News Releases

NextEra Energy Partners, LP announces definitive agreement to acquire Meade Pipeline Co LLC

09/30/2019

- Reaches agreement to acquire long-term contracted natural gas pipeline, further improving already best-in-class growth visibility
- Acquisition expected to be financed through combination of committed project finance debt, new convertible equity portfolio financing and existing holding company debt capacity
- When combined with previously announced wind repowering and Genesis debt purchase, partnership not expected to need additional acquisitions until 2021 to meet growth objectives

JUNO BEACH, Fla., Sept. 30, 2019 /PRNewswire/ -- NextEra Energy Partners, LP (NYSE: NEP) today announced a definitive agreement to acquire Meade Pipeline Co LLC in a transaction valued at approximately $1.37 billion, including roughly $90 million in future capital contributions through 2022, which are related to an expansion opportunity at the existing pipeline.

Meade Pipeline owns a 39.2% interest in the Central Penn Line, a 185-mile intrastate natural gas pipeline that is an integral part of a pipeline system regulated by the Federal Energy Regulatory Commission (FERC) that provides the Marcellus natural gas producing region access to large demand centers in the mid-Atlantic and Southeastern regions of the U.S. The pipeline has the capacity to transport and deliver up to approximately 1.7 billion cubic feet (Bcf) of natural gas per day. The pipeline, which is backed by a minimum 14-year contract with an investment-grade-equivalent customer, is jointly owned by Transcontinental Gas Pipe Line Company, or Transco, which operates the pipeline as a segment of its larger Atlantic Sunrise project.

"We are pleased to have reached a definitive agreement to acquire Meade Pipeline and its interests in the Central Penn Line, which is backed by an attractive fixed-lease payment with a high-credit quality customer, and further expand NextEra Energy Partners' investment in long-term contracted natural gas pipelines, helping mitigate any potential resource volatility in the portfolio," said Jim Robo, chairman and chief executive officer of NextEra Energy Partners. "Meade Pipeline is a very attractive acquisition for NextEra Energy

further strengthen its investor value proposition. This transaction, combined with the incremental cash available for distribution generated by our previously announced repowering projects and the purchase of the outstanding Genesis debt, is expected to support our long-term growth objectives without the need for additional asset acquisitions until 2021. NextEra Energy Partners remains as well-positioned as ever to deliver on its long-term growth objectives and continue its track record of delivering value to limited partner unitholders."

Central Penn Line overview

Central Penn Line is a long-term contracted natural gas pipeline that is a critical resource to transport low-cost Marcellus natural gas to Mid-Atlantic demand centers. Transco, which has contracted 100% of the capacity of the pipeline to nine shippers, has a minimum 14-year lease with Meade for its interest in Central Penn. Under the lease, Meade receives a fixed annual payment from Transco and takes no volumetric risk on the pipeline. Meade's lease revenues are only exposed to the credits of Transco and Cabot Oil & Gas, which has the equivalent of an investment-grade rating and maintains one of the strongest balance sheets and free cash flow profiles in the oil and gas sector.

Cabot has a unilateral option to extend its transportation service agreement with Transco for an additional five years beyond the remaining 14-year term. If Cabot exercises its extension, Transco's lease with Meade will automatically run through October 2038, five years beyond the current minimum term.

Expansion opportunity

Included in the transaction is an approximately $90 million future expansion opportunity at the existing pipeline. The expansion is expected to add an estimated 0.6 Bcf per day of natural gas capacity to Central Penn through the addition of compression at new and existing stations. Meade will own 40% of the expanded capacity and receive an additional fixed-lease payment from Transco for 20 years from the in-service date. The expansion lease provides a guaranteed pre-tax unlevered return to Meade on capital expenditures for the project. As such, Meade and NextEra Energy Partners are protected from any potential cost overruns. Transco, the operator, filed its FERC application at the end of July. The expansion is anticipated to be completed in mid-2022, subject to receipt of all required regulatory approvals.

