



A Blackstone Portfolio Company

December 14, 2021

Hon. William M. Clay, Chairman
Albany County Industrial Development Agency
112 State Street, Room 740
Albany, New York 12207

Re: Albany County IDA (the "Agency") – Champlain Hudson Power Express Project (the "Project")

Dear Chairman

CHPE LLC (the "Company") submitted an application for financial assistance dated January 19, 2021, to the Agency regarding the Project (as amended, the "Application"). The Application included an estimated capital cost of approximately \$173.0 million, with an acknowledgement that capital costs would be further refined. Based on feedback from prospective contractors and changes in commodity prices and foreign currency exchange rates, the estimated total capital cost has increased to \$228.6 million. Accordingly, based on that estimate, the requested financial assistance includes the following:

Table with 4 columns: Financial Assistance, Estimated Capital Cost, Tax Rate, Estimated Benefit. Rows include Sales Tax Exemption, Mortgage Recording Tax Exemption, and Property Tax Exemption.

The increase in estimated capital cost applied to updated tax rates resulted in an increase in total PILOT payments over the 30-year term from \$127.9 million to \$163.7 million. Copies of the original and updated PILOT schedules are attached hereto.

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

1 Excludes 0.25% "Additional Tax" portion of 1.25% mortgage recording tax rate due to location of Albany County within the jurisdiction of the Capital District Transportation Authority, which portion is not subject to the industrial development agency exemption.

Exhibit B
PILOT Schedule – Base Project

(\$ actuals, unless noted otherwise)

Assumptions			
	<u>Submarine</u>	<u>Underground</u>	<u>Total</u>
Length in Albany County (miles)	0.0	24.2	24.2
Est. Avg Cost per Mile ⁽¹⁾			\$7,125,385
Est. Cost for Portion of Line in Albany County			\$172,724,749
Avg. Applicable Combined Tax Rate in Albany County ⁽²⁾			2.56%
Potential Initial Year Tax			\$4,420,673
Tax Payment Escalation ⁽³⁾			1.45%

(1) Current TDI estimate. Figure to be updated.

(2) Based on recent full value property tax rates for all involved tax jurisdictions. Figure to be updated as tax jurisdiction-level mileage is refined and will be a weighted average

(3) Avg escalation in NY State for FY2016 through FY 2020 (per NY State Comptroller).

Option 1: PILOT Abatement Schedule				
PILOT Agreement Year⁽⁴⁾	Potential Annual Taxes Otherwise Due⁽⁵⁾	Underground Abatement	PILOT Payment	
Construction Years	\$0			\$0
1	\$4,420,673	40%	\$2,652,404	
2	\$4,484,773	40%	\$2,690,864	
3	\$4,549,802	40%	\$2,729,881	
4	\$4,615,774	40%	\$2,769,464	
5	\$4,682,703	35%	\$3,043,757	
6	\$4,750,602	35%	\$3,087,891	
7	\$4,819,486	35%	\$3,132,666	
8	\$4,889,368	35%	\$3,178,089	
9	\$4,960,264	30%	\$3,472,185	
10	\$5,032,188	30%	\$3,522,531	
11	\$5,105,154	30%	\$3,573,608	
12	\$5,179,179	30%	\$3,625,425	
13	\$5,254,277	25%	\$3,940,708	
14	\$5,330,464	25%	\$3,997,848	
15	\$5,407,756	25%	\$4,055,817	
16	\$5,486,169	25%	\$4,114,626	
17	\$5,565,718	20%	\$4,452,574	
18	\$5,646,421	20%	\$4,517,137	
19	\$5,728,294	20%	\$4,582,635	
20	\$5,811,354	20%	\$4,649,083	
21	\$5,895,619	15%	\$5,011,276	
22	\$5,981,105	15%	\$5,083,940	
23	\$6,067,831	15%	\$5,157,657	
24	\$6,155,815	15%	\$5,232,443	
25	\$6,245,074	10%	\$5,620,567	
26	\$6,335,628	10%	\$5,702,065	
27	\$6,427,494	10%	\$5,784,745	
28	\$6,520,693	10%	\$5,868,624	
29	\$6,615,243	5%	\$6,284,481	
30	\$6,711,164	5%	\$6,375,606	

