(1) XPLR Infrastructure 2025 Conference Call

Mark Eidelman:

Thank you, Betsy.

Good morning, everyone, and thank you for joining our call.

With me this morning are John Ketchum, Chairman of XPLR Infrastructure, Brian Bolster, Rebecca Kujawa, and Mark Hickson, members of the XPLR Infrastructure Board of Directors, and Alan Liu, President and Chief Executive Officer of XPLR Infrastructure.

(2) Safe Harbor Statement and Non-GAAP Financial Information

We will be making forward-looking statements during this call based on current expectations and assumptions which are subject to risks and uncertainties. Actual results could differ materially from our forward-looking statements if any of our key assumptions are incorrect or because of other factors discussed in today's conference call, in the comments made during this conference call, in the risk factors section of the accompanying presentation, or in our latest reports and filings with the Securities and Exchange Commission, each of which can be found on our website www.XPLRInfrastructure.com. We do not undertake any duty to update any forward-looking statements.

Today's presentation also includes references to non-GAAP financial measures. You should refer to the information contained in the slides accompanying today's presentation for definitional information.

Please note that the name change to XPLR Infrastructure became effective on January 23rd and trading on the New York Stock Exchange under the new stock ticker of XIFR will become effective on February 3rd. We will also be referring to convertible equity portfolio financings as "CEPFs" throughout today's call.

With that, I will turn the call over to Brian.

Brian Bolster:

(3) XPLR INFRASTRUCTURE – ANNOUNCING STRATEGIC REPOSITIONING

Thank you, Mark and good morning everyone.

Today, XPLR Infrastructure is announcing a strategic repositioning of the company. I will first outline the major elements of that repositioning. I will then provide some background explaining how we have arrived at these changes following a detailed strategic review of the company. Finally, I will discuss some of the related implications and opportunities. Alan Liu will conclude with details regarding XPLR's priorities and path forward.

Turning now to the broad outline. First, the most important change XPLR is making is to suspend - for an indefinite period - distributions to unitholders. Rather than issue equity to make investments, including investing in the CEPF buyouts, XPLR will instead utilize its retained operating cash flow. As such, today we are transitioning from a model that focused primarily on acquiring assets and paying out substantially all of its ongoing cash flows, which required constant access to equity markets, to a strategy that focuses on making investments funded by the cash flows and balance sheet capacity of the business. Growth will be an output. And to the extent our free cash flow exceeds investment opportunities with an attractive return profile, we remain committed to returning capital to unitholders, which will ultimately be what each of our investment alternatives will be measured against. In short, rather than seeking acquisitions to support a growing unitholder distribution, XPLR will be focused on investing its free cash flow to provide value accretion to unitholders; whether that is the cash buyout of CEPFs, funding wind repowerings, investing in the co-location of storage at our renewable assets, pursuing other growth investments, or, ultimately, returning capital to unitholders.

By taking this action today, we believe we have eliminated the need to issue equity. We have also created a path to self-fund organic growth and other investment opportunities while preserving our balance sheet and retaining the option to return capital to unit holders.

Second, to implement this new approach, XPLR is putting in place a new management team, all of whom are and will continue to be employees of NextEra Energy. This management team, led by Alan Liu, will be looking broadly to create additional unitholder value both at the existing asset base and through ancillary opportunities, all measured against returning capital to unitholders. Associated with these changes is the change to the name of the company, which we think appropriately captures the transition from a company that was primarily an acquisition vehicle to an entity that will explore a broader suite of capital allocation and investment opportunities.

The XPLR team will continue to leverage the existing relationship with their largest unitholder, NextEra Energy, through supplier and financing contracts, meaningful board representation, existing service agreements and access to investment opportunities adjacent to XPLR's clean energy assets. Through its continued close relationship with NextEra Energy, XPLR will retain the same benefits and operational expertise that NextEra Energy currently provides across its entire portfolio.

