

**ESSEX COUNTY INDUSTRIAL DEVELOPMENT
AGENCY & ESSEX COUNTY CAPITAL RESOURCE CORPORATION**

Joint Application for Financial Assistance

The County of Essex Industrial Development Agency (the “Agency”) is a body corporate and politic of the State of New York (the “State”), established in 1974 under section 914-a of the State General Municipal Law, and operating pursuant to the provisions of Article 18-A of the State General Municipal Law. The Essex County Capital Resource Corporation (“ECCRC”) is a not for profit corporation, established in 2010 under section 1411 of the State Not-for-Profit Corporation Law. The Agency provides several forms of financial assistance under State law and pursuant to the Agency’s “uniform tax exemption policy”, including tax-exempt revenue bond financing, PILOT agreements, and “straight lease” agreements. ECCRC provides tax-exempt financing for economic development projects which fulfill public purpose and reduce the burden of government.

In order to be considered for the financial assistance the Agency may provide, the applicant should complete the Application in duplicate, sign and date the Application, and return the completed Application to the Agency together with a processing fee of \$1,000, or \$1,500, as appropriate.

Please answer all the questions in Parts A through D either by filling in the blanks, completing the answer in the space provided in the Application, or by attachment. Please refer to section IV of Part D of the Application for a statement of costs and fees applicable to providing financial assistance. All information submitted in the Application will be kept confidential. No Application will be considered until a fully completed and executed Application, in duplicate, is received by the Agency, together with applicable processing fees.

PART A
Applicant and Project Information

Applicant Name	CHPE LLC, or its designee
Address	600 Broadway, Albany, NY 12207
Telephone	(518) 465-0710
Fax	
Email	josh.bagnato@transmissiondevelopers.com
Contact Name	Josh Bagnato

<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Corporation
<input type="checkbox"/> Partnership	<input type="checkbox"/> Not-For-Profit Corporation (see Part C)
<input type="checkbox"/> Limited Partnership	<input checked="" type="checkbox"/> Other Limited Liability Company

Federal ID #	84-5075255
If corporation, what is State of incorporation?	New York
Is the corporation authorized to do business in New York state? <input type="checkbox"/> YES <input type="checkbox"/> NO	

If a not-for-profit corporation, is the corporation qualified under IRS code section 501(c) 3? YES NO

List names and addresses of principal shareholders or board members in case of not-for-profit:

N/A

List at least 3 financial references including address and telephone # and contact:

1. See Project Supplement
- 2.
- 3.

Attorney Firm	Swartz Moses PLLC
Address	1583 East Genesee Street, Skaneateles, NY 13152
Telephone	(315) 554-8166
Fax	
Email	phs@swartzmoses.com
Contact Name	Peter Swartz

Accounting Firm	Eisner Amper
Address	111 Wood Avenue South, Iselin, NJ 08830-2700
Telephone	(732) 243-7276
Fax	
Email	joan.monaghan@eisneramper.com
Contact Name	Joan Monaghan

Type of Assistance Requested:

Tax-Exempt Revenue Bond Financing*	<input type="checkbox"/>
Taxable Bond Financing	<input type="checkbox"/>
Not-For-Profit Financing (see Part C)	<input type="checkbox"/>
Pollution Control Bond Financing	<input type="checkbox"/>
Straight Lease Back Transaction	<input checked="" type="checkbox"/> PILOT Agreement <input checked="" type="checkbox"/> Sales Tax Exemption <input checked="" type="checkbox"/> Mortgage Recording Tax Exemption

*Please note that for any proposed project for which tax-exempt financing is requested, the applicant will be required to complete a detailed "tax questionnaire" to determine eligibility under the Internal Revenue Code for tax-exempt financing.

