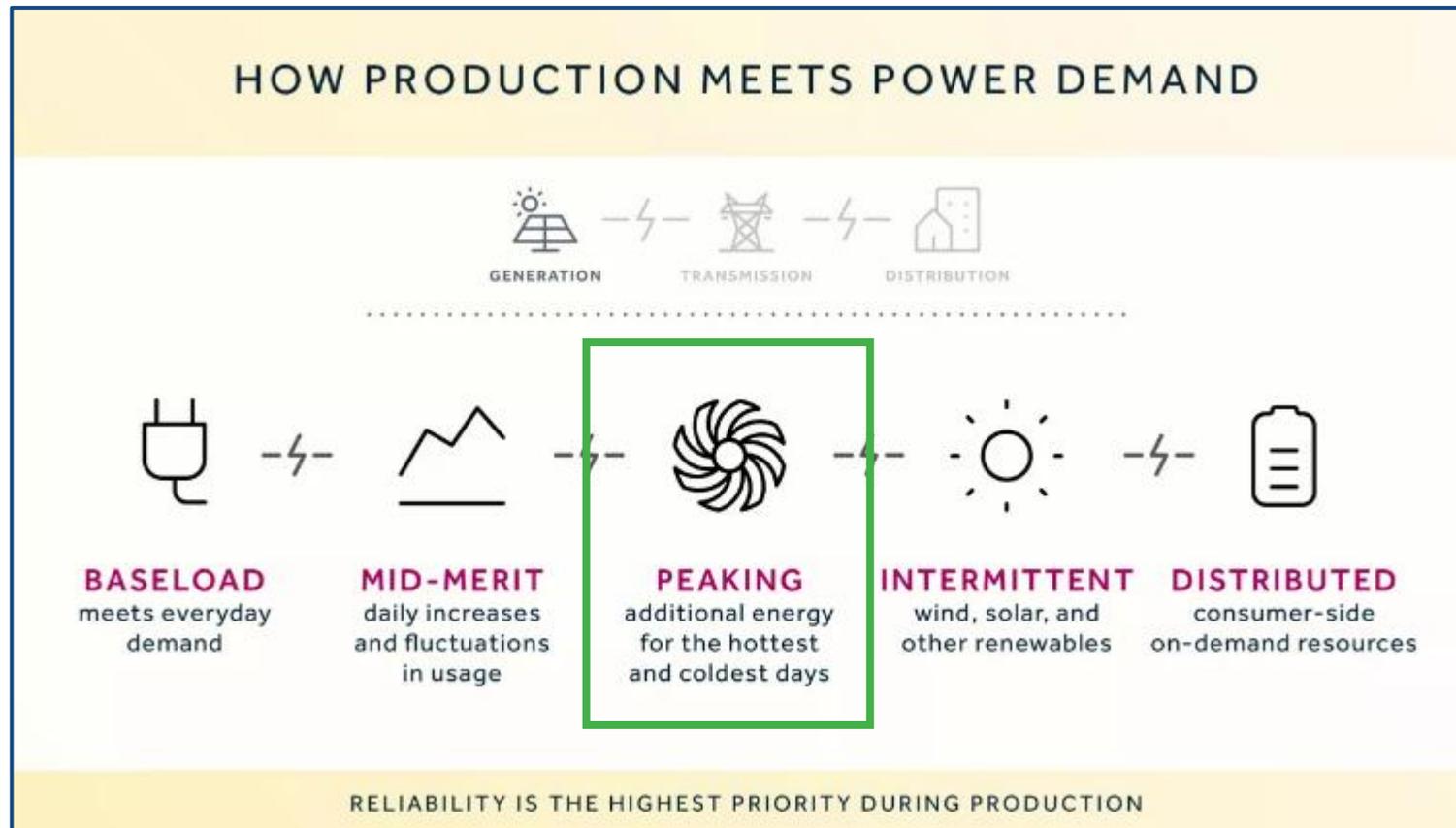
- Reduce power outages for customers
- Shorten outage durations for affected customers
- Prevent drastic cost increases to ratepayers