Financing details

The total transaction value is approximately $1.37 billion, which includes an initial consideration of $1.28 billion, subject to working capital and other customary purchase price adjustments, plus future capital contributions of roughly $90 million that are related to the expansion opportunity. The initial purchase price is expected to be primarily financed with approximately $820 million in partially amortizing project finance debt, which includes $760 million related to the operating project and a roughly $60 million draw of the expansion project debt facility. Additionally, NextEra Energy Partners has entered into an agreement for a roughly $170 million convertible equity portfolio financing. The balance of the initial financing will consist of available NextEra Energy Partners' holding company debt capacity. Funding for the expansion opportunity is expected to be financed with a total of approximately $160 million of project debt, including the $60 million draw that is expected at transaction closing and which is in addition to the roughly $760 million in project debt for the operating project. NextEra Energy Partners has firm commitments in place for all of the project debt, as well as the convertible equity portfolio financing.

initial 1% allocation of distributable cash flow from the asset. NextEra Energy Partners expects to periodically exercise its right to buy out BlackRock's equity interest for a fixed payment equal to $170 million, plus a levered fixed pre-tax annual return of approximately 11% (inclusive of all prior distributions) in partial interests between the three and a half and six and a half-year anniversaries of the agreement. The partnership has the right to pay 100% of the buyout amount in NextEra Energy Partners' common units. Following the initial six-year period, if NextEra Energy Partners has not exercised its entire buyout right, or following year five if certain minimum buyouts have not occurred, BlackRock's allocation of distributable cash flow from the asset for the portion of the asset it still owns would increase to 99%.

The acquisition is expected to contribute annual run-rate adjusted EBITDA of $90 million to $100 million initially and $105 million to $115 million following completion of the expansion project. Five-year average annual cash available for distribution (CAFD) is expected to be $60 million to $66 million on a run-rate basis, beginning Dec. 31, 2019. As a result of increased debt service following completion of the expansion project, a material step-up in CAFD is not expected at that time.

The acquisition is subject to the expiration or termination of the waiting period under the Hart-Scott-Rodino Act. Pending receipt of required approvals and other customary conditions and approvals, NextEra Energy Partners expects to close the transaction within the next 60 days.

Outlook

Earlier this month, NextEra Energy Partners launched a tender offer to purchase 100% of the outstanding operating company notes at its Genesis project. The partnership's current expectation is that by the end of this year, the partnership will have acquired all of the remaining Genesis debt, resulting in an increase in CAFD through the removal of project-level debt service. This benefit, combined with the incremental CAFD generated by the previously announced repowering projects and the purchase of the outstanding Genesis holding company notes, as well as completion of the Meade acquisition, increases the partnership's expectations for a Dec. 31, 2019, run-rate CAFD, including full contributions from PG&E-related projects, to a range of $560 million to $640 million, reflecting calendar year 2020 expectations for the forecasted portfolio at year-end 2019. Excluding all contributions from the Desert Sunlight 250 and 300 projects, NextEra Energy Partners expects a Dec. 31, 2019 run rate for CAFD of $505 million to $585 million.

Dec. 31, 2019, run-rate adjusted EBITDA expectations, which assume full contributions from projects related to PG&E, as revenue is expected to continue to be recognized, increases to $1.225 billion to $1.4 billion, following completion of the Meade transaction.

NextEra Energy Partners now expects Dec. 31, 2020, run-rate expectations for adjusted EBITDA and CAFD to be consistent with year-end 2019 run-rate expectations, reflecting the partnership's expectation that it can achieve its long-term distribution growth objectives without the need for additional asset acquisitions until 2021. These expectations include the impact of expected incentive distribution rights fees, as these fees are treated as an operating expense.

From a base of its fourth-quarter 2018 distribution per common unit at an annualized rate of $1.86 per common unit, NextEra Energy Partners continues to expect 12% to 15% per year growth in limited partner

Wells Fargo Securities, LLC is serving as a financial advisor to NextEra Energy Partners. Citibank, N.A. and MUFG Bank LTD. are acting as coordinating lead arrangers and joint bookrunners. In addition, Locke Lord LLP is acting as counsel to NextEra Energy Partners.

Analyst and investor conference call and webcast

NextEra Energy Partners will host a conference call and webcast to discuss this announcement at 8:30 a.m. ET today. The listen-only webcast will be available on NextEra Energy Partners' website by accessing the following link: www.NextEraEnergyPartners.com. The presentation for the webcast may be downloaded at www.NextEraEnergyPartners.com, beginning at 6:30 a.m. ET today. A replay will be available for 90 days by accessing the same link as listed above.

