Plainsandeastern

From: Luis Contreras <doccontreras@gmail.com>
Sent: Tuesday, June 30, 2015 10:41 AM
To: Plainsandeastern
Subject: P&E Part 2 Section 1222: Clean Financing?
Attachments: Clean financing.pdf

June 30, 2015

Dear Secretary Moniz,

One of the unique features of the P&E Clean Line project is the assumption there are thousands of investors waiting to fund this project. With no track record building transmission lines, no assets, no set timeline for a 10 year project (with the TVA Interconnection requirements) and no revenues before the in-service date, using OPM to finance a $3 Billion venture is remarkable.

If P&E funds dry out, would DOE complete the project in addition of funding the Arkansas segment of the line?

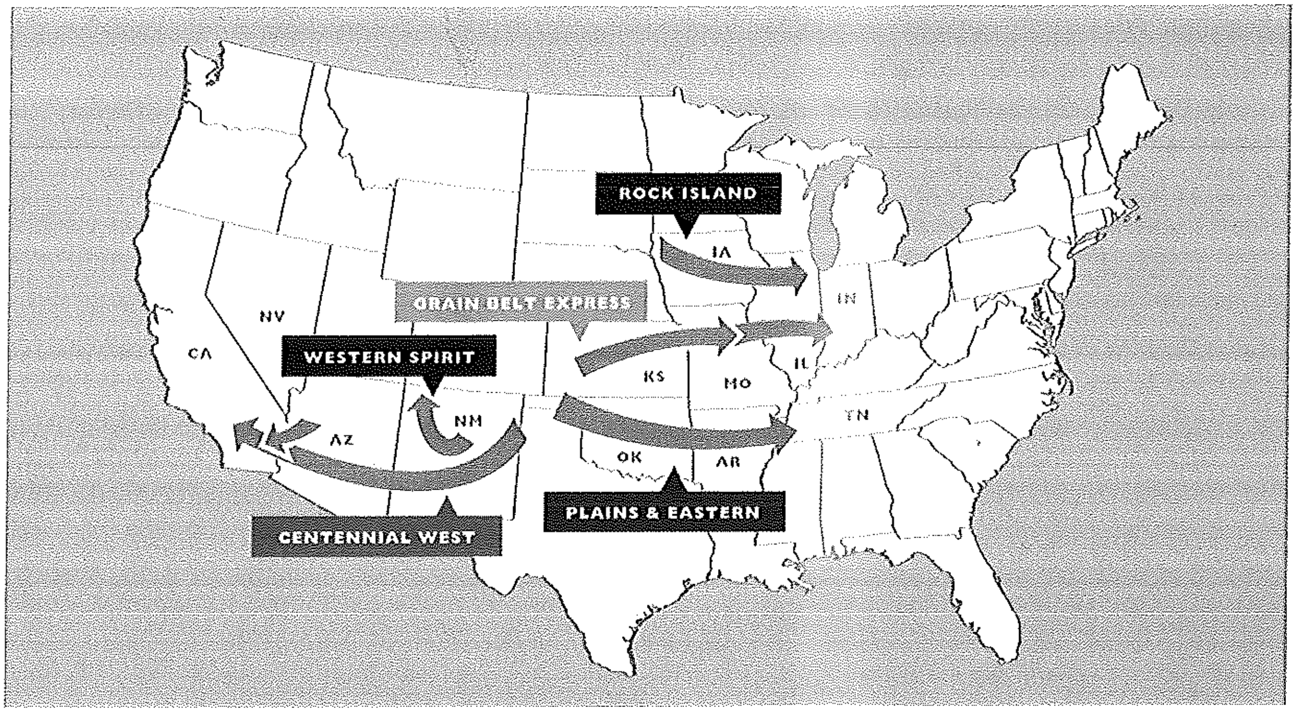
The information provided in Part 2 Application seems insufficient. Section 3.5.2, page 3-6 says "Clean Line Has Strong Financial Backing to Complete Development of the Project. The two largest shareholders in Clean Line are ZAM Ventures and National Grid USA. Clean Line's other investors are Michael Zilkha, an individual, and Clean Line Investment LLC, a company owned by Clean Line employees and service providers." So they have two investors, but when you look at the details their two larger shareholders, *they are not* the UK National Grid and the Ziff Brothers. **Is this "clean financing?"**

Attempting to get approval for five projects simultaneously, using the same story to prove financial backing for all projects, is amazing. Is this **Greedy Line Energy**?

Respectfully,

Dr. Luis Contreras

Drawing lines on a US map is not hard to do … naming the projects must have taken a long time.