(4) XPLR INFRASTRUCTURE – BRIEF HISTORY

Having given you the main elements of the changes we will be making, let me now spend a few minutes on some background, which will give context for these changes. I will then turn to some of the implications of the changes and describe how we believe they will benefit the long-term interests of unitholders.

When XPLR was established in 2014, we expected its basic function to be to acquire contracted clean energy assets and to hold those assets in a portfolio that delivered relatively low risk and growing cash flows. Other opportunities for growth, of course, were not ruled out, but this was expected to be the main path to growth, at least for some years. Explicit in this model of growth driven by acquisitions was the commitment to pay out a very high proportion of annual cash flows, which necessarily meant that every new acquisition would bring with it a need for new equity issuances.

For many years, this model worked. However, as distributions per unit grew, the partnership needed to acquire more assets, and thus issue more equity, to support its distribution growth rate. As our equity needs grew, the existing public equity market for yieldcos proved to be more limited, creating the need for substantial discounting and, thus, increased dilution. Therefore, we looked to private capital as a financing source to help support our growing equity needs and maintain our distribution growth rate.

When issued, the CEPF offered new equity capital to support acquisitions. Unfortunately, as we began to buyout CEPF obligations by issuing equity in 2021, there was significant downward selling pressure on the unit price. If we had continued to issue equity to buyout the CEPFs, it would have resulted in significant dilution to unitholders. Over this time, it has become clear that utilizing the significant cash available to XPLR to fund these buyouts instead of distributing that cash and issuing new equity results in what we believe is a better economic value proposition for unitholders over the longer term.

(5) XPLR INFRASTRUCTURE – STRATEGIC REVIEW RATIONALE

It is within this context that XPLR reexamined its distribution policy and what level of adjustment to make going forward. As you are all aware, we have multiple opportunities for our cash: (i) the buyout of CEPFs (ii) other growth opportunities including, but not limited to repowers and investments in co-located storage, and (iii) return of capital to unitholders either in the form of a distribution or common unit buybacks. We also need to maintain sufficient balance sheet flexibility to efficiently refinance capital obligations as they come due.

For several reasons, we believe a full suspension of the distribution gives us the clearest path to maximizing unitholder value. First, we believe it is in the best interest of unitholders to finance the buyout of selected CEPFs with cash flow, not equity. We believe buying out CEPFs at double-digit unitholder returns is one of our most attractive investment opportunities. Second, we expect to see attractive investments around our clean energy assets, like wind repowers and co-located storage investments, that we believe will create value for unitholders. These investments will generate incremental demand for cash which can be funded from retained cashflows. Third, given the unprecedented demand for power, we expect to have many other attractive investment opportunities through our close relationship with NextEra Energy. Finally, suspending the distribution today does not prevent a return of capital in the future and we will evaluate all of our investment opportunities against returning capital to unitholders.

By fully suspending the distribution, we believe that XPLR will be able to adopt a business plan that does not contemplate equity issuances. In the face of attractive investment opportunities, continuing as an acquisition vehicle while paying out a distribution at a double-digit yield is not the value maximizing path. Similarly, maintaining a token distribution as part of our near-term capital allocation plan diverts cash flow from potential valuable investment opportunities. We believe a full suspension of the distribution allows us to retain the ability to allocate capital back to unitholders over time rather than pay out a smaller distribution and potentially have to rely on the equity markets to fund buyouts or investments.

