

SEP 05 2018

Electricity Delivery and  
Energy Reliability



MERCURIA  
ENERGY AMERICA INC.

September 4, 2018

United States Department of Energy  
Office of Electricity Delivery and Reliability  
OE-20, Room 8G-024  
1000 Independence Ave., SW  
Washington, DC 20585  
Electricity.Exports@hq.doe.gov

**MEAI Response to Motion to Intervene and Protest of Public Citizen, Inc.**

**RE: Application of Mercuria Energy America, Inc. for Authority to Export  
Electricity to Mexico (OE Docket No. EA-459) (the "Application")**

Mercuria Energy America, Inc. (MEAI) provides the following response (this Response) to the Motion to Intervene and Protest of Public Citizen, Inc. (Motion to Intervene) filed with the United States Department of Energy (DOE) by the Public Citizen, Inc. (Public Citizen) on August 31, 2018 in response to the Application.

The Motion to Intervene is not accurate in a number of respects and the protest set out therein is, also, therefore, inaccurate. For the reasons set out in this Response, the protest and assertions by Public Citizen that the Application should be wholly disregarded.

Public Citizen bases its protest on two central allegations:

- (i) that the *beneficial organizational chart* attached to the Application does not reflect a recent increase in ownership by CCPC (Hong Kong) Limited (more commonly referred to as ChemChina); and
- (ii) that, due to an announced merger between ChemChina and Sinochem Group (Sinochem), it is unclear from the Application how this merger will impact ChemChina's voting rights in [MEGHL].<sup>1</sup>

Each of these allegations provide no basis for determining that the Application is incomplete or otherwise inaccurate.

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<sup>1</sup> Public Citizen uses the undefined term "Mercuria" in a number of places in its Motion to Intervene. For purposes of this Response, MEAI is using Mercuria Energy Group Holding Limited (MEGHL) in a number of places because this is the entity within the Mercuria structure in which ChemChina is a shareholder.

### *Beneficial Organizational Chart*

As to the first allegation, information publically disclosed by MEGHL in a press release dated April 16, 2018 (Mercuria's Press Release) indicated that a further investment will be made in MEGHL by ChemChina in exchange for further investment by MEGHL (or one or more of its subsidiaries) in certain refining systems of ChemChina. A copy of Mercuria's Press Release is attached as Exhibit A and can also be found at <http://www.mercuria.com/media-room/business-news/chemchina-and-mercuria-expand-partnership-and-increase-investment>. Though Mercuria's Press Release makes the foregoing statements, it also clearly states that "[D]etails of the transaction will be completed in 2018." Consistent with this statement, as of the date of the Application and of this Response, the transactions underlying this increased investment have yet to be finalized and closed. Therefore, there was and remains no basis for MEAI to make reference to a yet to be finalized transaction in the Application or to otherwise report an increase of stock ownership when no such increase has actually been effected.

### *ChemChina-Sinochem Merger*

As to Public Citizen's second allegation, despite the assertion made by Public Citizen of the proposed merger between Sinochem Group and ChemChina, no support for the "announcement" of this merger is actually provided. Public Citizen only refers to a news article posted to the Internet by Reuters on June 30, 2018 (Reuters Article) – a copy of which is attached as Exhibit B. As noted in the Reuters Article, "Reuters has reported that the two companies were in merger talks ...." [emphasis added] and that neither company had, at that time, provided any responses to requests for comments on the reported merger.

Further, in a review of the publically available news and/or press releases posted to each of Sinochem's and ChemChina's websites<sup>2</sup>, respectively, for the time in question or subsequently, there are no public statements posted by either company reporting the consummation of any such merger nor the intent to effectuate any such merger - an interesting fact in light of Reuter's further assertion in the Reuters Article that "Beijing sees a Sinochem and ChemChina deal as a blueprint for streamlining and consolidating its sprawling, debt-heavy state-owned enterprises ..." Surely a merger of this size and importance would warrant more than an unconfirmed Reuters news article citing as its basis and central source for such merger an article by Caixin, a Beijing-based financial magazine.

The only consistent feature of the Reuters Article with any public statement by either company is an announcement on the ChemChina website regarding changes in personnel<sup>3</sup>, in which there is also no mention of a proposed merger.

Despite Public Citizen's assertions, its reliance on the information in the Reuters Article provides no basis for MEAI to include in the Application any information about this "announced merger" or to make an anticipatory assessment of any changes to ChemChina's voting rights in MEGHL as a result thereof; to do so would be pure conjecture and would not provide any substantive value to the household consumers for whose benefit Public Citizen advocates, nor would it provide factual information to the DOE relevant to the evaluation of the Application.