Shown below are:

1. Testimony on the P&E Clean line Application Part 2
2. Michael Skelly's ICC testimony for the Grain Belt Express
3. Michael Skelly's ICC testimony for Rock Island

3.5.2 Clean Line Has Strong Financial Backing to Complete Development of the Project

The two largest shareholders in Clean Line are ZAM Ventures and National Grid USA. Clean Line's other investors are Michael Zilkha, an individual, and Clean Line Investment LLC, a company owned by Clean Line employees and service providers.

ZAM Ventures is one of the principal investment vehicles for the ZBI Ventures portfolio. ZBI Ventures focuses on long-term investments in the energy sector. Many of ZBI Ventures' investments are in the oil and gas industry around the world. ZBI Ventures has invested in several private conventional and unconventional oil and gas investments in the United States, Canada and elsewhere in the world. ZBI Ventures has also invested in an oilfield services company doing business in various parts of the United States. In addition, ZBI Ventures has made several investments in renewable energy companies.

In the United States, National Grid USA's regulated subsidiaries deliver electricity to approximately 3.4 million customers in New York, Massachusetts and Rhode Island. National Grid USA's regulated operating subsidiaries include New England Power Company, Massachusetts Electric Company, Nantucket Electric, Narragansett Electric Company, Niagara Mohawk Power Corporation, KeySpan Gas East Corporation, Boston Gas Company, Colonial Gas Company, and The Brooklyn Union Gas Company. Through these subsidiaries, National Grid owns and operates over 8,600 miles of high voltage transmission spanning upstate New York, Massachusetts, New Hampshire, Rhode Island and Vermont, including nearly 100 miles of underground cable and 522 substations. National Grid USA is also the largest distributor of natural gas in the northeastern United States, serving approximately 3.5 million customers in New England and upstate New York. Other operating subsidiaries are involved in LNG storage. National Grid USA also invests and participates in the development of natural gas pipelines and other energy related projects. The financial statements of National Grid USA are attached as Appendix 6-E.

National Grid USA is a wholly owned U.S. subsidiary of National Grid plc, a major multinational company whose principal activities are owning and operating regulated networks for the transmission and distribution of electricity and natural gas. National Grid plc is based in the United Kingdom and is one of the largest investor-owned energy companies in the world with $75 billion in assets and over $22 billion in annual revenues. In the United Kingdom, a subsidiary of National Grid plc, National Grid Electricity Transmission plc, owns and operates the high voltage electric transmission system in England and Wales, comprising approximately 4,500 miles of overhead transmission lines among other assets, and operates the high voltage electricity transmission system in Scotland. National Grid Electricity Transmission plc is also the operator and part owner of a 2,000 MW HVDC link to France, a 1,000 MW HVDC link to the Netherlands, and a planned HVDC facility to link Scotland with England and Wales. Another subsidiary of National Grid plc, National Grid Gas plc, owns and operates the gas transportation system, comprising approximately 4,700 miles of high pressure pipe, and a majority of the gas distribution system, in Great Britain, serving over 11 million homes and businesses. The financial statements of National Grid USA are attached as Appendix 6-E.

Both ZAM Ventures and National Grid USA continue to invest in Clean Line and are capable of supporting the Project as additional development milestones are reached and the Project requires additional equity capital. The funding provided by these investors will enable Clean Line Energy Partners LLC and its subsidiaries to bring the Project, and the other transmission line projects being developed by other subsidiaries of Clean Line, to a point of development where major permits and authorizations are obtained. It is at this time that long-term transmission service agreements can be signed with transmission customers. On the basis of these agreements, project-specific financing arrangements can be entered into with lenders and with equity investors and/or other partners.

functional control of the Grain Belt Express Project, including responsibilities for scheduling, to an RTO. As Dr. Galli testifies, Grain Belt Express plans to turn over operational and functional control of the transmission line to PJM.

Q. Do Clean Line and Grain Belt Express have the capabilities to finance the construction of the Grain Belt Express Project?

A. Yes. Clean Line's investors will continue to fund the development activities for the Grain Belt Express Project and the other transmission projects under development by Clean Line's subsidiaries. Clean Line also has credible plans for raising the additional capital needed to finance the major engineering and construction expenditures for these projects.

