



A **Blackstone** Portfolio Company

January 11, 2022

Scott Duffy, Chief Executive Officer
Saratoga County Industrial Development Agency
50 West High Street
Ballston Spa, NY 12020

Re: Champlain Hudson Power Express Project (the “Project”)

Dear Mr. Duffy,

CHPE LLC (the “Company”) submitted an application for financial assistance which included a project supplement attached thereto (collectively, the “Application”) on or around December 4, 2020 to the Saratoga County Industrial Development Agency (the “Agency”) regarding the Project, which is the Saratoga County portion of a proposed up to 1,250-megawatt, fully-buried, HVDC transmission line from the U.S.-Canada border to New York City (the “Transmission System”). The Agency has requested that the Company provide estimated sales and mortgage recording tax exemption benefits relating to the Application. Accordingly, the sales tax and mortgage recording tax exemption benefit estimates are set forth below:

Type of Tax	Estimated Benefit
Sales Tax	Up to \$21,726,436 ¹
Mortgage Recording Tax	Up to \$2,327,832 ²

Based on the payment in lieu of tax (“PILOT”) payment schedule approved by the Agency and related materials presented by the Company to the Agency in connection therewith, but recognizing that assessments on the Project improvements have not yet been set, the Agency could use an estimated real property tax exemption benefit associated with the Project of \$36,471,683.

Construction activities associated with the Project, including procurement of cable, are anticipated to commence in 2022, subject to financing, and the Company is currently targeting commencing commercial operation of the Project in Q4 2025. Commencement of commercial operation of the Project may be delayed for a variety of reasons relating to a project of this scope, including financing and construction delays.

Construction labor and employment figures have not been determined per county. However, the Transmission System is anticipated to create more than 1,400 unique 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 an annual average of approximately 3,186 secondary jobs (indirect

¹ Other exemptions, such as the capital improvement exemption, may apply and be used, which could diminish the estimated benefit.

² Excludes additional mortgage recording tax (0.25%) to which the Agency’s exemption would not apply due to Saratoga County’s location within the jurisdiction of the Capital District Transportation Authority.

³ See “Analysis of Economic, Environmental, Resiliency and Reliability Benefits to the State of New York,” PA Consulting, a copy of which is available for review at https://chpexpress.com/wp-content/uploads/2021/05/PA-Consulting-Tier-4-REC-Bid-Report_05-10-2021.pdf

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and induced) as well as \$1.6 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 an annual average of 40 direct, full-time jobs and 3,219 secondary jobs in New York State during the first 25 years of operations. Those induced jobs are anticipated to generate approximately \$7.3 billion in wages during the first 25 years of operation on a statewide basis.⁵

This letter is intended to amend the Application and Project Supplement incorporated therein by reference and provide specific responses concerning the calculated exemption benefit and jobs information. The Company appreciates the Agency's consideration of financial assistance for the Project and looks forward to finalizing the approval process and closing the straight-lease transaction as soon as possible.

Sincerely,



Todd Singer
Chief Financial Officer

cc: James A. Carminucci, Esq. (via electronic mail)

⁴ See "Analysis of Economic, Environmental, Resiliency and Reliability Benefits to the State of New York," PA Consulting, a copy of which is available for review at https://chpexpress.com/wp-content/uploads/2021/05/PA-Consulting-Tier-4-REC-Bid-Report_05-10-2021.pdf

⁵ Id.