NextEra Energy Partners, LP

NextEra Energy Partners, LP (NYSE: NEP) is a growth-oriented limited partnership formed by NextEra Energy, Inc. (NYSE: NEE). NextEra Energy Partners acquires, manages and owns contracted clean energy projects with stable, long-term cash flows. Headquartered in Juno Beach, Florida, NextEra Energy Partners owns interests in wind and solar projects in the U.S., as well as natural gas infrastructure assets in Texas. The renewable energy projects are contracted, use industry-leading technology and are located in regions that are favorable for generating energy from the wind and sun. The seven natural gas pipelines in the portfolio are all strategically located, serving power producers and municipalities in South Texas, processing plants and producers in the Eagle Ford Shale, and commercial and industrial customers in the Houston area. The NET Mexico Pipeline, the largest pipeline in the portfolio, provides a critical source of natural gas transportation for low-cost, U.S.-sourced shale gas to Mexico. For more information about NextEra Energy Partners, please visit: www.NextEraEnergyPartners.com.

Cautionary Statements and Risk Factors That May Affect Future Results

This news release contains "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements are not statements of historical facts, but instead represent the current expectations of NextEra Energy Partners, LP (together with its subsidiaries, NEP) regarding future operating results and other future events, many of which, by their nature, are inherently uncertain and outside of NEP's control. Forward-looking statements in this news release include, among others, adjusted EBITDA, cash available for distribution (CAFD) and unit distribution expectations, as well as statements concerning NEP's future operating performance and financing needs. In some cases, you can identify the forward-looking statements by words or phrases such as "will," "may result," "expect," "anticipate," "believe," "intend," "plan," "seek," "aim," "potential," "projection," "forecast," "predict," "goals," "target," "outlook," "should," "would" or similar words or expressions. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance. The future results of NEP and its business and financial condition are subject to risks and uncertainties that could cause NEP's actual results to differ materially from those expressed or implied in the forward-looking statements. These risks and uncertainties could require NEP to limit or eliminate certain operations. These risks and uncertainties include, but are not limited to, the following: NEP's portfolio includes renewable energy projects that have a limited operating history. Such projects may not perform as expected; NEP's ability to make cash distributions to its unitholders is affected by wind and solar conditions at its renewable energy projects; NEP's business, financial condition, results of operations and prospects can be materially adversely affected by weather conditions, including, but not limited

the Texas pipelines' operations; NEP depends on certain of the renewable energy projects and pipelines in its portfolio for a substantial portion of its anticipated cash flows; NEP is pursuing the expansion of natural gas pipelines in its portfolio that will require up-front capital expenditures and expose NEP to project development risks; NEP's ability to maximize the productivity of the Texas pipeline business and to complete potential pipeline expansion projects is dependent on the continued availability of natural gas production in the Texas pipelines' areas of operation; Terrorist acts, cyber-attacks or other similar events could impact NEP's projects, pipelines or surrounding areas and adversely affect its business; The ability of NEP to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NEP's insurance coverage does not insure against all potential risks and it may become subject to higher insurance premiums; Warranties provided by the suppliers of equipment for NEP's projects may be limited by the ability of a supplier to satisfy its warranty obligations, or by the terms of the warranty, so the warranties may be insufficient to compensate NEP for its losses; Supplier concentration at certain of NEP's projects may expose it to significant credit or performance risks; NEP relies on interconnection, transmission and other pipeline facilities of third parties to deliver energy from its renewable energy projects and to transport natural gas to and from the Texas pipelines. If these facilities become unavailable, NEP's projects and pipelines may not be able to operate or deliver energy or may become partially or fully unavailable to transport natural gas; NEP's business is subject to liabilities and operating restrictions arising from environmental, health and safety laws and regulations, compliance with which may require significant capital expenditures, increase NEP's cost of operations and affect or limit its business plans; NEP's renewable energy projects may be adversely affected by legislative changes or a failure to comply with applicable energy regulations; A change in the jurisdictional characterization of some of the Texas pipeline entities' assets, or a change in law or regulatory policy, could result in increased regulation of these assets, which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders; NEP may incur significant costs and liabilities as a result of pipeline integrity management program testing and any necessary pipeline repair or preventative or remedial measures; The Texas pipelines' operations could incur significant costs if the Pipeline and Hazardous Materials Safety Administration or the Railroad Commission of Texas adopts more stringent regulations; Petroleos Mexicanos (Pemex) may claim certain immunities under the Foreign Sovereign Immunities Act and Mexican law, and the Texas pipeline entities' ability to sue or recover from Pemex for breach of contract may be limited and may be exacerbated if there is a deterioration in the economic relationship between the U.S. and Mexico; NEP does not own all of the land on which the projects in its portfolio are located and its use and enjoyment of the property may be adversely affected to the extent that there are any lienholders or land rights holders that have rights that are superior to NEP's rights or the U.S. Bureau of Land Management suspends its federal rights-of-way grants; NEP is subject to risks associated with litigation or administrative proceedings that could materially impact its operations, including, but not limited to, proceedings related to projects it acquires in the future; NEP's cross-border operations require NEP to comply with anti-corruption laws and regulations of the U.S. government and non-U.S. jurisdictions; NEP is subject to risks associated with its ownership or acquisition of projects or pipelines that remain under construction, which could result in its inability to complete construction projects on time or at all, and make projects too expensive to complete or cause the return on an investment to be less than expected; NEP relies on a limited number of customers and is exposed to the risk that they may be unwilling or unable to fulfill their contractual obligations to NEP or that they otherwise terminate their agreements with NEP; PG&E, which contributes a significant portion of NEP's revenues, has filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Any rejection by PG&E of a material portion of NEP's PPAs with it or any material reduction in the prices NEP charges PG&E under those PPAs that occurs in connection with PG&E's Chapter 11 proceedings, or any events of default under the financing agreements of NEP's solar

