

News Releases

NextEra Energy Partners, LP announces agreement to acquire an approximately 1,080-megawatt net interest in a portfolio of long-term contracted renewables projects and enters into new convertible equity portfolio financing

11/18/2022

- *Announces agreement to acquire a 49% interest in an approximately 1.5-gigawatt renewables portfolio and approximately 100% of the indirect membership interests in an approximately 345-MW portfolio of operating wind assets*
- *Enters into agreement for a 10-year convertible equity portfolio financing for \$805 million that includes the newly acquired assets plus six existing NextEra Energy Partners' wind projects*

JUNO BEACH, Fla., Nov. 18, 2022 /PRNewswire/ -- NextEra Energy Partners, LP (NYSE: NEP) today announced that it has entered into an agreement with subsidiaries of NextEra Energy Resources, LLC to acquire a 49% interest in an approximately 1.5-gigawatt renewables portfolio and approximately 100% of the indirect membership interests in an approximately 345-megawatt (MW) portfolio of operating wind assets. Immediately following the acquisition, NextEra Energy Partners will contribute its interests in the newly acquired projects and in six existing renewables assets to a new portfolio. In conjunction with the acquisition and creation of the new portfolio, NextEra Energy Partners has entered into a convertible equity portfolio financing with Ontario Teachers' Pension Plan Board (Ontario Teachers'), a leading global infrastructure investor, to invest \$805 million into the new portfolio.



"The transactions announced today demonstrate NextEra Energy Partners' continued ability to execute on its long-term growth plan and continued access to attractive low-cost sources of capital," said John Ketchum, chairman and chief executive officer. "The acquisition of the high-quality, long-term contracted renewable energy assets further enhances the diversity of the partnership's existing portfolio. Combining this acquisition with the recapitalization of six existing NextEra Energy Partners' assets through the convertible equity portfolio financing with a global infrastructure investor is expected to provide significant benefits for

objectives. In our view, NextEra Energy Partners remains well positioned to deliver unitholder value going forward."

Portfolio acquisition details

The contracted renewables portfolio of wind and solar assets to be acquired has a cash available for distribution (CAFD)-weighted remaining contract life of approximately 15 years and average customer credit rating of A+ at S&P and A2 at Moody's Investors Service. The assets included are:

- *49% of the membership interests in Emerald Breeze, an existing portfolio holding company, which indirectly owns:*
 - *Great Prairie Wind, an approximately 1,029-MW wind generation facility located in Texas and Oklahoma.*
 - *Appaloosa Run Wind, an approximately 172-MW wind generation facility located in Texas.*
 - *Eight Point Wind, an approximately 111-MW wind generation facility located in New York.*
 - *Yellow Pine Solar, an approximately 125-MW solar generation and 65-MW storage facility located in Nevada.*
- *100% of the indirect membership interests in:*
 - *Elk City Wind II, an approximately 107-MW wind generation facility located in Oklahoma.*
 - *Sac County Wind, an approximately 80-MW wind generation facility located in Iowa.*
 - *Sholes Wind, an approximately 160-MW wind generation facility located in Nebraska.*

NextEra Energy Partners expects to acquire the interests in the assets for total consideration of approximately \$805 million, plus the assumption of its share of the portfolio's estimated \$1.5 billion in tax equity financing, subject to working capital and other adjustments. NextEra Energy Partners expects to complete the acquisition later this year, subject to customary closing conditions. At the time of the closing, all of the assets other than Appaloosa Run Wind, Eight Point Wind and Yellow Pine Solar will be in operation, with Appaloosa Run Wind and Eight Point Wind expected to be in service in December 2022 and Yellow Pine Solar scheduled to begin initial operations by the end of the third quarter of 2023. If any of those projects do not achieve commercial operation by Nov. 30, 2023, NextEra Energy Partners will have the right to require the seller to repurchase the ownership interests in such projects for the same purchase price paid by NextEra Energy Partners. Following the acquisition and all of the projects achieving commercial operation, the portfolio of assets is expected to contribute adjusted EBITDA of approximately \$210 million to \$230 million and CAFD of approximately \$62 million to \$72 million, each on a five-year average annual run-rate basis, beginning Dec. 31, 2023.

