

News Releases

NextEra Energy Partners, LP announces agreement to acquire interests in a 1,100-MW portfolio of long-term contracted renewables projects and enters into new convertible equity portfolio financing

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- Announces agreement to acquire a 40% interest in an approximately 1-gigawatt renewables portfolio and 100% interest in a 100-megawatt solar-plus-storage project
- Enters into agreement for a 10-year, approximately \$1.1 billion convertible equity portfolio financing that includes the acquired assets plus four existing NextEra Energy Partners' wind and solar projects
- Significantly strengthens partnership's balance sheet and further enhances its potential financing capacity up to approximately \$2.4 billion post-transaction, which further supports the partnership's long-term growth
- Introduces year-end 2021 run rate adjusted EBITDA and cash available for distribution expectations reflecting 10% and 7% growth from the comparable year-end 2020 ranges at the midpoints, respectively

JUNO BEACH, Fla., Nov. 2, 2020 /PRNewswire/ -- NextEra Energy Partners, LP (NYSE: NEP) today announced that it has entered into an agreement with a subsidiary of NextEra Energy Resources, LLC to acquire a 40% interest in an approximately 1,000-megawatt (MW) renewables portfolio and a 100% interest in a 100-MW solar-plus-storage project. Immediately following the acquisition, NextEra Energy Partners will contribute interests in the acquired projects and four existing renewables assets to a new portfolio. In conjunction with the acquisition and creation of the new portfolio, NextEra Energy Partners has entered into an approximately \$1.1 billion convertible equity portfolio financing with a consortium of private infrastructure investors.



"The transactions announced today demonstrate NextEra Energy Partners' continued ability to execute its long-term growth plan and continued access to attractive low-cost sources of capital," said Jim Robo, chairman and chief executive officer. "The acquisition of the high-quality, long-term contracted renewable energy assets, including the partnership's first battery storage project, further enhances the diversity of the partnership's existing portfolio. Combining this acquisition with the recapitalization of four existing NextEra Energy Partners' assets through the longest-dated and lowest-cost convertible equity portfolio financing in the

significant access to low-cost capital leaves NextEra Energy Partners uniquely positioned to take advantage of the disruptive factors reshaping the energy industry and meet its long-term growth objectives. In our view, NextEra Energy Partners has never been better positioned to deliver unitholder value going forward."

Portfolio acquisition details

The contracted renewables portfolio of wind and solar assets has a cash available for distribution (CAFD) weighted-remaining contract life of approximately 19 years and average customer credit rating of A- / A3. The assets included are:

- 100% of the membership interests in Wilmot Solar Energy Center, a project company that owns a 100-MW solar and 30-MW storage generation facility located in Arizona.
- 40% of the membership interests in a portfolio holding company, which indirectly owns:
 - Blue Summit III Wind Energy Center, a project company that owns a 200.2-MW wind generation facility located in Texas.
 - Ponderosa Wind Energy Center, a project company that owns a 200-MW wind generation facility located in Oklahoma.
 - Harmony Florida Solar Energy Center, a project company that owns a 74.5-MW solar generation facility located in Florida.
 - Taylor Creek Solar Energy Center, a project company that owns a 74.5-MW solar generation facility located in Florida.
 - Saint Solar Energy Center, a project company that owns a 100-MW solar generation facility located in Arizona.
 - Sanford Airport Solar Energy Center, a project company that owns a 49.4-MW solar generation facility located in Maine.
 - Soldier Creek Wind Energy Center, a project company that owns a 300.4-MW wind generation facility in Kansas.

NextEra Energy Partners expects to acquire the interests in the assets for a total net consideration of approximately \$320 million, following the receipt of expected tax equity proceeds, and subject to working capital and other adjustments. The acquisition is expected to contribute adjusted EBITDA of approximately \$75 million to \$85 million and CAFD of approximately \$24 million to \$29 million, each on a five-year average annual run-rate basis, beginning Dec. 31, 2020.

NextEra Energy Partners expects to complete the acquisition in the fourth quarter of 2020, subject to customary closing conditions and the receipt of certain regulatory approvals.

Creation of a new portfolio

Immediately following the acquisition, NextEra Energy Partners will contribute its interests in the newly acquired projects to a new portfolio alongside four of the partnership's existing renewable assets. The assets to be included by NextEra Energy Partners are Northern Colorado Wind Energy Center, Baldwin Wind Energy Center, Elk City I Wind Energy Center and the interests of the entity that owns Genesis Solar Energy Center.

Financing details

In conjunction with the acquisition and creation of the new portfolio, NextEra Energy Partners has entered into an approximately \$1.1 billion convertible equity portfolio financing agreement with KKR, through its core

will be utilized to finance the acquisition as well as repay the currently outstanding balance under the partnership's existing credit facility. A second draw of approximately \$350 million is expected to occur by the end of the second quarter of 2021, with proceeds available for future growth and general corporate purposes.

The investors are expected to earn an effective annual coupon of approximately 4.4% on the outstanding investment over the initial 10-year period. The financing will provide NextEra Energy Partners the flexibility to periodically buy out the investors' equity interest at a fixed 6.75% pre-tax annual return (inclusive of all prior distributions) between the five- and 10-year anniversaries of the agreement. NextEra Energy Partners has the right to pay 100% of the buyout amount in NextEra Energy Partners' common units, issued at no discount to the then-current market price. This transaction represents NextEra Energy Partners' lowest-cost and longest dated convertible equity portfolio to date.