agreements (PPA) and natural gas transportation agreements at favorable rates or on a long-term basis; If the energy production by or availability of NEP's renewable energy projects is less than expected, they may not be able to satisfy minimum production or availability obligations under their PPAs; NEP's growth strategy depends on locating and acquiring interests in additional projects consistent with its business strategy at favorable prices; NextEra Energy Operating Partners' (NEP OpCo) partnership agreement requires that it distribute its available cash, which could limit NEP's ability to grow and make acquisitions; Lower prices for other fuel sources may reduce the demand for wind and solar energy; Reductions in demand for natural gas in the United States or Mexico and low market prices of natural gas could materially adversely affect the Texas pipelines' operations and cash flows; Government laws, regulations and policies providing incentives and subsidies for clean energy could be changed, reduced or eliminated at any time and such changes may negatively impact NEP's growth strategy; NEP's growth strategy depends on the acquisition of projects developed by NextEra Energy, Inc. (NEE) and third parties, which face risks related to project siting, financing, construction, permitting, the environment, governmental approvals and the negotiation of project development agreements; Acquisitions of existing clean energy projects involve numerous risks; Renewable energy procurement is subject to U.S. state regulations, with relatively irregular, infrequent and often competitive procurement windows; NEP may continue to acquire other sources of clean energy and may expand to include other types of assets. Any further acquisition of non-renewable energy projects may present unforeseen challenges and result in a competitive disadvantage relative to NEP's more-established competitors; NEP faces substantial competition primarily from regulated utilities, developers, independent power producers, pension funds and private equity funds for opportunities in North America; The natural gas pipeline industry is highly competitive, and increased competitive pressure could adversely affect NEP's business; NEP may not be able to access sources of capital on commercially reasonable terms, which would have a material adverse effect on its ability to consummate future acquisitions; Restrictions in NEP and its subsidiaries' financing agreements could adversely affect NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders; NEP's cash distributions to its unitholders may be reduced as a result of restrictions on NEP's subsidiaries' cash distributions to NEP under the terms of their indebtedness; NEP's subsidiaries' substantial amount of indebtedness may adversely affect NEP's ability to operate its business, and its failure to comply with the terms of its subsidiaries' indebtedness could have a material adverse effect on NEP's financial condition; NEP is exposed to risks inherent in its use of interest rate swaps; NEE exercises significant influence over NEP; Under the cash sweep and credit support agreement, NEP receives credit support from NEE and its affiliates. NEP's subsidiaries may default under contracts or become subject to cash sweeps if credit support is terminated, if NEE or its affiliates fail to honor their obligations under credit support arrangements, or if NEE or another credit support provider ceases to satisfy creditworthiness requirements, and NEP will be required in certain circumstances to reimburse NEE for draws that are made on credit support; NextEra Energy Resources, LLC (NEER) or one of its affiliates is permitted to borrow funds received by NEP's subsidiaries and is obligated to return these funds only as needed to cover project costs and distributions or as demanded by NEP OpCo. NEP's financial condition and ability to make distributions to its unitholders, as well as its ability to grow distributions in the future, is highly dependent on NEER's performance of its obligations to return all or a portion of these funds; NEP may not be able to consummate future acquisitions; NEER's right of first refusal may adversely affect NEP's ability to consummate future sales or to obtain favorable sale terms; NextEra Energy Partners GP, Inc. (NEP GP) and its affiliates may have conflicts of interest with NEP and have limited duties to NEP and its unitholders; NEP GP and its affiliates and the directors and officers of NEP are not restricted in their ability to compete with NEP, whose business is subject to certain restrictions; NEP may only terminate the Management Services Agreement among, NEP, NextEra Energy Management Partners, LP (NEE Management), NEP OpCo and NextEra Energy Operating Partners GP, LLC (NEP OpCo GP) under certain specified conditions; If the agreements with NEE

