

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Global Infrastructure Management, LLC
BlackRock, Inc.

Docket No. EC24-58

Joint Protest of Public Citizen and Private Equity Stakeholder Project

The Commission must find the March 12 joint application by Global Infrastructure Management, LLC (GIP) and Blackrock, Inc. (Blackrock) for authorization under Section 203 of the Federal Power Act to be deficient, and set the matter for evidentiary hearing. While the joint application notes that GIP “has indirect controlling interests in Clearway Energy Group”,¹ it omits that BlackRock controls 17.97% of Clearway's Class A and 17.82% of Clearway's Class C voting shares,² for a combined voting power of 8.1%.³ BlackRock’s control of significant Clearway Energy’s voting shares creates a conflict of interest that is unaddressed in the joint application. Furthermore, BlackRock’s proposed acquisition of GIP significantly expands of BlackRock’s direct control over Commission-jurisdictional assets, materially shifting BlackRock’s management orientation from a passive investment manager to an active owner of energy infrastructure. This alteration of BlackRock’s core operations change the “facts, policies, and procedures the Commission relied upon in granting” BlackRock’s blanket waivers to control up to 20% of the voting shares of public utilities.⁴ Therefore, the Commission must conduct a formal reassessment of BlackRock’s blanket authorization as part of this proceeding, including requiring joint applications to include in its market power screens the nearly two dozen public utilities where BlackRock controls 10% or more of voting shares.

Importantly, on May 6 GIP announced it was acquiring Allete, the holding company that controls Minnesota Power and Superior Water, Light and Power

¹ At page 5.

² Appendix A of BlackRock’s *Quarterly Report*, Docket No. EC16-77, filed February 14, 2024, <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=C1A9A22B-096B-C11E-A6A3-8DAD98B00000>

³ www.sec.gov/ix?doc=/Archives/edgar/data/1567683/000110465924034883/tm242733d2_def14a.htm

⁴ April 19, 2022 *Order Extending Blanket Authorization to Acquire Securities*, Docket No. EC16-77-002, at page 12, paragraph M, https://elibrary.ferc.gov/eLibrary/filelist?accession_num=20220419-3080

Company—two public utilities with more than 165,000 captive customers.⁵ BlackRock also controls 13.55% of Allete’s voting shares, creating a clear conflict of interest.⁶ BlackRock’s acquisition of GIP, and, in turn, GIP’s purchase of Allete, fundamentally transforms BlackRock from the world’s largest passive investor into an entity with active control over significant power market assets, threatening competition, rates and regulation.⁷ The application is silent on how BlackRock can simultaneously manage its passive ownership of voting shares of utilities that compete with its active, direct holdings—an income prioritization conflict for BlackRock that threatens competition, rates and regulation. The application relies on an unenforceable premise that since GIP’s “current management team” will remain in place, “[a]ccordingly, the Proposed Transaction will not affect the daily operation of GIM, the GIP Funds or the GIM public utility subsidiaries.”⁸ What prevents BlackRock from replacing, overruling or influencing GIP’s “current management team”? Contrary to joint applicants’ May 10 letter asserting that “the ALLETE Transaction is beyond the scope of the Commission’s consideration of the Proposed Transaction addressed in this docket”, the Commission must find that the Allete transaction has a material impact on the BlackRock-GIP transaction and incorporate the proposed acquisition of Allete as part of this proceeding. The application’s deficiencies are best resolved through the establishment of an evidentiary hearing, where the Commission can explore remedies including the divestiture of BlackRock’s management of passive utility holdings from its active utility holdings.

