

**Application for Assistance**

**Section I**

G) List of stockholders, members, or partners with % of ownership greater than 20%: (Page 3)

CHPE LLC, a New York State entity, is 100% owned by TDI-USA Holdings LLC, a Delaware entity. TDI-USA Holdings LLC is ~87% owned by New York Clean Power Holdings LLC, which is 100% owned by The Blackstone Group Inc. (“Blackstone”); ~11% owned by Transmission Developers, Inc., a Canadian corporation; and ~2% owned by National Resources Energy LLC. New York-based Blackstone is a global leader in alternative asset management with over \$619 billion of assets under management as of December 31, 2020.

**Section II**

A) Project Location: (Page 3)

In Rockland County, the fully-permitted project will be buried underground or underwater. ~8.4 miles will be constructed underground in Rockland County, primarily within existing road right-of-ways, and ~9.3 miles will be constructed underwater in the Hudson River within the county.

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Indicate name of present owner of the Project Site:

Cables in Rockland County will be buried underground and installed primarily under DOT roadway 9W or adjacent to 9W within easements located on private parcels. To a lesser extent, cables will also be buried under other incidental parcels, parkland or town-owned roads, and underwater in the Hudson River.

B) Please provide narrative of project, the purpose of the project (new build, renovations, and/or equipment purchases). Identify specific uses occurring within the project. Describe any and all tenants and any/all end users: (Page 4)

The project covered by this Application (the “*Project*”) will consist of: (a)(1) the acquisition of an interest in certain parcels of land as well as an interest in the Company’s interim permit and easement issued or to be issued by the New York State Office of General Services (“*OGS*”) in relation to submerged State-owned land located in the Towns of Stony Point, Haverstraw, and Clarkstown, and Villages of West Haverstraw and Haverstraw, Rockland County, New York (collectively, the “*Land*”), (2) the acquisition of two five-inch diameter high-voltage direct current (“*HVDC*”) transmission cables (the “*Equipment*”), and (3) the construction, installation and equipping on or under the Land of a fully-buried, up to 1,250-megawatt (“*MW*”) HVDC electric transmission line and related infrastructure (the “*Improvements*”, and together with the Land and Equipment, the “*Project Facility*”), all of the foregoing for use by the Company as a portion of an electric transmission line from the U.S.-Canada border to New York City, (b) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the General Municipal Law) with respect to the foregoing, including exemptions from sales and use taxes, mortgage recording taxes, and real property taxes for the Project Facility (but not including special district taxes) (collectively, the “*Financial Assistance*”); and (c) the lease of the

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Project Facility by the Agency back to the Company; all as contemplated by and in furtherance of the purposes of the General Municipal Law.

The Project is the Rockland County portion of a fully-buried, HVDC electric transmission line from the U.S.-Canada border to New York City (the “*Transmission System*”) that will be up to 1,250-MW. The Transmission System will play a key role in New York’s energy transformation, lowering greenhouse gas emissions, creating jobs, and generating billions of dollars in new investment in New York’s economy while delivering low-cost renewable energy to New York State.

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Describe the reasons why the Agency’s financial assistance is necessary, and the effect the Project will have on the Applicant’s business or operations. Focus on competitiveness issues, project shortfalls, etc.

The value proposition of the Transmission System to its customers is largely based on a guaranteed, predictable, price over a 30-year period. Consequently, annual operating costs, including tax responsibilities, must be predictable over the 30-year term of its financing for the Project to be viable and financeable. As a merchant transmission line, the Transmission System consequently cannot rely on captive ratepayers to absorb its costs. Key considerations for the Project and the Transmission System include:

- Need for broad-based cost certainty, including:
  - Operating expenses: Property taxes will be significant and would be uncertain, and long-term certainty is required for project viability and financing.
  - High and increasing transmission cable costs.
  - High and unpredictable installation costs due to fluctuating labor and commodity markets, and cost risks associated with underground installation.
  - Financing costs: Project difficult to finance with uncertain operating expenses; risk of rising interest rates and future financial market uncertainty.
- Because of the high number of tax jurisdictions along the route (including in Rockland County), if PILOTs are not utilized, uniformity of treatment and long-term certainty associated with the tax obligations of the project cannot be achieved.
  - Rockland County: 9 tax jurisdictions (one county, three towns, two villages, and three school districts)<sup>1</sup>
  - Entire route: More than 150 tax jurisdictions (15 counties, 5 cities, 60 towns, 11 villages, and 60 school districts)
- Fixed, market-competitive pricing must be offered to execute commercial agreements required to finance and construct the project.
- PILOT facilitates the Transmission System’s viability and financing, which helps achieve NY State environmental mandates and goals.
- Project provides long-term and predictable Agency and tax jurisdiction benefits for the region from an “invisible” project with no use of public infrastructure or services.
- Helps provide uniformity of treatment across all affected tax jurisdictions in NY State (i.e., creates a fair, efficient, streamlined process which enables the Company to reach agreements benefitting the multitude of tax jurisdictions). The only anticipated variability will be to

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<sup>1</sup> Towns of Stony Point, Haverstraw, and Clarkstown; Villages of West Haverstraw and Haverstraw; School districts of North Rockland, Clarkstown, and Nyack. Involved tax jurisdictions subject to change based on final construction plans.