If applicant is seeking PILOT Agreement, please indicate PILOT schedule: TBD

<input type="checkbox"/> Schedule A Year 1 = 100% exemption Year 2 = 100% exemption Year 3 = 50% exemption Year 4 = 45% exemption Year 5 = 40% exemption Year 6 = 35% exemption Year 7 = 30% exemption Year 8 = 20% exemption Year 9 = 10% exemption Year 10 = 5% exemption	<input type="checkbox"/> Schedule B Year 1 = 50% exemption Year 2 = 45% exemption Year 3 = 40% exemption Year 4 = 35% exemption Year 5 = 30% exemption Year 6 = 25% exemption Year 7 = 20% exemption Year 8 = 15% exemption Year 9 = 10% exemption Year 10 = 5% exemption
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Please note:

1. Projects with a lesser economic impact based on an economic assessment will be eligible for Schedule B, (i.e. If project does not include a high level of commitment for: permanent payroll level in terms of number of jobs created, and/or number of potential spin off jobs, and/or high investment in total project, or a local business impact, and/or community investment).
2. Agency staff will calculate the amount of savings from the proposed PILOT Agreement based on the anticipated tax rates and assessed value of property at time of application and based on proposed expansion (if applicable) for each year of PILOT and for the term of the PILOT. Copy will be attached.

Identify and describe any other real property tax exemption other than that requested from the Agency the project will utilize:

N/A

Agency staff will calculate the amount of savings from the proposed PILOT Agreement based on the anticipated tax rates and assessed value of property at time of application and based on proposed expansion (if applicable) for each year of PILOT and for the term of the PILOT.

Tax Map #: N/A

Assessment of property (now): N/A

Assessment of property (at completion): N/A

If applicant is seeking usage of the Essex County IDA sales tax exemption as part of the assistance for this project, please provide an estimate of the total sales tax to be saved (i.e. equipment purchase, construction, etc.)	\$ TBD
Items to be purchased using IDA sales tax exemption:	TBD See Project Supplement

If applicant is seeking usage of the Essex County IDA mortgage recording tax exemption as part of the assistance for this project, please provide an estimate of the total to be saved	\$ TBD
Amount of mortgage to be filed at Essex County Clerk's Office	\$ TBD

See Project Supplement

Provide a general description of the proposed project, indicating (1) location, (2) dimensions of the building or facility, (3) type of construction of the building or facility, (4) intended use of the building or facility and (5) describe any and all tenants and any/all end users: The Champlain Hudson Power Express ("CHPE") is a proposed ~335-mile, fully buried high voltage direct current ("HVDC") electric power transmission line sized up to 1,250MW and designed to help New York State meet its green energy goals. The project will play a key role in the state'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. Please see Project Supplement for more detail.

- Attach photograph of site or existing facility See Exhibit 1 of Project Supplement
- Attach copy of preliminary plans for proposed project

If the proposed project is a manufacturing facility, briefly describe the proposed manufacturing process:

N/A

Will the completion of the project result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state OR in the abandonment of one or more plants or facilities of the project applicant located within the state? YES NO

If the proposed project is a commercial facility, briefly describe the proposed retail sales operation contemplated:

N/A

If proposed project has economic activities that would be deemed retail, please indicate if customers personally visit the project site for either of the following:

N/A

Retail Sale YES NO Services YES NO

If the proposed project is a dormitory, healthcare, senior housing or education which a non-for-profit corporation must engage in, briefly describe the proposed project:

N/A

If the proposed project is a pollution control facility, briefly describe the type of pollution to be abated, and existing orders of environmental agencies to abate pollution:

N/A

On-Site Utilities:

Water	N/A	Municipal: <input type="checkbox"/> YES <input type="checkbox"/> NO	Municipal: <input type="checkbox"/> YES <input type="checkbox"/> NO
Sewer	N/A	Other:	Other:
Electric	N/A	Supplier:	
Natural Gas	N/A	Supplier:	

Indicate the current legal owner of the building or site or the proposed project:

New York State-owned waterway: Lake Champlain

Indicate any existing or proposed leases for the proposed project and provide a copy of such lease: The project will be installed within Lake Champlain via the issuance of a construction permit and an eventual Easement ("OGS Easement") that will be granted by the New York State Office of General Services ("OGS"). OGS issued a conditional approval for the project in March 2021.

Indicate any purchase option agreement relating to the proposed project and provide a copy of the purchase option agreement:

N/A

Indicate any litigation or controversy regarding (1) title to the site or building to be acquired, constructed or improved, (2) conditions on or under the site including environmental or hazardous waste conditions, (3) the financial condition of the Applicant or any entity controlling the Applicant or any entity which the Applicant control, and (4) the general operations of the Applicant.