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 six of the partnership's existing wind assets: Alta Wind VIII, Brady Wind, Brady Wind II, Golden West Wind, Osborn Wind and Oliver Wind III.

Financing details

which will be used by NextEra Energy Partners to finance its acquisition of the newly acquired assets. A second funding of approximately \$160 million is expected to occur by the end of the third quarter of 2023 upon the achievement of the commercial operations of Appaloosa Run Wind, Eight Point Wind and Yellow Pine Solar.

The investor is expected to earn an effective annual coupon of approximately 2.8% on the outstanding investment over its initial 10-year period. The financing is expected to provide NextEra Energy Partners the flexibility to periodically buy out the investor's equity interest at a fixed approximately 7.0% pre-tax annual return (inclusive of all prior distributions) between the 5-year 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.

Outlook

From a base of its fourth quarter 2021 distribution per common unit at an annualized rate of \$2.83, NextEra Energy Partners continues to expect 12% to 15% growth per year in limited partner distributions per unit as being a reasonable range of expectations through at least 2025, subject to the usual caveats. NextEra Energy Partners expects the annualized rate of the fourth-quarter 2022 distribution that is payable in February 2023 to be in a range of \$3.17 to \$3.25 per common unit.

NextEra Energy Partners continues to expect year-end 2022 run-rate adjusted EBITDA and CAFD in the ranges of \$1.785 billion to \$1.985 billion and \$685 million to \$775 million, respectively, reflecting calendar year 2023 contributions from the forecasted portfolio at the end of 2022.

NextEra Energy Partners also continues to expect Dec. 31, 2023, run-rate expectations for adjusted EBITDA in a range of \$2.220 billion to \$2.420 billion and CAFD in a range of \$770 million to \$860 million, reflecting calendar year 2024 expectations for the portfolio at year-end 2023.

These expectations are subject to the usual caveats and include the impact of incentive distribution rights (IDR) fees, as these fees are treated as an operating expense.

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.

support for wind and solar development; market demand for pipeline capacity; access to capital at reasonable cost and terms; and no changes to governmental policies or incentives. 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 expected net income because NextEra Energy Partners' 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, solar and energy storage 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 distribution (CAFD) and unit distribution expectations, as well as statements concerning NEP's future operating performance, financing needs and results of acquisitions. 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 ability to make cash distributions to its unitholders is affected by wind and solar conditions at its renewable energy projects; operation and maintenance of renewable energy projects and pipelines involve significant risks that could result in unplanned power outages, reduced output or capacity, personal injury or loss of life; 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; NEP depends on certain of the renewable energy projects and pipelines in its portfolio for a substantial portion of its anticipated cash flows; NEP may pursue the repowering of wind projects or the expansion of natural gas pipelines that would require up-front capital expenditures and could 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

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 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 interests in projects 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; reductions in demand for natural gas in the United States or Mexico and low market prices of natural gas could materially adversely affect NEP's pipeline 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; 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 and pursue other growth opportunities; 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

distributions to its unitholders; 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, LP (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; 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 limited circumstances; 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 and the NYSE does not require a publicly traded limited partnership like NEP to comply with certain of its corporate governance requirements; 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 currently cannot remove NEP GP without NEE's consent and provisions in NEP's partnership agreement may discourage or delay an acquisition of NEP that NEP unitholders may consider favorable; NEE's interest in NEP GP and the control of NEP GP may be transferred 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; 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; the issuance of securities convertible into, or settleable with, 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; 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

Exchange Commission (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:<https://www.prnewswire.com/news-releases/nextera-energy-partners-lp-announces-agreement-to-acquire-an-approximately-1-080-megawatt-net-interest-in-a-portfolio-of-long-term-contracted-renewables-projects-and-enters-into-new-convertible-equity-portfolio-financing-301682732.html>

SOURCE NextEra Energy Partners, LP