

Expropriate – Capture – Marginalize

The Energix Business Model

Grant F. Smith, Director of Research
Institute for Research: Middle Eastern Policy.

gsmith@IRmep.org

202-342-7325

This presentation is available at <https://IRmep.org/PDF/09092020EndlessCaverns.pdf>

1

Hello. My name is Grant Smith from the Institute for Research in Washington DC, a non-profit, public interest research group. I have filed over 90 freedom of information act requests in Virginia over the last three years researching Energix and its key partners.

The Energix business model is composed of three comparative advantages:

- 1.Expropriate:** Take and use the resources of surrounding communities without compensation.
- 2.Capture:** Questionable/back room dealings with government officials to win deals at the expense of surrounding communities.
- 3.Marginalize:** Strike back when marginalized communities expose Energix “worst practices.”

2

If you look at the Energix Business model, it is composed of three comparative advantages:

1. Expropriate: Energix takes and uses the resources of surrounding communities without due compensation.
2. Engages in Regulatory Capture: Through questionable dealings with government officials, it wins deals that harm disenfranchised communities and taxpayers.
3. Marginalization: It turns its government allies against communities and files lawsuits when

Energix worst practices are finally exposed.

This is not how most legitimate businesses operate.

MENA: Seized 24 acres of land that did not belong to Energix. Why?



Entrance to the Meitarim solar field | South Hebron, – occupied West Bank
| 9 November 2016 | Photo by Dror Etkes

[Greenwashing the Occupation](#), Who Profits, Page 26

Why did Energix expropriate 24 acres of land to build a solar array in the MENA region? Because the acquisition of suitable, appropriately zoned land and permits is critical to completing a project. And, if you can simply expropriate territory for your plants without paying anything, it vastly improves the bottom line.

What is Energix expropriating here?

- At least \$26,252 from every adjacent property owner. Probably more given high home values. Not to mention declines in value at outer radius properties.
- Source: Peer-reviewed academic study.
- What will Energix likely pay instead? \$50,000 to the county.

Table: The below table provides descriptive statistics on the estimate of home value impact translated into dollars. The dollar impacts are estimated by multiplying each respondent's estimate of impact (%) with the median home price in their county.

Estimates of Property Values Impacts(\$) by Size and Distance

	Median	Mean	Min	Max	St. Dev.	n
1.5 Megawatts						
100 feet	\$0	-\$18,874	-\$98,760	\$1,613	\$31,621	17
500 feet	\$0	-\$9,926	-\$74,070	\$3,226	\$19,841	18
1000 feet	\$0	-\$5,787	-\$49,380	\$4,839	\$13,427	18
1/2 mile	\$0	\$411	\$0	\$6,452	\$1,524	18
1 mile	\$0	\$877	\$0	\$9,989	\$2,547	18
3 miles	\$0	\$1,098	\$0	\$11,416	\$3,008	18
20 Megawatts						
100 feet	\$0	-\$26,252	-\$119,400	\$6,330	\$40,673	18
500 feet	\$0	-\$17,230	-\$76,600	\$6,330	\$27,051	18
1000 feet	\$0	-\$9,842	-\$59,700	\$951	\$18,367	18
1/2 mile	\$0	-\$3,475	-\$39,800	\$4,281	\$10,398	18
1 mile	\$0	-\$398	-\$19,900	\$8,562	\$5,301	18
3 miles	\$0	\$866	\$0	\$11,416	\$2,745	18
102 Megawatts						
100 feet	\$0	-\$24,136	-\$119,400	\$12,660	\$38,859	17
500 feet	\$0	-\$20,998	-\$79,600	\$12,660	\$31,354	18
1000 feet	\$0	-\$14,961	-\$61,950	\$0	\$23,540	18
1/2 mile	\$0	-\$6,971	-\$49,560	\$951	\$14,704	18
1 mile	\$0	-\$4,065	-\$39,800	\$2,854	\$12,549	18
3 miles	\$0	-\$637	-\$24,780	\$11,416	\$6,601	18

"An Exploration of Property-Value Impacts Near Utility-Scale Solar Installations," 2018 LBJ School of Public Policy

In the Endless Caverns project, Energix is expropriating scenic beauty and property values. It will not pay even minimal fair market value for the resources it expropriates, but Energix nearly always offers a token payment of \$50,000 to the county government at some point.