Blackrock’s Utility Investments Subject To Blanket Authorization Left Out Of Market Power Screen Analyses

BlackRock’s proposed acquisition of GIP, and GIP’s acquisition of the utility holding company Allete change the “facts, policies, and procedures the Commission

⁵ Walker Orenstein and Jana Hollingsworth, *Duluth electric utility owner Allete to go private after \$6.2 billion sale*, May 6, 2024, www.startribune.com/allete-electric-utility-minnesota-power-candian-pension-plan-sale-global-infrastructure/600363985/

⁶ Appendix A of BlackRock’s *Quarterly Report*, Docket No. EC16-77, filed February 14, 2024, <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=C1A9A22B-096B-C11E-A6A3-8DAD98B00000>

⁷ www.ferc.gov/electric/general-information/mergers-and-sections-201-and-203-transactions

⁸ *Joint Application*, at page 14.

relied upon in granting” BlackRock’s blanket waivers to control up to 20% of the voting shares of public utilities. BlackRock’s possession of GIP fundamentally transforms BlackRock’s business model from a passive investor to an active one. Blackrock’s CEO made clear that the GIP acquisition is designed to grow his company’s private infrastructure business substantially: “We are in the early part of this infrastructure revolution. We wanted to have the scale, we wanted to have the operational expertise of GIP marrying that expertise with BlackRock’s global relationships with companies and governments . . . This will be one of the fastest-growing areas of our industry over the next 10 years.”⁹ BlackRock is therefore explicit that its “relationships with companies” through its role as an investment manager is directly valued to its GIP acquisition, thereby threatening competition through BlackRock’s blanket authorization.

The Commission noted in footnote 18 of its April 19, 2022 *Order Extending Blanket Authorization to Acquire Securities* that “[t]he conditions imposed in a section 203(a)(2) blanket authorization order do not convert any acquired voting securities from voting to ‘passive’ securities” and as such any ‘institutional investors that that own 10% or more of the outstanding voting securities of the utility pursuant to a section 203(a)(2) blanket authorization order are affiliates [for purposes of FPA section 205] of those utilities through ownership of voting securities.’ The Commission must therefore require joint applicants to include in the market power screens BlackRock’s affiliation with utilities of which it controls 10% or more of voting shares. Those BlackRock public utility holdings of voting shares include the following companies with market-based rate affiliates:

- 16.4% of MGE Energy, Inc.¹⁰ MGE Energy is a utility holding company, parent of Madison Gas and Electric Co.
- 10.1% of Edison International; 10.5% NRG Energy, Inc.; and 14.7% of Ormat Technologies.¹¹

⁹ Silla Brush, *BlackRock Buys Infrastructure Firm GIP for \$12.5 Billion in Major Alternatives Push*, January 12, 2024, www.bloomberg.com/news/articles/2024-01-12/blackrock-buys-infrastructure-firm-gip-for-12-5-billion-in-alternatives-push

¹⁰ April 5, 2024 *Notification of 13G Filings*, Docket No. EC16-77-002, <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=EDAB1C4E-AF0A-C108-B4A9-8EAF98B00000>

¹¹ March 8, 2024 *Notification of 13G Filings*, Docket No. EC16-77-002 <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=CBDB404E-909F-C5AD-9EFD-8E1E60A00000>

- 19.44% of Avista Corp.; 18.22% of Unitil Corp.; 17.6% of New Jersey Resources Corp.; 16.12% of Chesapeake Utilities Corp.; 15.76% of Otter Tail Corp.; 15.04% of Northwestern Corp.; 14.89% of Black Hills Corp.; 14.06% of Portland General Electric; 14.01% of UGI Corp.; 13.12% of PNM Resources; 12.43% of OGE Energy Corp.; 11.8% of IdaCorp; 10.99% of Public Service Enterprise Group Inc.; 10.6% of Eversource Energy; 10.57% of Bloom Energy's Class A voting shares; 10.33% of Consolidated Edison Inc.; and 10.06% of Sempra Energy.¹²

Respectfully submitted,

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¹² Appendix A of BlackRock's *Quarterly Report*, Docket No. EC16-77, filed February 14, 2024, <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=C1A9A22B-096B-C11E-A6A3-8DAD98B00000>