In addition to the total approximately \$1.1 billion that is expected to be raised under the current portfolio of assets between the first and second draws, NextEra Energy Partners and KKR have entered into a non-binding letter of intent relating to KKR's investment of up to an additional \$900 million convertible equity portfolio financings on similar terms and conditions to support future growth, subject to identifying project(s) that are mutually acceptable and other conditions.

Outlook

NextEra Energy Partners is raising its expectations of run rate adjusted EBITDA at Dec. 31, 2020, to a range of \$1.3 billion to \$1.48 billion. NextEra Energy Partners' expectations of run rate CAFD for year-end 2020 are unchanged and remain in a range of \$560 million to \$640 million, reflecting calendar year 2021 expectations for the portfolio at year-end 2020.

The expected repayment of the revolving credit facility recapitalizes NextEra Energy Partners' balance sheet and preserves significant capacity for future growth. The costs associated with this recapitalization are expected to mostly offset the cash available for distribution accretion from the transaction. Following the transaction, the partnership is expected to have approximately \$2.4 billion in available financing capacity under the corporate revolving credit facility and commitments from investors in potential convertible equity portfolio financing arrangements. NextEra Energy Partners expects to end 2020 with its debt-to-EBITDA credit metrics below 4.0x, down from greater than 5.0x at year-end 2019.

NextEra Energy Partners also is introducing Dec. 31, 2021, run-rate expectations for adjusted EBITDA in a range of \$1.44 billion to \$1.62 billion and CAFD in a range of \$600 million to \$680 million, reflecting calendar year 2022 expectations for the portfolio at year-end 2021. The midpoints of these new ranges reflect 10% and 7% growth from the comparable year-end 2020 run rate adjusted EBITDA and CAFD midpoints, respectively. These expectations include the impact of incentive distribution rights fees, as these fees are treated as an operating expense.

From a base of its fourth-quarter 2019 distribution per common unit at an annualized rate of \$2.14 per common unit, NextEra Energy Partners continues to expect 12% to 15% per year growth in limited partner distributions as being a reasonable range of expectations through at least 2024, subject to the usual caveats. NextEra Energy Partners expects the annualized rate of the fourth-quarter 2020 distribution, which is payable in February 2021, to be in a range of \$2.40 to \$2.46 per common unit. NextEra Energy Partners expects to

This news release refers to adjusted EBITDA and CAFD expectations. NextEra Energy Partners' adjusted EBITDA expectations represent projected (a) revenue less (b) fuel expense, less (c) project operating expenses, less (d) corporate G&A, plus (e) other income less (f) other deductions including IDR fees. Projected revenue as used in the calculations of projected EBITDA represents the sum of projected (a) operating revenues plus (b) a pre-tax allocation of production tax credits, plus (c) a pre-tax allocation of investment tax credits plus (d) earnings impact from convertible investment tax credits and plus (e) the reimbursement for lost revenue received pursuant to a contract with NextEra Energy Resources.

CAFD is defined as cash available for distribution and represents adjusted EBITDA less (1) a pre-tax allocation of production tax credits, less (2) a pre-tax allocation of investment tax credits, less (3) earnings impact from convertible investment tax credits, less (4) debt service, less (4) maintenance capital, less (5) income tax payments less, (6) other non-cash items included in adjusted EBITDA if any. CAFD excludes changes in working capital and distributions to preferred equity investors.

Adjusted EBITDA, CAFD, limited partner distribution and other expectations assume, among other things, normal weather and operating conditions; public policy support for wind and solar development and construction; market demand and transmission expansion support for wind and solar development; market demand for pipeline capacity; and access to capital at reasonable cost and terms. Please see the accompanying cautionary statements for a list of the risk factors that may affect future results. Adjusted EBITDA and CAFD do not represent substitutes for net income, as prepared in accordance with GAAP. The adjusted EBITDA and CAFD run-rate expectations have not been reconciled to GAAP net income because NextEra Energy Partners' GAAP net income includes unrealized mark-to-market gains and losses related to derivative transactions, which cannot be determined at this time.

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 geographically diverse wind and solar projects in the U.S. as well as natural gas infrastructure assets in Texas and Pennsylvania. 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, statements concerning adjusted EBITDA, cash available for distributions (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

but are not limited to, the following: 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 to, the impact of severe weather; Operation and maintenance of renewable energy projects involve significant risks that could result in unplanned power outages, reduced output, personal injury or loss of life; Natural gas gathering and transmission activities involve numerous risks that may result in accidents or otherwise affect NEP's pipeline 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 and the repowering of wind projects that will require up-front capital expenditures and expose NEP to project development risks; Terrorist acts, cyberattacks 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 its 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 or pipelines may be adversely affected by legislative changes or a failure to comply with applicable energy and pipeline 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 Mexico; NEP is subject to risks associated with its ownership or acquisition of projects or pipelines that are 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; NEP may not be able to extend, renew or replace expiring or terminated power purchase agreements (PPA), natural gas transportation agreements or other customer contracts 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; 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

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 or other financing agreements; 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 has 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 NextEra Energy Operating Partners' (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 Management or NEER are terminated, NEP may be unable to contract with a substitute service provider on similar terms; NEP's arrangements with NEE limit NEE's potential liability, and NEP has agreed to indemnify NEE against claims that it may face in connection with such arrangements, which may lead NEE to assume 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

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 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 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; and, The coronavirus pandemic may have a material adverse impact on NEP's business, financial condition, liquidity, results of operations and ability to make cash distributions to its unitholders. NEP discusses these and other risks and uncertainties in its annual report on Form 10-K for the year ended December 31, 2019 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.



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