When Energix made such an offer to Chesapeake, they took it. To its credit, when Kenneth Nieman made the same offer to Campbell County in 2019, the county attorney turned it down, because—as he stated—it was illegal,

<https://www.dropbox.com/s/hpz1pwh4xlbdhvk/November%207%2C%202019%20Campbell%20County%20Board%20of%20Supervisors%20Regular%20Meeting.mp4?dl=0>

Energix can override the will of the community because of the groundwork done by its main government sponsor.

Regulatory Capture: Energix Inside VA Government

- Energix was brought to Virginia by its government sponsor, VIAB, a state export promotion board that brings in and subsidizes Israeli companies to compete with Virginia companies.
- VIAB's Southwest Regional Coordinator Aviva Fry met with the Governor's Office and State Energy regulators as a VIAB official.
- But was also simultaneously serving Energix's US corporate representative.



5

The only reason Energix is operating in the commonwealth is that it was brought in by its government sponsor, VIAB, a state export promotion board that exclusively subsidizes Israeli companies to compete with Virginia companies in a number of industry verticals.

Cary, David (GOV)

From: Aviva Frye <aviva@viab.org>
Sent: Friday, January 26, 2018 8:24 AM
To: Cary, David (GOV)
Subject: Appointment with First Lady

Dear David:

I hope this email finds you doing well .

I would like to set an appointment to meet with the First Lady, if possible some time next week, to discuss some projects through the Governor's Virginia Israel Advisory Board as well as the investments in Virginia by Energix, the Israeli renewable energy company I run in the United States.

I can be reached at 276-451-4428.

Thank you for your attention,

Aviva S. Frye
Virginia Israel Advisory Bd
SouthWest Coordinator

FOIA: Governor's Office

Sent from my iPhone

6

VIAB's Southwest Regional Coordinator Aviva Fry met with the Governor's Office and State Energy regulators as a VIAB official. But was also simultaneously serving as Energix's US corporate representative

Follow up on our meeting

Aviva Frye <aviva@energix-group.com>

Wed, Feb 21, 2018 at 3:26 PM

To: "Navarro, Angela (GOV)" <angela.navarro@governor.virginia.gov>

Dear Angela:

We are all looking forward to the meeting tomorrow.
Here are the people attending:

Robert Kampf. CEO Caden Energy
Ken Niemann. Director of Development Caden Energy
Moran Berman. VP of Development. Energix Renewable Energy
Aviva Frye. Director of Regulation and Public Regulations CadenEnergix LLC

Thank you,

Aviva Frye

Get Outlook for IOS

From: Navarro, Angela (GOV) <Angela.Navarro@governor.virginia.gov>

Sent: Wednesday, February 21, 2018 2:57:03 PM

To: Aviva Frye

Subject: Re: Follow up on our meeting

Aviva,

I look forward to seeing you and your team at 12:30 tomorrow. I hope to have Brian Ball from the Commerce and Trade Secretariat joining us. Would you mind sending me the names of the individuals on your team who will be attending the meeting?

Best regards,

Angela

Angela L. Navarro
Deputy Secretary of Natural Resources
Office of Governor Northam
1111 E. Broad St., Richmond, VA 23219
(804) 786-0044
angela.navarro@governor.virginia.gov

FOIA: Governor's Office

7

As revealed by her emails, which you and any others may read on our website.