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<sup>2</sup> See <http://english.sinochem.com/1486.html> for news about Sinochem and [http://www.chemchina.com.cn/en/xwymt/jtxw/A601502web\\_1.htm](http://www.chemchina.com.cn/en/xwymt/jtxw/A601502web_1.htm) for news about Chemchina.

<sup>3</sup> See <http://www.chemchina.com.cn/en/xwymt/jtxw/webinfo/2018/07/1525766174597558.htm>

*Conclusion*

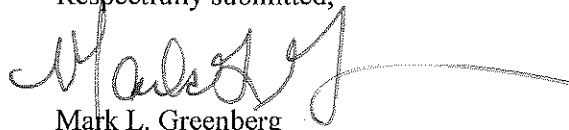
For the foregoing reasons, MEAI asserts that its Application is neither inaccurate nor incomplete as to the interests of ChemChina in MEGHL and that the Application should not, therefore, be considered incomplete.

*Application Supplement*

During its review of the Motion to Intervene, MEAI has also reviewed the *beneficial organizational chart* attached to the Application. In so doing, it has determined that such *beneficial organizational chart* is inaccurate as to the shareholding interests in MEGHL held by the Linetskiy Foundation, the Smolokowski Foundation, the Jankilevitsch Trust and MDJ Oil Trading Limited, each of which are private shareholders of MEGHL and whose beneficiaries and/or partners are current or former founders and/or owners of MEGHL. The changes to the shareholdings of these entities in MEGHL was modified effective July 4, 2018 and was not identified by MEAI prior to its filing of the Application.

MEAI hereby supplements its Application by providing to the DOE an updated *beneficial organizational chart* dated August 22, 2018, a copy of which is attached hereto as Exhibit C. In doing so, MEAI notes that the inaccuracies between the *beneficial organizational chart* attached to the Application and that attached as Exhibit C to this Response do not impact or change the shareholding of ChemChina as originally represented in the Application.

Respectfully submitted,



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Head of Legal – North America  
General Counsel, Mercuria Energy America, Inc.

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Chloe Cromarty

## **EXHIBIT A**

### **MERCURIA PRESS RELEASE REGARDING INCREASED SHAREHOLDING BY CHEMCHINA**

**[See Attached Document]**

- [Monthly price information](#)
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## Business news

ChemChina and Mercuria Expand Partnership and Increase Investment

16.04.2018

BEIJING – 16 April 2018 – Mercuria Energy Trading is pleased to announce that it will further invest a minority stake in ChemChina’s onshore refining system, which will provide Mercuria with crude supply and greater access to the domestic refining market in China.

ChemChina, one of China’s largest chemical companies, will increase its strategic investment in Mercuria with a greater minority stake.

Further, Mercuria will increase its participation in ChemChina’s overseas trading operations.

This transaction, once completed, will build upon the initial investment in Mercuria that ChemChina made in 2016.

Details of the transaction will be completed in 2018.

## Latest news

- [Mercuria Energy Trading SA successfully closes USD 2.4 Billion Multi-Currency revolving credit facilities](#) 29.06.2018
- [Mercuria Founders Discuss American Job Creation and Investment with U.S. Ambassador to Switzerland Ed McMullen](#) 26.04.2018
- [ChemChina and Mercuria Expand Partnership and Increase Investment](#) 16.04.2018

## **EXHIBIT B**

### **REUTERS JUNE 30, 2018 ARTICLE REGARDING CHEMCHINA – SINOCEM MERGER**

**[See Attached Document]**



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**TIAA**

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BUSINESS NEWS JUNE 30, 2018 / 11:58 AM / 2 MONTHS AGO

# China's ChemChina, Sinochem set to merge: Caixin

2 MIN READ



BEIJING (Reuters) - Chinese state-owned Sinochem Group [SASADA.UL] and ChemChina will merge to create a new company, and Sinochem Chairman Ning Gaoning will become the chairman of ChemChina, financial publication Caixin reported late on Saturday.

FILE PHOTO: The company logo of China National Chemical Corp, or ChemChina, is seen at its headquarters in Beijing, China February 3, 2017. REUTERS/Thomas Peter/File Photo

Reuters has reported that the two companies were in merger talks to create the world's biggest industrial chemicals firm worth around \$120 billion, to be led by the head of Sinochem.

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Sinochem Chairman Ning will serve as Chairman and Party Secretary of ChemChina, while ChemChina's long-serving Chairman Ren Jianxin retires, Caixin reported, citing sources close to the companies.

The personnel change was announced on Saturday at ChemChina's office by officials from State-owned Asset Supervision and Administration Commission and the Ministry of Organization, the report said.

"However, there is no definite plan for how to form a new company," the publication said.

A Sinochem spokesman declined to comment on the personnel changes, or the possible merger of the companies.

A ChemChina media official did not respond to a request for comment.