### “Keep the Door Open”

- Attract new capital/power-intensive projects
- Keep Texas competitive on global stage
- Assure new industry needs will be met

Local support is critical to the successful development of Project Moonshot

# Energy Production and Demand – Peaking



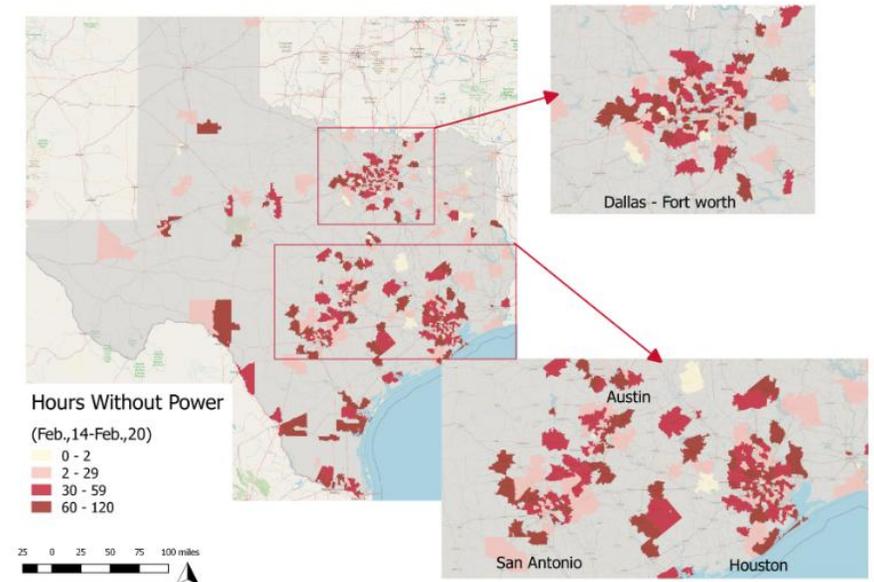
## Peak Load

- **High elec. demand**—often lasting short periods of time—require additional generation to meet needs of grid
- **Peaks typically occur during extreme weather due to increased HVAC use during heat waves, arctic blasts, or other storm-related outages**
- *Peaking power* refers to **flexible power sources** which can be tapped quickly when needed to supplement baseload and mid-merit resources

# Grid Resilience is Critical

## Peaker plants can improve region's energy resiliency

- Electricity relies on natural gas production and vice versa
- During Winter Storm Uri, over half of Texas' natural gas supply was shut down
- ERCOT's viable energy plan includes:
  - **Power-generating assets to fill gaps** during intermittent renewable electricity generation
  - **Callable power generation** near large power centers
  - **Increasing peak system capacity** to addresses reliability challenges currently impacting the state electric grid



Source: uh.edu survey of 1,500 Texans after Winter Storm Uri (2021)

- ➔ Increasingly frequent and severe weather events are highlighting the Gulf Coast's vulnerability to **grid failures** and its critical need to **strengthen its infrastructure and energy resiliency**
- ➔ Project Moonshot would prepare Houston and surrounding region for the future and improve the power grid by providing more **controllable, fast-start power generation** to complement a growing renewable energy sources

# Global AI Race and Data Center Development

- ❖ U.S.-based AI companies are locked in a global competition to develop the best products and platforms, and the winner(s) will transform virtually all industries and become economically dominant for the next century
- ❖ Data centers are the backbone of next generation AI technologies, and without them, the United States cannot be competitive with other countries building out their own DC infrastructure
- ❖ In 2024, data centers consumed an estimated 4% of U.S. power; over the next decade, data centers are projected to consume 11% or more of U.S. power
- ❖ Lead time for power connection to the grid is now 3+ years, making co-location with a dedicated power source extremely important
- ❖ Competition for this investment is not just global and national, but more recently shifting outside of the “Texas Triangle” and into newly contemplated areas, including the Permian Basin