7/22/19

CONFIDENTIAL

Chuck Lessin
Recent contributions to the Commonwealth of Virginia

Company	Location	Project	Cap Ex	Jobs	Announce
Oran Safety Glass	Greensville County	Factory Expansion	\$6.6 million	55	Finalized
			\$30.4 million	29	
			\$52.2 million	178	
Energix	Prince George County	19.7 MW, Solar Field	.75 million	15 (Permanent)	
	Appomattox County	15.7 MW, Solar Field	\$25 million	30 (10 months)	Nov. 2019
	Chesapeake	32 MW, Solar Field	\$20 million	30 (10 months)	Nov. 2019
Energix	Henry / Pittsylvania	65 MW, Solar Field	\$45 million	50 (10 months)	Nov. 2019
			\$100 million	70 (10 months)	
			\$100 million	70 (10 months)	
Energix	Camobell County	60 MW, Solar Field	\$100 million	70 (10 months)	2020
			\$90 million	60 (10 months)	2020
Energix	Wytheville	20 MW, Solar Field	\$45 million	40 (10 months)	
			\$25 million	30 (10 months)	2020
TOTAL CAP EX:		\$639.85 million			
TOTAL JOBS:		727 jobs			

CONFIDENTIAL

Source: [Virginia Israel Advisory Board Deal Improper Says IG](#)

8

In May of this year, the State Inspector general uncovered that a corrupt deal involving the presentation of the vastly overvalued portfolio of mostly unfinished Energix Projects in Virginia was improperly used by VIAB Vice Chairman Chuck Lessin to win forgiveness of a personal \$210,000 Tobacco Commission debt on yet another VIAB project. That's how capture soon segways into corruption.

The economic benefits touted by Energix and its sponsors are vastly inflated. In this list circulated inside state government, Energix CAPEX in Chesapeake was listed at \$45 million, while their building permit application amounted to only \$23 million.

Online at:

<https://IRmep.org/OsigLetter.pdf>



COMMONWEALTH OF VIRGINIA
Office of the State Inspector General

Michael C. Westfall, CPA
State Inspector General

P.O. Box 1151
Richmond, VA 23218

Telephone 804-625-3255
Fax 804-786-2341
www.osig.virginia.gov

May 1, 2020

The Honorable Brian Ball
Secretary of Commerce and Trade
P.O. Box 1475
Richmond, VA 23218

IMPROPER

Dear Secretary Ball:

The Office of the State Inspector General (OSIG) conducted an investigation based on a confidential complaint made to the State Fraud, Waste and Abuse Hotline regarding the Tobacco Region Revitalization Commission (TRRC), case #18229. The allegation involved Executive Director Evan Feinman and a decision to waive partial repayment of a Tobacco Region Opportunity Fund (TROF) grant when the project failed to meet its jobs and capital investment obligations.

That State inspector general report, which I submitted into the record, reveals how the costs of government capture cascade as Energix and VIAB win special privileges in Virginia that competitors can't access.

Only regulatory capture explains why Energix gets so many government subsidies.

- In early 2020, Energix received \$2-\$5 million in CARES-Act PPP loans -- one-third of the total CARES ACT PPP forgivable loans in the \$350,000-and-above category given to Virginia solar companies.
- Last month, the Virginia Jobs Investment Program [announced it will subsidize](#) Energix's human resources costs to open its headquarters within an Alony-Hetz owned property in Arlington County.
- **No other solar company among the hundreds in Virginia have been lavished with such subsidies. That is because they don't have powerful allies already ensconced inside government.**

10

Energix has soaked up fully one-third of all Cares Act forgivable PPP loans in the \$350,000 and up category made in the state.

The Virginia Jobs Investment Program will lavish more subsidies to Energix's human resources development as announced by the governor.

Marginalize: What do VA county government officials do when they receive complaints about Energix?