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account for the lower construction impacts in counties where (and to the extent) the cable will be installed underwater.

If the Applicant is unable to obtain Financial Assistance for the Project, what will be the impact on the Applicant and County/City/Town/Village?

If the Company is unable to obtain Financial Assistance for the Project, it is likely that New York State will encounter difficulty meeting its green energy goals. The Transmission System will comprise a significant portion of the renewable energy needed to meet New York State’s 70x30 green energy goal. It is expected to induce creation of significant jobs and economic activity on a Transmission System-wide basis including more than 1,100 direct full-time jobs in New York State over the 4-year construction period, more than 800 long-term jobs in New York state once operational, \$0.6 billion in wages during the approximately 4-year construction period, and \$5.6 billion in wages during the first 30 years of operations on a statewide basis. The majority of workforce will be sourced with union labor. Furthermore, it is expected that the Transmission System will induce \$1.5 billion in higher economic output during the approximately 4-year construction period and \$14.8 billion during the first 30 years of operations on a statewide basis. Without the Project and the Agency’s assistance, this statewide economic impact would not occur.

I) Project Information (Pages 6-7)

Estimated costs in connection with Project:

The Company does not have definitive costs per mile for the Project. However, based on estimated average costs of the Transmission System, the cost of the Project can be estimated to be approximately \$119 million.<sup>2</sup>

Sources of Funds for Project Costs:

The Transmission System will be financed through a combination of private sector financing and Applicant equity. Amounts and terms of each source of financing have not yet been determined, but it may include a mortgage on the Project Facility in Rockland County and on Transmission System land and improvements in other counties; a mortgage on the Transmission System converter station site located in New York City; an assignment of contracts, such as the Transmission Services Agreement and construction contracts; an assignment of options on real estate; UCC filings; and a pledge of the equity interest in CHPE LLC held by TDI-USA Holdings LLC.

Private sector financing will be sought for the entire Transmission System and not on a county-by-county basis. Accordingly, the total amount to be borrowed to finance the Project has not yet been determined.

Mortgage Recording Tax Exemption Benefit:

For purposes of this Application, the Company estimates that the portion of the total borrowing to be allocated to the Rockland County portion of the Transmission System is up to 100% of the \$119 million<sup>3</sup> in capital costs, for which mortgage recording tax exemption is sought.

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<sup>2</sup> Figure to be revised as capital cost estimates are further refined.

<sup>3</sup> Id.

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K) Site plan submission and approval: (Page 8)

The Project is permitted under New York Public Service Law Article VII and as such is a Type II action under SEQR requiring no further review. A copy of the certificate from the New York Public Service Commission is available for review at <https://chpexpress.com/wp-content/uploads/2020/03/permit-PSC.pdf>.

M) Employment Worksheets: (Pages 9-10)

The Company does not have a breakdown of employment figures by county.

The Transmission System is anticipated to create more than 1,100 direct full-time jobs in New York State over the 4-year construction period, with total wages of approximately \$0.6 billion during that period.<sup>4</sup> Using economic multipliers, those jobs are expected to create approximately 1,100 secondary jobs (indirect and induced) as well as \$1.5 billion in new economic output during construction focused on materials providers, trucking, hospitality, food service, transportation, fuel and clothing, among other sectors.<sup>5</sup>

As a submerged and buried transmission line with no moving parts, the Project will not require day-to-day operations and maintenance efforts. Accordingly, the Project will not create permanent employment at the Project site. However, the Transmission System is anticipated to induce the creation of more than 800 long-term jobs in New York State once operational. Those induced jobs are anticipated to generate approximately \$5.6 billion in wages during the first 30 years of operation on a statewide basis.<sup>6</sup>

Q) Have you contacted or been contacted by other Local, State and/or Federal Economic Development Agencies: (Page 10)

The Transmission System will pass through fifteen (15) different counties in New York State (See Project Map in Exhibit 1). In addition to the Agency, the Company has reached out to ten (10) other county industrial development agencies along the route with similar PILOT proposals.

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<sup>4</sup> See “Analysis of Economic, Environmental, and Reliability Impacts to the State of New York,” PA Consulting, a copy of which is available for review at [https://chpexpress.com/wp-content/uploads/2020/03/PA\\_Analysis\\_Report\\_on\\_Champlain\\_Hudson\\_Power\\_Express\\_Benefits.pdf](https://chpexpress.com/wp-content/uploads/2020/03/PA_Analysis_Report_on_Champlain_Hudson_Power_Express_Benefits.pdf)

<sup>5</sup> Id.

<sup>6</sup> Id.



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**Exhibit 1**  
**Project Map**