# Project Moonshot & City of Houston Ch. 312 – Premise

## Criticality of City of Houston incentives to thermal power generation in Texas

- **New power generation:** urgently needed in TX (esp. Gulf Coast) but challenging to finance and approve
- **Narrow window of opportunity:** new state incentives, and final NRG Board consideration
- **M&E Availability:** Turbines, transformers, GCBs, switchgear, and other critical electrical infrastructure M&E are in unprecedented demand with lead times in years, not months, and supply chain interruptions persisting
- **Conditional economic benefits:** City of Houston would receive significant **new ad valorem property tax revenue** only if a Ch. 312 agreement and other incentives can be secured, allowing NRG Board to approve

### Blueprint for Success

- Incentive support for Greens Bayou 6
- ROI target achieved; NRG Board approves
- Debt/equity profile secured
- **New property tax revenue to City of Houston**

### Puts Project Completion at Risk

- No incentive support for Greens Bayou 6
- Insufficient ROI to gain NRG Board approval
- Debt/equity profile cannot be secured
- **\$0 new revenue to City of Houston**

# Project Moonshot – Request for Consideration

Project Moonshot relies on a variety of state & local incentive programs designed to reduce the significantly increased capex and opex of new power generation facilities. NRG respectfully requests the City of Houston's consideration and support for its pending Ch. 312 application for Project Moonshot at the Greens Bayou site.

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Incentives are not just critical to NRG's consideration and approval of Project Moonshot; they would also help to ensure that energy prices stay lower and more stable for utility customers in the City of Houston and the State of Texas, relative to other states.

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Project Moonshot would also generate significant local tax revenue over decades of operation and encourage continued energy production in the region. NRG appreciates the City of Houston's consideration of the proposed partnership and looks forward to next steps.