May 11, 2020

Paul Noursi – Co-chair
Nancy Wein – Co-chair

Participating Organizations

Alliance of Baptists
American Muslims for Palestine
Appalachian Peace Education Center
Arab American Association of Central Virginia
Defenders for Freedom, Justice, and Equality
Israel Palestine Mission Network of the Presbyterian Church - USA
Jewish Voice for Peace
National Arab American Women's Association
New Dominion PAC
Northern Virginians for Peace & Justice
Palestinian Christian Alliance for Peace

Dear New Kent County Officials,

On behalf of the Virginia Coalition for Human Rights (VCHR), a coalition of 17 organizations and over 10,000 Virginians, we write to strongly urge you NOT to allow Caden Energix New Kent LLC to build a 20 megawatt solar array on 504 acres off Route 618, Olivet Church road at Lat: 37.492256; Long: -77.06389.

Please note that this project is one of 12 solar arrays being promoted in the Commonwealth by the owners of Caden Energix to which VCHR objects. They are located in the cities of Chesapeake and Harrisonburg as well as in the counties of Appomattox, Campbell, Greensville, Henry, Nelson, Pittsylvania, Prince George, Rockingham, Sussex, and Wytheville.

In order to understand VCHR's objection to approval of Caden Energy New Kent LLC operations, you should know that it is an LLC incorporated under Energix Renewable Energies, Ltd., an Israel-based company that has been cited numerous times for its violations of human rights in occupied Palestine (West Bank) and in the occupied Syria (Golan Heights). Three reports detailing these violations are listed below.

1. On February 12, 2020, the United Nations Human Rights Council designated Energix Renewable Energies, Ltd. as a Category G company operating in Israeli occupied territories and stated that

11

When Energix enters a community, it exerts undue influence on government.

In May 11, 2020, VCHR sent a letter to New Kent county officials warning them about Energix practices.

JV4

....they report back to Energix, but nothing more.

From: [Kenneth Niemann](#)
To: [Kelli Le Duc](#)
Subject: Re: URGENT: VCHR opposes New Kent County permits to human rights violator ENERGIX
Date: Thursday, May 14, 2020 2:30:09 PM
Attachments: [image003.png](#)
[image003.png](#)
[ATT00001.htm](#)
[image003.emz](#)
[ATT00002.htm](#)
[New Kent ltr with template.pdf](#)
[ATT00003.htm](#)

Kelly. Thank you for passing this along to me. I had seen things like this year so go but this is new. Ken

Ken Niemann via mobile phone

FOIA response: 9/8/2020

12

What did New Kent city planner Kel Le Duc do? Pass the complaint up the chain of command? Address each point with the seriousness it merited? No. Three days later she passed it on to Kenneth Nieman over here, who in the intervening five months hasn't addressed even a single issue raised.

Volgh#

JV4#

Judqw#Vplwk/#<2;25353

Cautionary tale from a community living in Energix's shadow...

- When communities living near massive Energix wind turbines, again in the MENA market, complained that these massive electricity export-driven turbines were reducing arable land, endangering wildlife, distorting and negatively altering the landscape, hitting the tourism industry and destroying cultural traditions tied to the land.....while contributing nothing to the surrounding communities...

Energix sued them in a foreign court where it holds all the cards.

<https://golan-marsad.org/al-marsad-submits-response-to-energix-lawsuit/> 13

What happens when Energix has enough of marginalized communities protesting its questionable dealings? Once again, we can look at its overseas markets as a leading indicator.

When communities living near massive Energix wind turbines, again in the MENA market, complained that these electricity export-driven turbines were reducing arable land, endangering wildlife, distorting and negatively altering the landscape, hitting the tourism industry and destroying cultural traditions tied to the land.....while contributing nothing to the surrounding communities. Energix sued them in a foreign court where it holds all the cards.

Expropriate - Capture -
Marginalize

The Energix Business Model

Grant F. Smith, Director of Research
Institute for Research: Middle Eastern Policy.

gsmith@IRmep.org

202-342-7325

This presentation is available at <https://IRmep.org/PDF/09092020EndlessCaverns.pdf>

14

In conclusion, this will also be your fate if Energix is given a 35-year permit to operate at Endless Caverns. If you would like to know more about Energix, VIAB, and the cloud of corruption that envelopes this pair wherever they operate, I invite you to contact me for more information.