Total PILOT Payments - 30 Year Term	\$127,910,597
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Note: Although the total PILOT payments for each option are different on a nominal basis, they are equivalent on an NPV basis

(4) 1st PILOT payment would be due in the 1st year of commercial operation for the Project (i.e., 2025). Construction currently estimated to take ~4 yrs. During this time, no tax would be due.

(5) Does not account for any form of depreciation initially or over time, non-taxable elements of the project, or arguments regarding the taxability of project assets.

**Exhibit B
PILOT Schedule**

(\$ actuals, unless noted otherwise)

	Assumptions		
	Submarine	Underground	Total
Length in Albany County (miles)	0.0	24.2	24.2
Est. Avg Cost per Mile ⁽¹⁾			\$9,431,368
Est. Cost for Portion of Line in Albany County			\$228,623,520
Avg. Applicable Combined Tax Rate in Albany County ⁽²⁾			2.47%
Potential Initial Year Tax			\$5,658,335
Tax Payment Escalation ⁽³⁾			1.45%

(1) Current TDI estimate. Figure to be updated.

(2) Based on recent full value property tax rates for all involved tax jurisdictions. Figure is a weighted average and will be updated as tax jurisdiction-level mileage is refined.

(3) Avg escalation in NY State for FY2016 through FY 2020 (per NY State Comptroller).

PILOT Abatement Schedule				
	PILOT Agreement Year ⁽⁴⁾	Potential Annual Taxes Otherwise Due ⁽⁵⁾	Abatement	PILOT Payment
Construction Years		\$0		\$0
	1	\$5,658,335	40%	\$3,395,001
	2	\$5,740,381	40%	\$3,444,229
	3	\$5,823,617	40%	\$3,494,170
	4	\$5,908,059	40%	\$3,544,835
	5	\$5,993,726	35%	\$3,895,922
	6	\$6,080,635	35%	\$3,952,413
	7	\$6,168,804	35%	\$4,009,723
	8	\$6,258,252	35%	\$4,067,864
	9	\$6,348,996	30%	\$4,444,298
	10	\$6,441,057	30%	\$4,508,740
	11	\$6,534,452	30%	\$4,574,117
	12	\$6,629,202	30%	\$4,640,441
	13	\$6,725,325	25%	\$5,043,994
	14	\$6,822,842	25%	\$5,117,132
	15	\$6,921,774	25%	\$5,191,330
	16	\$7,022,139	25%	\$5,266,605
	17	\$7,123,960	20%	\$5,699,168
	18	\$7,227,258	20%	\$5,781,806
	19	\$7,332,053	20%	\$5,865,642
	20	\$7,438,368	20%	\$5,950,694
	21	\$7,546,224	15%	\$6,414,291
	22	\$7,655,644	15%	\$6,507,298
	23	\$7,766,651	15%	\$6,601,654
	24	\$7,879,268	15%	\$6,697,378
	25	\$7,993,517	10%	\$7,194,165
	26	\$8,109,423	10%	\$7,298,481
	27	\$8,227,010	10%	\$7,404,309
	28	\$8,346,301	10%	\$7,511,671
	29	\$8,467,323	5%	\$8,043,957
	30	\$8,590,099	5%	\$8,160,594
Total PILOT Payments - 30 Year Term				\$163,721,918

(4) 1st PILOT payment would be due in the 1st year of commercial operation for the Project (i.e., 2025). Construction currently estimated to take ~4 yrs. During this time, no tax would be due.

(5) Does not account for any form of depreciation initially or over time, non-taxable elements of the project, or arguments regarding the taxability of project assets.