# Economic Development Tax Abatement Proposal

# Tax Abatement Ordinance

## Chapter 44 Article IV

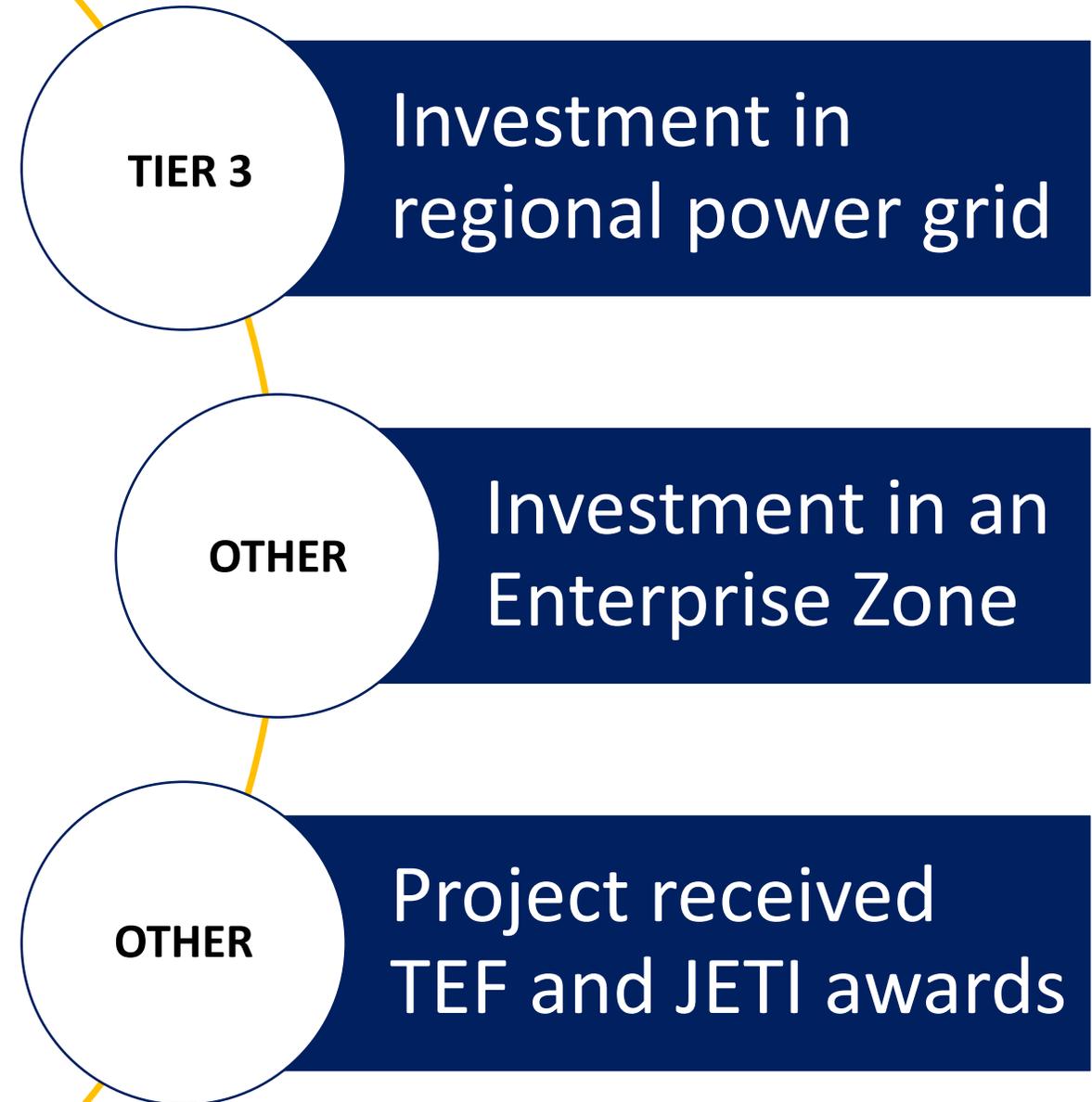
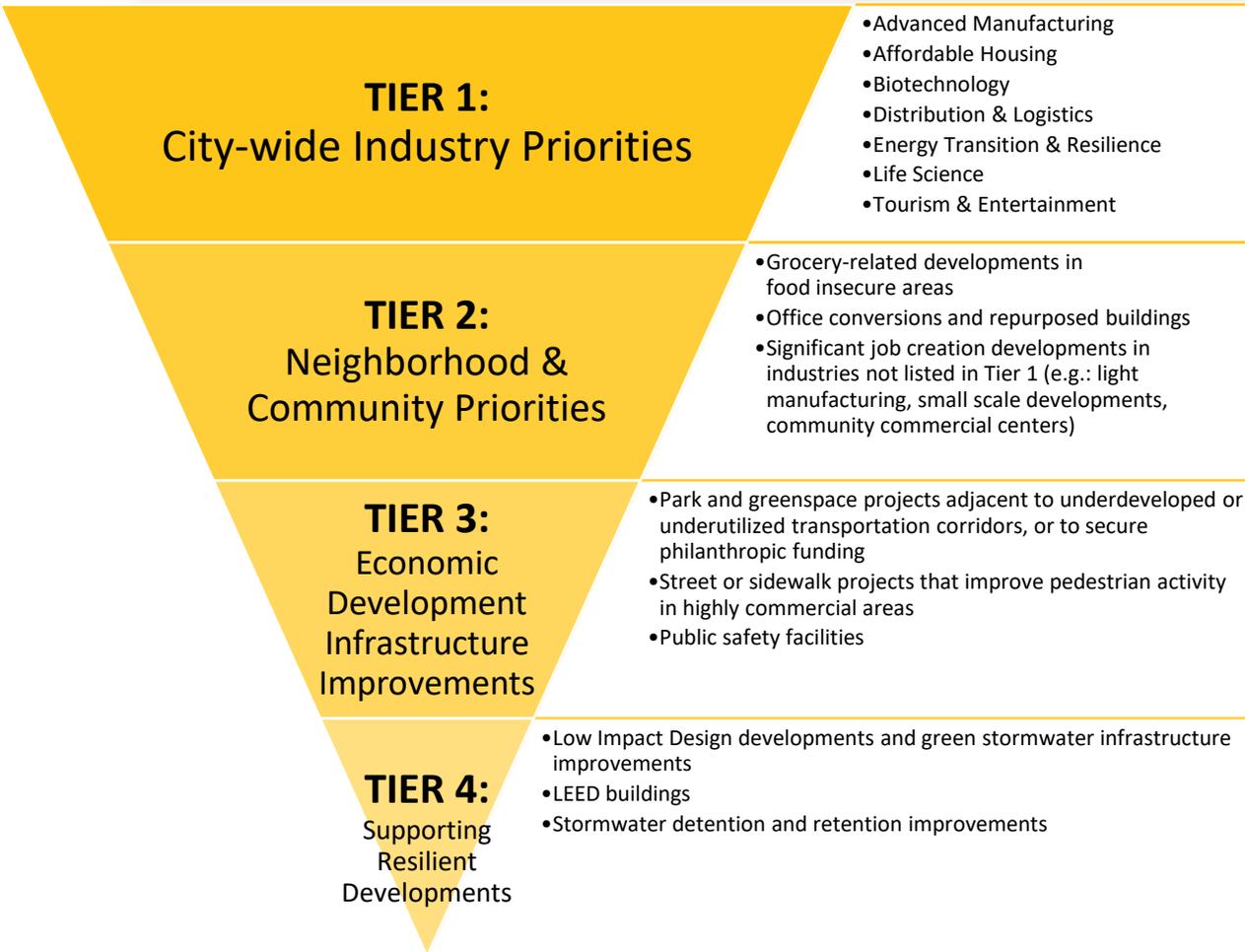
- Ord. 2024-624 established our tax abatement program through 12:00am on August 28, 2026
  - Economic Development Abatement (Sec. 44-127)
  - Brownfield Development Abatement (Sec. 44-129)
  - LEED Tax Abatement (Sec. 44-131)
  - Green Stormwater Infrastructure (GSI) Abatement (Sec. 44-132)
  - Deteriorated/Demolished Property Abatement (Sec. 44-133)