greater risks when making decisions relating to NEP than it otherwise would if acting solely for its own account; NEP's ability to make distributions to its unitholders depends on the ability of NEP OpCo to make cash distributions to its limited partners; If NEP incurs material tax liabilities, NEP's distributions to its unitholders may be reduced, without any corresponding reduction in the amount of the IDR fee; Holders of NEP's units may be subject to voting restrictions; NEP's partnership agreement replaces the fiduciary duties that NEP GP and NEP's directors and officers might have to holders of its common units with contractual standards governing their duties; NEP's partnership agreement restricts the remedies available to holders of NEP's common units for actions taken by NEP's directors or NEP GP that might otherwise constitute breaches of fiduciary duties; Certain of NEP's actions require the consent of NEP GP; Holders of NEP's common units and preferred units currently cannot remove NEP GP without NEE's consent; NEE's interest in NEP GP and the control of NEP GP may be transferred to a third party without unitholder consent; The IDR fee may be assigned to a third party without unitholder consent; NEP may issue additional units without unitholder approval, which would dilute unitholder interests; Reimbursements and fees owed to NEP GP and its affiliates for services provided to NEP or on NEP's behalf will reduce cash distributions from NEP OpCo and from NEP to NEP's unitholders, and there are no limits on the amount that NEP OpCo may be required to pay; Discretion in establishing cash reserves by NEP OpCo GP may reduce the amount of cash distributions to unitholders; NEP OpCo can borrow money to pay distributions, which would reduce the amount of credit available to operate NEP's business; Increases in interest rates could adversely impact the price of NEP's common units, NEP's ability to issue equity or incur debt for acquisitions or other purposes and NEP's ability to make cash distributions to its unitholders; The price of NEP's common units may fluctuate significantly and unitholders could lose all or part of their investment; The liability of holders of NEP's units, which represent limited partnership interests in NEP, may not be limited if a court finds that unitholder action constitutes control of NEP's business; Unitholders may have liability to repay distributions that were wrongfully distributed to them; Provisions in NEP's partnership agreement may discourage or delay an acquisition of NEP that NEP unitholders may consider favorable, which could decrease the value of NEP's common units, and could make it more difficult for NEP unitholders to change the board of directors; The board of directors, a majority of which may be affiliated with NEE, decides whether to retain separate counsel, accountants or others to perform services for NEP; The New York Stock Exchange does not require a publicly traded limited partnership like NEP to comply with certain of its corporate governance requirements; The issuance of preferred units or other securities convertible into common units may affect the market price for NEP's common units, will dilute common unitholders' ownership in NEP and may decrease the amount of cash available for distribution for each common unit; The preferred units have rights, preferences and privileges that are not held by, and will be preferential to the rights of, holders of the common units; NEP's future tax liability may be greater than expected if NEP does not generate net operating losses (NOLs) sufficient to offset taxable income or if tax authorities challenge certain of NEP's tax positions; NEP's ability to use NOLs to offset future income may be limited; NEP will not have complete control over NEP's tax decisions; A valuation allowance may be required for NEP's deferred tax assets; Distributions to unitholders may be taxable as dividends; NEP discusses these and other risks and uncertainties in its annual report on Form 10-K for the year ended December 31, 2018 and other SEC filings, and this news release should be read in conjunction with such SEC filings made through the date of this news release. The forward-looking statements made in this news release are made only as of the date of this news release and NEP undertakes no obligation to update any forward-looking statements.

C

View original content to download multimedia:http://www.prnewswire.com/news-releases/nextera-energy-partners-lp-announces-definitive-agreement-to-acquire-meade-pipeline-co-llc-300927536.html