N/A

If the applicant is or is controlled by a corporation or by a person or entity which is a majority shareholder in a corporation listed on a national stock exchange, please provide a copy of the annual report (including certified financial statements) of such corporation for its two (2) most recent fiscal years.

Annual Report (including financials) attached See Project Supplement

Employment:

See Project Supplement

CURRENT	YEAR 1	YEAR 2
full-time employees:	projected FT additional:	projected FT additional:
part-time employees:	projected PT additional:	projected PT additional:
seasonal employees:	projected S additional:	projected S additional:
TOTAL:	TOTAL:	TOTAL:

Current Annual Payroll	\$
Estimated Payroll for Year 1	\$
Estimated Payroll for Year 2	\$

Of New Jobs Per Month:

MONTH	YEAR 1	YEAR 2
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

See Project Supplement

CATEGORY OF JOBS TO BE RETAINED	AVERAGE SALARY	AVERAGE FRINGE BENEFITS
Management	\$	\$
Professional	\$	\$
Administrative	\$	\$
Production	\$	\$
Independent Contractor	\$	\$
Other:	\$	\$
CATEGORY OF JOBS TO BE CREATED	AVERAGE SALARY	AVERAGE FRINGE BENEFITS
Management	\$	\$
Professional	\$	\$
Administrative	\$	\$
Production	\$	\$
Independent Contractor	\$	\$
Other:	\$	\$

Indicate labor market area in which the project is located and where employees may reside and commute to work (county or town):

TBD

Will any construction jobs to be created or retained as a result of this project? If so, how many?	See Project Supplement
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Project Costs:	See Project Supplement
Land	\$
Improvements to Land (other than site work)	\$
Site Work:	
Materials	\$
Labor	\$
Building Construction:	
Materials	\$
Labor	\$
Machinery & Building Fixtures	\$
Equipment	\$
Legal Fees (excluding financing costs)	\$
Architect & Engineering Fees	\$
Financing Costs (including transaction legal counsel)	\$
Working Capital	\$
Other:	\$
TOTAL	\$ ~221,000,000

Project Financing:	
Total Amount to be Financed	\$ TBD
Term of Financing	TBD
Indicate the name, address, telephone, fax, email and contact person of the financial institution where the applicant is seeking financing: N/A - Financial institutions and commitments TBD.	
Has the applicant received a written commitment from the financial institution to finance the proposed project? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> Commitment Letter attached	
Would the applicant like the Agency's assistance in obtaining a financial institution to assist in the financing of the proposed project? <input type="checkbox"/> YES* <input checked="" type="checkbox"/> NO *If so, an additional \$500 processing fee is payable to the Agency	

Source of Funds:

Bank Financing	\$	TBD
Equity	\$	TBD
Tax Exempt Bond Issuance	\$	0
Taxable Bond Issuance	\$	0
State or Federal Grants	\$	0
Tax Credits	\$	TBD
Other:	\$	TBD
TOTAL	\$	See Project Supplement

Indicate source of owner equity in project:

See Project Supplement

Indicate any contribution of funds from an equity offering or venture capital funding for the proposed project:

N/A

For a manufacturing facility only, please indicate the dollar value of “capital expenditures” (as determined in accordance with the provisions of the Internal Revenue Code) that the applicant or entity related to or controlled by the applicant, has expended within the County of Essex during the past three (3) calendar years?

N/A

Indicate the proposed date for commencement of construction or acquisition of the proposed project, assuming financing of the proposed project is available to meet the

November 30, 2021

applicant's schedule	
Indicate a schedule for the application of proceeds of financing and other moneys to acquire, construct, and equip the proposed project to completion	See Project Supplement
Indicate the date on which the completed project is expected to be first placed in service	Q4 2025

Indicate whether or not the Project would be likely to occur without the assistance of the Agency, and, if it could, please provide a statement indicating why the Project should be undertaken by the Agency.