# Economic Development Tax Abatement

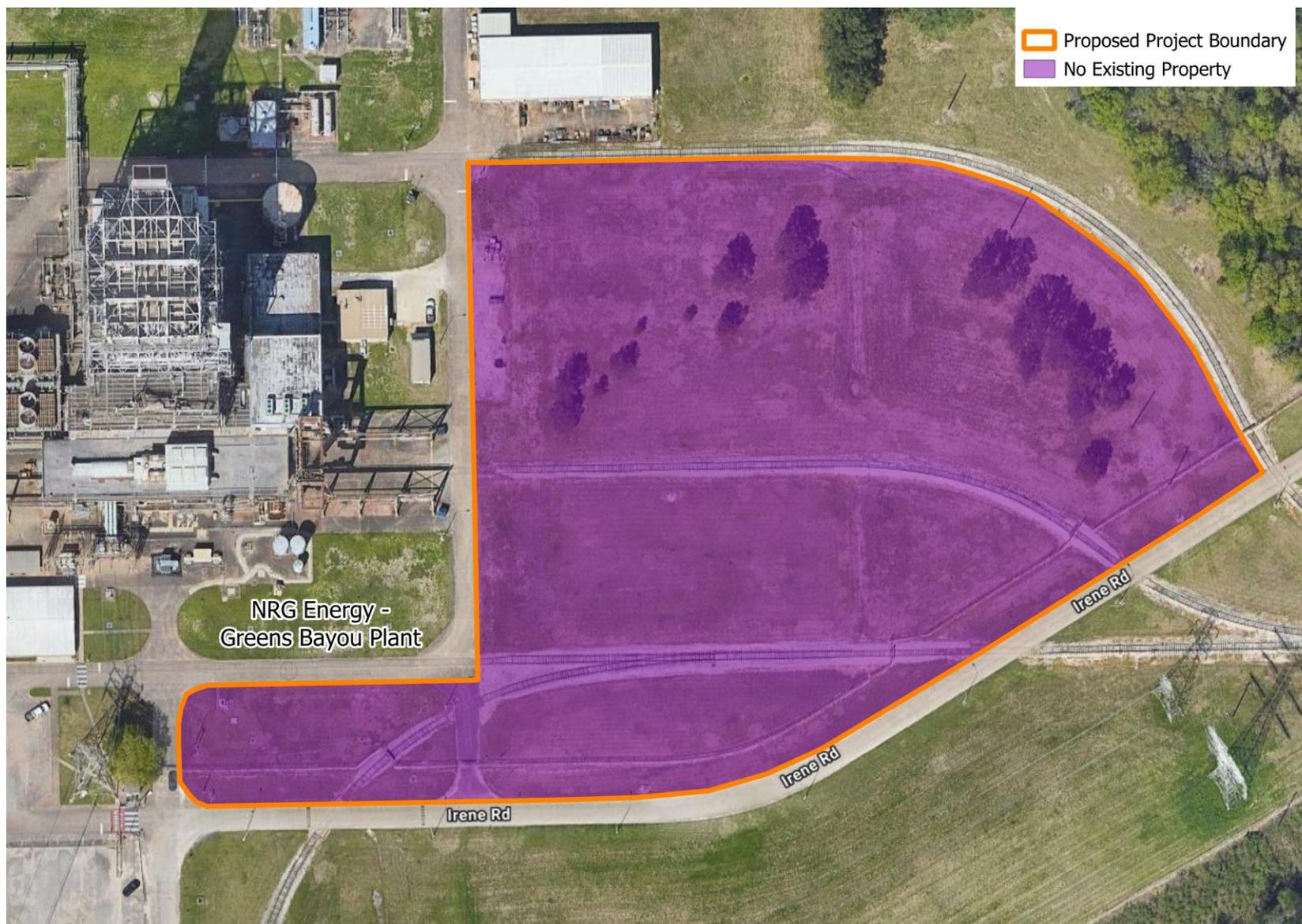
## Chapter 44 Article IV Section 44-127

- Eligibility Criteria:
  - Provide an economic benefit to the City
  - Projected to increase property value by \$1M, or \$500K for deteriorated/demolished property or property in eligible census tract
  - Project will create, retain, or prevent the loss of permanent jobs
- Abatement up to 90% abatement on buildings, structures, fixed machinery & equipment, site improvements, office space and related fixed improvements, and/or tangible personal property
- Requires the company to provide community benefits as a condition of the abatement

# Alignment with MOED Priorities



# Proposed Tax Abatement Reinvestment Zone



# Tax Abatement Proposal

NRG Greens Bayou 6 LLC

12070 Old Beaumont Hwy, Houston, TX 77049

## Effective Date

- January 1, 2029

## Eligible Costs

- Building Improvements: \$328M
- Machinery & Equipment: \$174M

## Abatement Projection

- 1st Year Abatement: \$1,071,557
- Average Annual Abatement: \$1,128,165

## Abatement Term

- \$11,281,651 or 10 years

Sec. 44-125 allows for a variance from any provisions in the Tax Abatement Ordinance except for the duration of the incentive

## Variance Request for Sec. 44-127(d) Ineligible Property

- (7) “Improvements for the generation or transmission of electrical energy not wholly consumed by a new facility or expansion”
- Request to make (7) an eligible cost for this project