In the electric utility industry, the development of innovative and competitive projects requires experienced investors focused on long-term results who recognize that interstate transmission projects have extensive development periods. Clean Line's investors match these criteria. National Grid is one of the principal owners of Clean Line, and one of the largest owners and operators of electric transmission facilities in the world. Mr. Blazewicz describes the size and scope of the holdings and operations of National Grid plc and National Grid in Europe and the United States. Two representatives of National Grid, including Mr. Blazewicz, are members of Clean Line's board of directors. Although National Grid and GridAmerica Holdings Inc. will not be actively involved in the day-to-day operations of Clean Line and its subsidiaries, National Grid is very experienced in constructing and operating electric transmission facilities, particularly HVDC facilities. Clean Line and Grain Belt Express can draw on this expertise when necessary in connection with the planning, construction and operation of the Project.

Two other owners, ZAM Ventures and Mr. Michael Zilkha, have deep experience in the energy field, including in electric power and renewable energy. ZAM Ventures is concerned with long-term results and the growth of the renewable energy industry and therefore is an ideal private equity investor for Clean Line. ZAM Ventures focuses primarily on, and has a successful history in, private equity investments in the energy and energy-related sector. Similarly, the Zilkha family has extensive experience making successful and productive investments in the energy industry, including being the primary investor in Horizon Wind Energy during its early growth. The Zilkhas have invested hundreds of millions of dollars in the energy sector. They understand that Clean Line and its subsidiaries may not see gains immediately and that the investment focus should be on the long-term results.

With the backing of these equity investors, as well as its management team, Clean Line has raised and continues to raise the capital to perform the work to obtain the necessary permits and approvals for its proposed projects, including the Grain Belt Express Project, acquire appropriate land options, conduct extensive public outreach, and otherwise aggressively conduct development activities for the Grain Belt Express Project and Clean Line's other transmission projects, up to the point that specific project financing agreements can be negotiated and executed. I believe that Clean Line's equity investors are excellent partners for the current stage in this process, and as our projects move forward, they will be joined by other investors who are well suited for this undertaking.

Power Constructors Co. Rock Island has also contracted with major component suppliers including Southwire Company (overhead cable) and Siemens AG (converter stations).

For operations, Rock Island will contract with an experienced firm or firms to provide operations and maintenance services and also capital replacements and upgrades as necessary. However, Rock Island will oversee, supervise, and control the activities of all of its outside contractors through its own experienced management team. Additionally, in connection with Rock Island's request to FERC for negotiated rate authority, Rock Island has committed to turn over operation and functional control of the Rock Island Project, including responsibilities for scheduling, to an RTO (PJM or MISO).

Dr. Galli provides more detailed information on the managerial and technical capabilities of Clean Line and Rock Island to efficiently manage and supervise the construction, operation and maintenance of the Rock Island Project, including information on the experience and roles of major contractors and component suppliers.

Q. Do Clean Line and Rock Island have the financial capabilities to finance the construction of the Rock Island Project and for Rock Island to operate as a public utility in Illinois?

A. Yes. Clean Line's investors will continue to fund the development activities for the Rock Island Project and the other transmission projects under development by Clean Line's subsidiaries. Clean Line also has workable plans for raising the additional capital needed to finance the major engineering and construction expenditures for these projects.

In the electric utility industry, the development of innovative and competitive projects requires experienced investors focused on long term results who recognize that interstate transmission projects have extensive development periods. Clean Line's investors match these criteria. Clean Line's principal equity owners, ZAM Ventures and Mr. Michael Zilkha, have deep experience in the energy field, including electric power and renewable energy. ZAM Ventures is concerned with long term results and the growth of the renewable energy industry and therefore is an ideal private equity investor for Clean Line. ZAM Ventures focuses exclusively on, and has a successful history in, private equity investments in the energy and energy related sector. Neil Wallack, who is President of ZBI Ventures and a limited partner of ZAM Ventures, provides further information on ZAM Ventures and its long-term investment focus. Similarly, the Zilkha family has a proven track record of making successful and productive investments in the energy industry, including being the primary investor in Horizon during its early growth. The Zilkhas have invested hundreds of millions of dollars in the energy sector. They understand that Clean Line and its subsidiaries may not see gains immediately and that the investment focus should be on the long-term results.

With the backing of these equity investors, as well as its management team, Clean Line has secured the capital to perform the work to obtain the necessary permits and approvals for its proposed projects, including the Rock Island Project, acquire appropriate land options, conduct extensive public outreach, and otherwise aggressively conduct development activities for the Rock Island Project and Clean Line's other transmission projects, up to the point that specific project financing agreements can be negotiated and executed. I believe that Clean Line's equity investors are excellent partners for the current stage in this process, and as our projects move forward, they will be joined by other investors who are well suited for this undertaking.