See Project Supplement

Environmental Compliance Review

See Project Supplement

Has the applicant retained an environmental engineer to assist with the environmental review compliance procedures relating to the proposed project?
 YES NO

If so, please provide the name, address, telephone, fax, email and contact person of the firm:

If not, would the applicant like the Agency's assistance in obtaining the services of an environmental engineer? YES* NO
*If so, an additional \$500 processing fee is payable to the Agency

If an environmental assessment form or a draft environmental impact statement has been prepared by the applicant, please attach a copy of the completed form to the Application.

Attached See Project Supplement

To the knowledge of the applicant, has there ever been any toxic or hazardous waste materials located or stored on the site of the proposed project site, or has any activity ever been conducted on the site of the proposed project which could be expected to generate toxic or hazardous waste material? YES NO

For a proposed project located in the Adirondack Park, has the applicant received the permission of the Adirondack Park Agency to acquire and construct the proposed project? YES NO

If not, when does the applicant expect to receive such permission?

N/A

Attach copy of APA permit if applicable

PART C

Is the company a not-for-profit corporation qualified under Section, 501(c) 3 of the Internal Revenue Code? YES NO

If yes, attach copy of IRS designation letter

Does the project fulfill a public purpose for Essex County or a municipality within Essex County?

N/A

What are the economic development aspects of the project?

See Project Supplement

Are there serious policy or potential issues which may preclude the project being financed by a municipality or Essex county?

See Project Supplement

- As recommended by the Office of the State Comptroller, the Agency will require the inclusion of recapture provisions in project agreements to allow the Agency to recoup, in coordination with the NYS Department of Finance and Taxation and pursuant to Agency policies, some or all of previously granted benefits if job creation/retention goals or other terms of the agreements are not met. By signing this application, the applicant acknowledges that:
- the submission of any knowingly false or misleading information may lead to immediate termination or recapture of tax benefits;
- the applicant is in compliance with the anti-pirating provisions of Section 862 (1) of the General Municipal Law.
- the owner, occupant or operator to receive financial assistance is in substantial compliance with state, local and federal tax, worker protection and environmental laws.
- the Agency will conduct a cost/benefit analysis to determine whether the project will (i) create or retain employment, (ii) stimulate private sector investment, (iii) be completed in a timely fashion, and (iv) provide additional revenues for municipalities and school districts.
- upon completion, the Agency a least annually will assess the progress of the project in achieving job retention and/or expansion and investment in Essex County.

PART D
Certification

Gene Martin (name of chief executive officer of company)
deposes and says that he/she is the President (title) of
CHPE LLC (name of Applicant); that he/she has read the
foregoing Application and knows the contents thereof, that the same is true to
his/her knowledge.

The grounds for deponent's belief relative to all matters in the Application which are not stated upon his/her own personal knowledge, are investigations which deponent has caused to be made concerning to subject matter of the Application, as well as information acquired by deponent in the course of his/her duties as an officer of and from the books and papers of said corporation or other entity.

As an officer of the applicant deponent acknowledges and agrees that the applicant shall be and is responsible for all costs incurred by the County of Essex Industrial Development Agency (the "Agency") and legal counsel for the Agency, whether or not the application, the proposed project it describes, the attendant negotiations, or the issue of bonds or other transaction or agreement are ultimately ever carried to successful conclusion.

By executing and submitting this application, the applicant covenants and agrees to pay the following fees to the Agency, the same to be paid at the times indicated:

- (a) The sum of \$1,000 as a non-refundable processing fee, plus the sum of \$500 if Agency assistance in retaining professionals if requested, to be paid upon submission of the Application;
- (b) The sum of:
 - 0.75% on the first \$10 million of project financing
 - 0.50% on the next \$11 million to \$20 million
 - 0.25% on the next \$21 million to \$30 million
 - 0.125% on the next \$31 millionfor which the Essex County IDA provides financial assistance, to be paid at transaction closing;
- (c) An amount equal to \$2,500 payable to the Agency's bond/transaction counsel for the preparation and review of the inducement resolution, the environmental compliance resolution, TEFRA hearing proceedings and the "tax questionnaire" assuming no further activity occurs after completion of inducement proceedings, to be paid within ten (10) business days of the receipt of bond/transaction counsel's invoice;
- (d) All fees, costs and expenses incurred by the Agency for (1) legal services, including but not limited to those provided by the Agency's general counsel (Briggs Norfolk) and bond/transaction counsel (Squires Sanders), and (2) other consultants retained by the Agency in connection with the proposed project; with all such charges to be paid by the applicant at the closing or, if the closing does not occur, within ten (10) business days of receipt of the Agency's invoices therefore (Please note that the applicant is entitled to