That's why today we announced a change in XPLR's business model to one that focuses on the economic allocation of the cash flows generated by XPLR's assets. Over the next two to three years, that means XPLR plans to use a combination of its available cash flow and some balance sheet capacity to invest in the buyout of selected CEPFs at attractive returns and to advance our organic growth opportunities. The decision to buyout a CEPF, or not, will be based on the return of the cash flows acquired from the buyout. Over the longer term, XPLR plans to evaluate investment opportunities in other clean energy assets, including, but not limited to, co-locating storage across its renewables portfolio. The return on these opportunities will continually be measured against the value of returning capital to unitholders, including through common unit buybacks over time and potentially eventually restoring a distribution. At some point, we can either re-initiate distributions, engage in buybacks or both. However, we do not expect to revert to a distribution policy of 90+% payouts of available cash flows. The timing of unit buybacks or future distributions is impossible to predict right now. They will depend on the investment opportunities available at the time. We will keep you updated on our thinking and we are committed to the principle of returning to unitholders all capital in excess of that needed to fund only those investments that promise attractive risk-adjusted returns.

(6) XPLR Infrastructure – New Management Team

In the context of a dynamic capital allocation model, XPLR will be putting a new management team in place, all of whom will continue to be employees of NextEra Energy. The XPLR management team will be led by Alan Liu, who is on the call with me today, and will serve as the partnership's chief executive officer. XPLR will retain its close ties to NextEra Energy, and again, XPLR's board of directors remains unchanged.

Alan and his team will be responsible for executing on the repositioning of the business. XPLR's new management team is committed to assessing and pursuing a disciplined capital allocation policy which maximizes unitholder value either through its multiple investment opportunities or by returning capital to unitholders over time.

Alan is an industry veteran with a proven track record of leadership and has held senior positions in risk management and corporate development at NextEra Energy. Prior to joining NextEra Energy in 2021, Alan was a managing director at Goldman Sachs, where he advised a broad range of companies, public and private, across the power, utilities, renewable energy, and infrastructure sectors. Alan brings to XPLR a diverse set of skills and nearly 20 years of electric infrastructure and financing experience that comes from helping companies think strategically about and execute on complex mergers, acquisitions, capital raises, investments, and other strategic and financial matters.

With that, I will turn it over to Alan to discuss the strategic repositioning in more detail.

Alan Liu:

(7) XPLR INFRASTRUCTURE – DIVERSE RENEWABLE ENERGY COMPANY

Thank you, Brian and good morning everyone.

Before I discuss the repositioning in greater detail, I feel it is important to provide a brief overview of XPLR's assets and key investment highlights.

XPLR Infrastructure is one of the largest independent power producers and the 3rd largest producer of wind and solar energy in the United States, owning and operating a diverse set of high-quality generation assets totaling approximately 10 gigawatts in operation today. Our portfolio is diversified across generation technologies with wind, solar and storage assets and across customers with high credit quality. Geographically, the portfolio is located in 31 states, including power markets that are projecting significant future load growth, which we think provides a number of opportunities including re-contracting, repowering and other investment opportunities enabled by the existing assets. The portfolio generates most of its cash flows through long-term contracts with a weighted average remaining contract life of 13 years with 78 different customers that have an average credit rating of BBB. This means we have long term visibility to our project level cash flows.

(8) XPLR INFRASTRUCTURE – REPOSITIONING PRIORITIES

As we have reviewed the universe of opportunities available to XPLR to deploy its cash flow, we have identified four priorities which we believe will drive value for unitholders. The first priority is funding the cash buyout options of selected CEPFs. We expect the buyout of selected CEPFs to produce double-digit returns, allowing us to retain ownership of assets we believe will provide attractive opportunities well into the future. We expect the buyout of these investments will also simplify our capital structure by eliminating friction costs, such as change of control restrictions and make-whole payments, which can limit strategic flexibility. I will provide more detail on the specifics of these CEPF buyouts after I have finished outlining all of our capital allocation priorities, but I want to reiterate we do not expect to need to issue new equity to address these buyouts.

The second priority is investing in our existing assets, including wind repowering projects that meet double digit return targets. Wind repowerings that we move forward on are expected to provide increased cash flows over the life of the asset, which would enhance the value of our assets beyond the current contract period and create value for unitholders.