## Variance Request for Sec.44-127(h) Economic Qualifications in Enterprise Zone

- (2) “Be expected to create additional permanent employment for at least five people on a permanent basis who are residents of the enterprise zone or who are economically disadvantaged as that term is defined in the Texas Enterprise Zone Act”
- Request to waive zone residency and economically disadvantaged requirements in (2)

# 10-Year Projection

NRG ENERGY INC. - Greens Bayou 6

## PROPERTY TAX PROJECTION

Building Investments (Including Site Improvements)	\$ 328,000,000
Machinery & Equipment, Office Space, and Personal Property	\$ 174,000,000
Percentage of Investment Applied to Improvement	70%
COH Tax Rate (TY2025)	0.0051919

	TAX YEAR	FISCAL YEAR	PROJECTED GROWTH	NRG Energy, Inc.						
				BUILDING IMPROVEMENT ASSESSED VALUE	MACHINERY* + EQUIPMENT ASSESSED VALUE	BUILDING IMPROVEMENT ABATEMENT (50%)	MACHINERY + EQUIPMENT ABATEMENT (50%)	TOTAL ANNUAL ABATEMENT VALUE	CUMULATIVE ABATEMENT VALUE	COH COLLECTED REVENUE
Base Value of Improvements	2026	2027		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
First Year of Abatement	2029	2030	4%	\$ 238,784,000.00	\$ 174,000,000.00	\$ 619,871.32	\$ 451,695.30	\$ 1,071,566.62	\$ 1,071,566.62	\$ 1,071,566.62
	2030	2031	4%	\$ 248,335,360.00	\$ 168,200,000.00	\$ 644,666.18	\$ 436,638.79	\$ 1,081,304.97	\$ 2,152,871.59	\$ 1,081,304.97
	2031	2032	4%	\$ 258,268,774.40	\$ 162,400,000.00	\$ 670,452.82	\$ 421,582.28	\$ 1,092,035.10	\$ 3,244,906.70	\$ 1,092,035.10
	2032	2033	4%	\$ 268,599,525.38	\$ 156,600,000.00	\$ 697,270.94	\$ 406,525.77	\$ 1,103,796.71	\$ 4,348,703.41	\$ 1,103,796.71
	2033	2034	4%	\$ 279,343,506.39	\$ 150,800,000.00	\$ 725,161.78	\$ 391,469.26	\$ 1,116,631.04	\$ 5,465,334.44	\$ 1,116,631.04
	2034	2035	4%	\$ 290,517,246.65	\$ 145,000,000.00	\$ 754,168.25	\$ 376,412.75	\$ 1,130,581.00	\$ 6,595,915.44	\$ 1,130,581.00
	2035	2036	4%	\$ 302,137,936.51	\$ 139,200,000.00	\$ 784,334.98	\$ 361,356.24	\$ 1,145,691.22	\$ 7,741,606.65	\$ 1,145,691.22
	2036	2037	4%	\$ 314,223,453.97	\$ 133,400,000.00	\$ 815,708.38	\$ 346,299.73	\$ 1,162,008.11	\$ 8,903,614.76	\$ 1,162,008.11
	2037	2038	4%	\$ 326,792,392.13	\$ 127,600,000.00	\$ 848,336.71	\$ 331,243.22	\$ 1,179,579.93	\$ 10,083,194.69	\$ 1,179,579.93
Final Year of Abatement	2038	2039	4%	\$ 339,864,087.82	\$ 121,800,000.00	\$ 882,270.18	\$ 316,186.71	\$ 1,198,456.89	\$ 11,281,651.58	\$ 1,198,456.89
<b>Cumulative Values</b>						<b>\$ 7,442,241.53</b>	<b>\$ 3,839,410.05</b>	<b>\$ 11,281,651.58</b>	<b>\$ 11,281,651.58</b>	<b>\$ 11,281,651.58</b>

Estimated Tax Abatement Effective Date: Jan. 1, 2029

\*Machinery Depreciation Method: Straight Line Value