- receive a written estimate of fees and costs of the Agency's general counsel and bond/transaction counsel prior to inducement);
- (e) The cost incurred by the Agency and paid by the applicant, including bond/transaction counsel and the Agency's general counsel's fees and the processing fees, may be considered as a costs of the project and included in the financing of costs of the proposed project.

The applicant further covenants and agrees that the applicant is liable for payment to the Agency of all charges referred to in section above, as well as all other actual costs and expenses incurred by the Agency in handling the application and pursuing the proposed project notwithstanding the occurrence of any of the following:

- (a) The applicant's withdrawal, abandonment, cancellation or failure to pursue the Application;
- (b) The inability of the Agency or the applicant to procure the services of one or more financial institutions to provide financing for the proposed project;
- (c) The applicant's failure, for whatever reason, to undertake and/or successfully complete the proposed project; or
- (d) The Agency's failure, for whatever reason, to issue tax-exempt revenue bonds in lieu of conventional financing.

CHPE LLC
(name of corporation or entity)

Gene Martin
(name of officer)

President
(title)

NOTARY

Sworn to before me this 25th day of March, 20 21

Matthew Moses
(Signature)

MATTHEW S. MOSES
Notary Public in the State of New York
Qualified in Onondaga Co. No. 02M06020566
My Commission Expires March 2, 2023

PART E

As a condition to issuing financial assistance for the proposed project, the County of Essex Industrial Development Agency (the “Agency”) is required by the Office of the New York State Comptroller (“OSC”) to obtain the following supplementary information on an annual basis from the applicant during the term of project:

1. Outstanding balance at beginning and end of the year and principal payments made during the year for tax-exempt and taxable bond financing (if applicable)
2. Current interest rate (for adjustable rate bonds, the interest rate at year end)
3. PILOT payments including real estate tax exemptions for county, local (city, town, village, fire district) and school district taxes.
4. Annual Sales Tax Filings: In accordance with Section 874(8) of the NY General Municipal Law, the applicant understands and agrees, that if project receives any sales tax exemptions as part of the financial assistance from the Agency, in accordance the applicant agrees to file with the NYS Department of Taxation and Finance, the annual form (ST-340) describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the applicant. Copy of the report will be sent to the Agency.
5. Employment Reporting: The applicant understands and agrees that if the project receives any financial assistance from the Agency, at least annually or otherwise requested by the Agency, reports regarding the number of people employed at the project site, salary, fringe benefits, etc. will be sent to the Agency within 30 days of request. Report will include copies of latest NYS-45 report.

The information requested above is required by February 15th of each succeeding year and should be submitted in writing to the Agency at its office at PO Box 217, 7566 Court Street, Elizabethtown, New York 12932. Failure to provide requested reports shall be an event of default of the terms and conditions of the agreement.

The applicant, through its signing officer, certifies that it has reviewed, understands and will comply with the above, as required by OCS.

CHPE LLC

(Company)

Date: March 25 2021

By: 

(Name and Title)

Todd Singer, Executive Vice President
& Chief Financial Officer

CHPE LLC, or its designee (the “*Company*”)
Project Supplement to Application for Financial Assistance to
Essex County Industrial Development Agency (the “*Agency*”)

Part A: Applicant and Project Information

List at least 3 financial references including address and telephone # and contact: (Page 2)

The Company is a special purpose company formed for purposes of developing and owning the Project. As such, it does not yet have an operating financial history. Questions concerning the planned approach to financing of the Project can be directed to Todd Singer, EVP & CFO of Transmission Developers, Inc. at todd.singer@transmissiondevelopers.com.