Another investment opportunity in our existing assets is through co-located storage. Given the current market dynamics and demand for power, one of the most important development assets is an interconnection position. Without an interconnect, a project cannot move forward. A typical wind site, on average, produces energy approximately 40% of the time, which means the other 60% of the time, the interconnect is available for a co-located battery. We have a multi-gigawatt opportunity with unutilized interconnection capacity that could be used to co-locate battery storage behind XPLR's approximately 10-gigawatt renewable portfolio today. This is a valuable asset, especially as timelines for interconnection continue to expand and the need for capacity solutions increases with growing power demand.

Over the longer term, we plan to evaluate other investment opportunities adjacent to our clean energy assets. The guiding principle of our investment strategy will be to find areas where XPLR has a differentiated market opportunity and can generate accretive returns for unitholders. We believe a logical place where we may find differentiated opportunities is in industries that are driving the fundamental 7x24 load demand for power. Power demand growth is forecasted to increase sixfold in the next 20 years versus the prior 20. U.S. datacenter demand alone is expected to increase substantially – adding approximately 460 terawatt hours of new electricity demand, at a compound annual growth rate of ~22% – from 2023 to 2030. We believe that XPLR is well positioned to capitalize on this expected long-term secular shift in power demand through its own assets and also through new opportunities that may become available through its close relationship with its largest unitholder, NextEra Energy.

Over the next two years, the buyout of select CEPFs and investments in our existing assets, including previously announced repowers, will require approximately $4.4 billion of debt financing that includes approximately $1.5 billion of new debt. In addition to funding these initial two priorities, we plan to expand the focus of our cash allocation to new growth opportunities as well as return of capital to unitholders, our third and fourth priorities. We will measure growth opportunities in comparison to each other and relative to returning capital to unitholders, with a goal of allocating capital to the highest returning opportunity.

(9) XPLR INFRASTRUCTURE – CREDIT QUALITY

While we are raising new debt as part of our capital plan, we are also refinancing existing debt, including project debt and holding company debt. For the $2.2 billion of holding company debt coming due through 2027, we plan to refinance those maturities at the holding company when they mature in 2025, 2026 and 2027. We have approximately $3.6 billion of interest rate hedges in place to de-risk those planned issuances, but consistent with our view on the dilutive impact of issuing equity we do not plan to reissue convertible debt. We are committed to ensuring sufficient balance sheet strength and liquidity to facilitate our refinancing activities, allowing us to extend the holding company maturities. Along these lines, we recently received ratings affirmations from each of the agencies based on the plan we are laying out here today. Again, following the distribution suspension, we believe XPLR can pursue a number of opportunities it has available to it including the CEPF buyouts, repowers and select other growth opportunities, without having a need to issue incremental equity.

(10) XPLR INFRASTRUCTURE – CEPF BUYOUTS

Having given you an overview of our capital plan, I want to provide more details on the CEPF buyouts. Today, we have five CEPFs in place. We intend to buyout three of these portfolios with cash and we intend to sell the assets of the other two to fund their buyouts. We have provided specific plans for each CEPF in the presentation, but, in summary and based on these assumptions, for the three CEPFs we plan to buyout with cash, we will invest approximately $945 million in 2025, $150 million in 2026 and $465 million in 2027. At the end of 2027, we expect to have only two remaining CEPFs outstanding. We have also worked collaboratively with the investor in one of these two remaining CEPFs to create the option to restructure the approximately $1 billion buyout payment due in 2030 into smaller distributed payments through 2034. This allows us to fund buyouts in that time frame from cash flow. In summary, we believe we have a path to address all of the CEPFs which does not require us to issue equity.

(11) XPLR INFRASTRUCTURE – 2024 RESULTS

Switching gears to our financial results, for the full year 2024, our adjusted EBITDA was approximately $1.96 billion, very close to the midpoint of our run-rate expectations range.