Talks to create a Chinese chemicals powerhouse were first reported in late 2016, but were dismissed by both companies as rumor.

Reuters reported that the two companies accelerated negotiations around May last year, after regulators cleared ChemChina's \$43 billion acquisition of Swiss pesticides and seeds group Syngenta.

Beijing sees a Sinochem and ChemChina deal as a blueprint for streamlining and consolidating its sprawling, debt-heavy state-owned enterprises, leaving fewer, but more powerful, national champions.

Reporting by Kevin Yao and Chen Aizhu; Editing by Christian Schmollinger

*Our Standards: [The Thomson Reuters Trust Principles.](#)*

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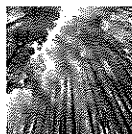
Taiwanese president visits US space agency despite NASA's China ban  
Inkstone



This Genius Options Trader Lets You Copy His Weekly Trading Blueprint  
Investing Daily



See How Some Retirees Use Options Trading As A Safe Way To Earn Income  
TradeWins



How to Outsmart the Unpredictable Market Risks We Face Through 2020  
Dun & Bradstreet



Earn 50,000 AAdvantage® Bonus Miles After \$2,500 in Purchases  
Citi



If You Can Qualify for Any Credit Card, These Are the Top 6  
NerdWallet

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## **EXHIBIT C**

### **UPDATED BENEFICIAL ORGANIZATIONAL CHART FOR MERCURIA ENERGY AMERICA, INC.**

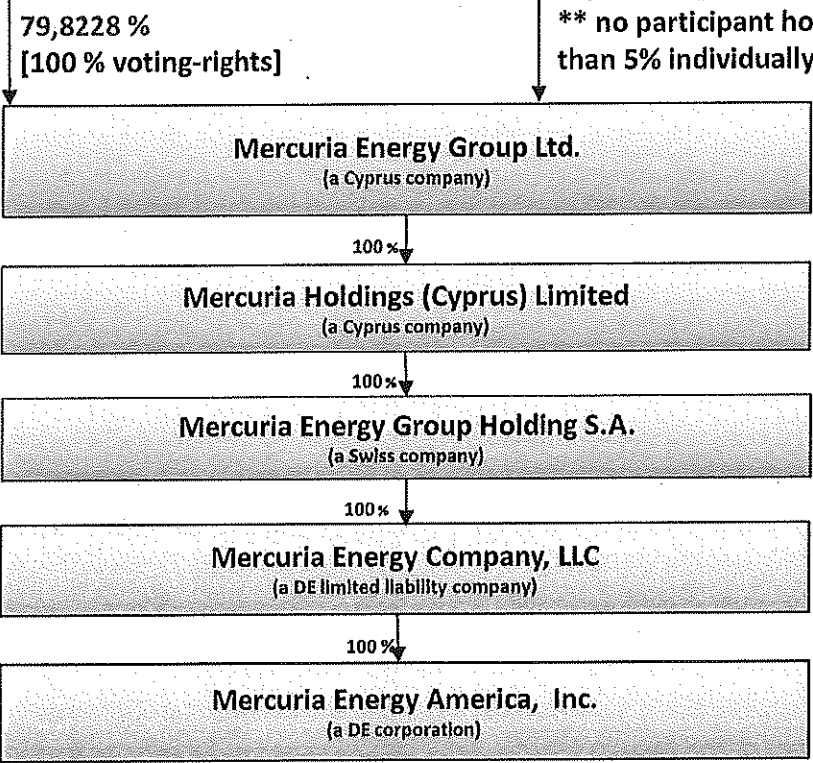
**[See Attached Document]**

**Mercuria Energy Group Holding Ltd.**  
(a B.V.I. company)

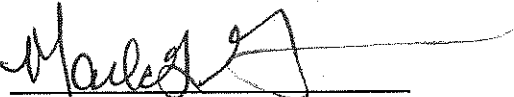
HANNOS INVESTMENT HOLDINGS LIMITED – 2%  
LINETSKIY FOUNDATION – 2,237659 %  
JANKILEVITSCH TRUST – 4,475319%  
SMOLOKOWSKI FOUNDATION – 4,475319%  
CCPC (HONG KONG) LIMITED – 12%  
MERCURIA ENERGY GROUP TRUSTCO LTD – 13,405726 %  
MERCURIA ESOP LIMITED – 20,334274 %  
MDJ OIL TRADING LIMITED – 41,07 %

**Mercuria ESOP Limited  
& ESOP Participants \*\***

20,1772 % [non-voting rights]  
\*\* no participant holds more than 5% individually



"This is the current shareholding and ownership structure of Mercuria Energy America, Inc."

  
Mark Greenberg, Secretary

MERCURIA  
AUGUST 22, 2018