Sales Tax Exemption: (Page 4)

For purposes of this Application, the Company estimates that the portion of the total capital costs to be allocated to Essex County is ~\$221 million¹, for which sales and use tax exemption is sought. However, it is also anticipated that the project may also qualify for other statutory exemptions from sales tax, such as the capital improvement exemption, which have not been determined and quantified at this time. Accordingly, for cost-benefit calculation purposes, the “benefit” of the Agency’s sales tax exemption to the Company (and the corresponding “cost” of the sales tax exemption to the Agency) should be reduced to reflect such statutory exemptions.

Mortgage Recording Tax Exemption: (Page 4)

For purposes of this Application, the Company estimates that the portion of total borrowing to be allocated to Essex County is up to 100% of ~\$221 million² in capital costs, for which mortgage recording tax exemption is sought.

Provide a general description of the proposed project, indicating (1) location, (2) dimensions of the building or facility, (3) type of construction of the building or facility, (4) intended use of the building or facility and (5) describe any and all tenants and any/all end users: (Page 5)

The project covered by this Application (the “*Project*”) will consist of: (a)(1) the acquisition of 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 Chesterfield, Willsboro, Essex, Westport, Moriah, Crown Point and Ticonderoga, Essex 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 Project Facility by the Agency back to the Company; all as contemplated by and in furtherance of the purposes of the General Municipal Law.

¹ Figure to be revised as capital cost estimates are further refined.

² Id.

CHPE LLC, or its designee (the “*Company*”)
Project Supplement to Application for Financial Assistance to
Essex County Industrial Development Agency (the “*Agency*”)

The Project is the Essex 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.

If applicant is or is controlled by a corporation or by a person or entity which is a majority shareholder in a corporation listed on a national stock exchange, please provide a copy of the annual report (including certified financial statements) of such corporation for its two most recent fiscal years: (Page 7)

CHPE LLC, a New York State entity, is 100% owned by TDI-USA Holdings LLC, a Delaware entity. TDI-USA Holdings LLC is ~88% owned by New York Clean Power Holdings LLC, which is 100% owned by The Blackstone Group Inc. (“Blackstone”); ~10% owned by Transmission Developers, Inc., a Canadian corporation; and ~2% owned by National Resources Energy LLC. New York-based Blackstone is one of the world’s leading investment firms and majority owner of the Company.

Annual Reports for Blackstone (NYSE: BX) are available at www.annualreports.com/Company/the-blackstone-group-lp.

Employment and Jobs Worksheets: (Pages 7-8)

There are no people presently employed at the Project site. The Company does not have a breakdown of employment figures by county.

The Transmission System is anticipated to create more than 1,000 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.³ 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.⁴

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.⁵

Will any construction jobs be created or retained as a result of the project? If so, how many? (Page 9)

See response to Employment and Jobs Worksheets above.

Construction of the Transmission System is currently expected to take place from 2021 to 2025. The Project’s construction period will be of a more limited nature, as per the New York Public Service Commission-issued Article VII permit, which specifies the primary construction season window for the Essex County portion of

³ 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

⁴ Id.

⁵ Id.

CHPE LLC, or its designee (the “*Company*”)
Project Supplement to Application for Financial Assistance to
Essex County Industrial Development Agency (the “*Agency*”)

Lake Champlain is September 1st through December 31st. Significant coordination and communication with the Agency and involved municipalities will occur prior to construction.

Project Costs: (Page 9)

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 \$221 million.⁶

Sources of Funds: (Page 10)

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 Essex 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.

Indicate source of owner equity in project: (Page 10)

CHPE LLC is 100% owned by TDI-USA Holdings LLC (“TDI”), a leading independent merchant transmission developer. Blackstone acquired a majority stake in TDI in 2010 and has invested significant development capital in TDI’s transmission projects to date. Blackstone is a global leader in alternative asset management with approximately \$619 billion of assets under management as of December 31, 2020. Blackstone is prepared to commit 100% of the equity required to reach financial close and commercial operations of the Transmission System.

Indicate a schedule for the application of proceeds of financing and other moneys to acquire, construct, and equip the proposed project to completion: (Page 11)

Financial close is expected in 2021. Construction of the Transmission System is expected to start November 30, 2021 and be completed in 2025. Per the New York Public Service Commission-issued Article VII permit, the primary construction season window for the Essex County portion of Lake Champlain is September 1st through December 31st. In the first season, on-water construction (route preparation) will occur over the course of ~35 days. In the second season, on water-construction (cable installation) will occur over the course of ~65 days.