(12) XPLR INFRASTRUCTURE – EBITDA EXPECTATIONS

For 2025, assuming normal weather and operating conditions among other caveats, we expect our adjusted EBITDA to be roughly flat year-over-year, although results may be impacted by the timing of the expected sale of the Meade pipeline investment that we currently expect in the fourth quarter 2025. For calendar year 2026, we expect the portfolio to deliver adjusted EBITDA of $1.75 to $1.95 billion. The decline in adjusted EBITDA of approximately $105 million is due to the impact of the expected sale of the Meade pipeline investment in the fourth quarter of 2025.

(13) XPLR Infrastructure – Free Cash Flow Before Growth Expectations and Reconciliation to CAFD

With the repositioning, XPLR is changing its cash flow expectations metric to Free Cash Flow Before Growth. Cash available for distribution is no longer meaningful for an entity suspending its distribution indefinitely. You can reference our financial disclosures for the specific definitions. As with other companies – including independent power producers – with meaningful free cash flow and multiple capital allocation opportunities, we believe Free Cash Flow Before Growth will be a more appropriate metric to help guide our capital allocation decisions.

Given that 2025 is a transition year, which will have partial impacts of $945 million for CEPF buyouts, the expected Meade pipeline investment sale and other holdco financings, we believe 2026 represents an appropriate baseline for our Free Cash Flow Before Growth metric. We expect Free Cash Flow Before Growth to be in the range of $600 million to $700 million in 2026 and we expect it to remain relatively consistent through the end of the decade. As discussed earlier, we expect that our cumulative Free Cash Flow Before Growth will exceed our remaining CEPF buyout options, which we expect will provide us optionality to allocate capital for the benefit of unitholders.

We have provided a detailed walk from our midpoint 2023 run-rate cash available for distribution expectations provided in the fourth quarter of 2023 to our 2026 Free Cash Flow Before Growth expectations. After adding back debt paydown to get to Free Cash Flow Before Growth, the main drivers between expected 2024 Free Cash Flow Before Growth and 2026 calendar year expectations are the estimated impact of the expected Meade pipeline sale and higher financing costs. Higher financing costs include the buyout of CEPF 1 and the refinancing of zero coupon and other low cost converts with debt. While cash flow is expected to decline as a function of these higher financing costs, we believe unitholders are meaningfully better off on a cash flow per unit basis relative to issuing equity at current prices.

(14) XPLR INFRASTRUCTURE – VALUE OPPORTUNITY AND CLOSING REMARKS

In summary, we are suspending the distribution and executing on a plan that enables XPLR to pursue investment opportunities available to it and that does not contemplate issuing equity. We believe investing in CEPF buyouts is our best value maximizing opportunity for unitholders. Next, we are going to opportunistically invest in growth opportunities including repowerings and co-located battery storage across our portfolio as well as other investment opportunities that arise while maintaining sufficient balance sheet strength to address our maturities. All of these investments will be measured against returning capital to unitholders. Over time, we expect that return of capital to take the form of either common unit buybacks or potentially the reinitiation of a distribution.

In our view, we believe this repositioning will enable XPLR to unlock the value of the strong cash flows in the existing portfolio today and best position XPLR to allocate cash flow optimally for unitholders in the future. This focus on disciplined capital allocation is consistent with the capital allocation strategy deployed by high cash flow generating companies like independent power producers.

We believe XPLR offers an attractive value proposition to existing and potential unitholders. XPLR's diverse assets and long-term contracts with high-quality customers provides long term visibility in our project level cash flows.

The chart on slide 14 illustrates a range of theoretical potential unit prices based on a range of independent power producer trading levels and our 2026 Free Cash Flow Before Growth expectations range. Of course, we cannot predict actual unit prices, but we do firmly believe XPLR represents a compelling long-term investment opportunity due to the unprecedented demand for power, our close relationship with NextEra Energy and the quality of our large, diversified portfolio of renewable energy projects that uniquely position us for opportunities to create value for unitholders through a disciplined approach to capital allocation.

That concludes our prepared remarks and with that we will open the line for questions.