⁶ Figure to be revised as capital cost estimates are further refined.

Indicate whether or not the project would be likely to occur without the assistance of the Agency, and, if it could, please provide a statement indicating why the Project should be undertaken by the Agency. (Page 11)

If the Company is unable to obtain Financial Assistance for the Project, the Project will not be built and it is likely that New York State will encounter difficulty meeting its green energy goals.

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 and the Transmission System 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 Essex County), if PILOTs are not utilized, uniformity of treatment and long-term certainty associated with the tax obligations of the project cannot be achieved.
 - Essex County: 14 tax jurisdictions (one county, seven towns, and six school districts)⁷
 - 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 for financing and construction.
- 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 account for the lower construction impacts in counties where (and to the extent) the cable will be installed underwater only.

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 1,000 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

⁷ Essex County; Towns of Chesterfield, Willsboro, Essex, Westport, Moriah, Crown Point, and Ticonderoga; School districts of Ausable Valley CSD, Willsboro CSD, Boquet Valley CSD, Moriah CSD, Crown Point CSD, and Ticonderoga CSD. Involved tax jurisdictions subject to change based on final construction plans.

a statewide basis. Without the Project and the Agency’s assistance, this statewide economic impact would not occur.

Part B: Environmental Compliance Review (Page 11)

The Project has been issued a Certificate of Environmental Compatibility and Public Need, under New York Public Service Law Article VII, and as such is a Type II action under the State Environmental Quality Review Act, requiring no further review. A copy of the certificate from the New York Public Service Commission is available at <https://chpexpress.com/wp-content/uploads/2020/03/permit-PSC.pdf>.

Part C

What are the economic development aspects of the project? (Page 12)

Key Project and Transmission System Benefits:

- Approximately \$221 million⁸ of new capital investment in Essex County.
- Substantial and sustained increase in revenue for involved tax jurisdictions – PILOT proposal represents ~\$82 million in new revenue for involved Essex County tax jurisdictions during the first 30 years of operation.
- Requires no municipal or school district services since cable will be buried underwater.
- Project improvements are “invisible” due to installation off-shore and underwater in Lake Champlain and therefore minimally invasive, natural views are preserved, and a minimal, short-term impact on the environment and community during construction.
- Significant Agency administrative fee payable at 100% of amount due by Agency policy (i.e., no discount requested).
- Special district taxes paid in addition to PILOT payments.
- Significant job creation and spending on a Transmission System-wide basis, including:
 - More than 1,000 direct full-time jobs in New York State over the 4-year construction period.
 - Induces 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.
 - Majority of workforce to be sourced with union labor.
 - \$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.
- Forecast to reduce wholesale energy costs outside New York City by \$5.1 billion during the first 30 years of operations due to lower-cost hydropower generation displacing less-efficient and costlier fossil fuel generation.
- Creates an estimated \$10.6 billion in CO₂ reduction benefits in New York State, while creating environmentally sustainable energy infrastructure.
- Provides a solution to New York’s green energy goals, including New York’s goal of 70% renewable energy by 2030, as well as the state’s mandate to reduce CO₂ emissions 40% by 2030 and 80% by 2050.
- Hardened infrastructure will make New York’s aging energy grid safer, more secure, and more reliable, as well as provide energy supply that is geographically separated from New York City,

⁸ Figure to be revised as capital cost estimates are further refined.

CHPE LLC, or its designee (the “*Company*”)
Project Supplement to Application for Financial Assistance to
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maximizing the grid’s resilience to natural disasters, and black-start capability to quickly help restore the grid after power outages.

- Project has significant community, labor, and environmental support in New York State.

Are there serious policy or potential issues which may preclude the project being financed by a municipality of Essex County? (Page 13)

See response to Indicate whether or not the project would be likely to occur without the assistance of the Agency, and, if it could, please provide a statement indicating why the Project should be undertaken by the Agency above.

Exhibit 1:
Project Map



CHPE LLC, or its designee (the “*Company*”)
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Transmission System Map

