CPV FAIRVIEW, LLC

(A Delaware Limited Liability Company)

Condensed Interim Financial Statements

Three-month and Nine-month Periods Ended September 30, 2023, and September 30, 2022

(With Review Report of Independent Auditors)

CPV FAIRVIEW, LLC
(A Delaware limited liability company)
September 30, 2023

Index

KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Review Report

The Members of CPV Fairview, LLC
CPV Fairview, LLC:

Results of Review of Condensed Interim Financial Information

We have reviewed the condensed financial statements of CPV Fairview, LLC (the Company), which comprise the condensed balance sheets as of September 30, 2023 and 2022, the related condensed statements of operations and comprehensive income and cash flows for the three-month and nine-month periods ended September 30, 2023 and 2022, and the related statements of changes in members' equity for the nine-month periods ended September 30, 2023 and 2022, and the related notes (collectively referred to as the condensed interim financial information).

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed interim financial information for it to be in accordance with U.S. generally accepted accounting principles.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of condensed interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Condensed Interim Financial Information

Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with U.S. generally accepted accounting principles and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of condensed interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Condensed Balance Sheet as of December 31, 2022

We have previously audited, in accordance with GAAS, the balance sheet as of December 31, 2022, and the related statements of operations and comprehensive income, changes in members' equity, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 16, 2023. In our opinion, the accompanying condensed balance sheet of the Company as of December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

Philadelphia, Pennsylvania
December 15, 2023

CPV FAIRVIEW, LLC
(A Delaware Limited Liability Company)
Condensed Interim Balance Sheets
(In thousands)

BALANCE SHEETS
(in thousands)

	At September 30, (Unaudited) 2023	At September 30, (Unaudited) 2022	At December 31, (Audited) 2022
Assets			
Cash	$ 88	$ 87	$ 89
Restricted Cash	26,287	2,346	10,098
Accounts receivable	10,778	33,954	46,392
Prepaid expenses	2,572	3,711	2,067
Fuel Inventory	-	57	244
Derivative assets, energy	7,547	55,574	28,842
Derivative assets, interest rate swaps	6,926	9,675	11,209
Total current assets	54,198	105,404	98,941
Property, plant, and equipment, net	821,022	844,413	839,665
Restricted cash	312	329	599
Cash collateral letters of credit	25,414	33,913	27,707
Spare parts inventory	5,265	4,551	4,660
Intangible assets, net	26,971	27,841	27,624
Derivative assets, interest rate swaps	3,278	10,679	8,120
Derivative assets, energy	4,402	14,706	11,335
Other assets	769	1,212	1,099
Total assets	**$ 941,631**	**$ 1,043,048**	**$ 1,019,750**
Liabilities and Members' Equity			
Accounts payable and accrued liabilities	$ 16,218	$ 31,793	$ 38,599
Due to related party	201	201	201
Current portion of long term debt	37,663	24,213	126,626
Derivative liabilities, interest rate swaps	-	-	-
Derivative liabilities, energy	20,555	22,009	7,396
Total current liabilities	74,637	78,216	172,822
Long term debt	341,352	497,166	365,572
Other long term liabilities	1,276	1,896	1,891
Derivative liabilities, energy	5,671	32,524	32,145
Total liabilities	422,936	609,802	572,430
Members' equity	518,695	433,246	447,320
Total liabilities and members' equity	**$ 941,631**	**$ 1,043,048**	**$ 1,019,750**

See accompanying notes to the condensed interim financial statements.

CPV FAIRVIEW, LLC
(A Delaware Limited Liability Company)
Condensed Interim Statement of Operations and Comprehensive Income (Unaudited)
(In thousands)

	For the three-month ended September 30, 2023	For the three-month ended September 30, 2022	For the nine-month ended September 30, 2023	For the nine-month ended September 30, 2022
Operating revenues	$ 62,234	$ 125,584	$ 201,061	$ 291,031
Other revenues	1,027	904	2,794	2,948
Realized and unrealized gain on energy derivative	4,070	28,455	14,350	56,486
Total revenue	67,331	154,943	218,205	350,465
Fuel and other	19,818	88,743	74,989	224,106
Operations and maintenance	5,400	5,666	14,412	16,289
General and administrative	1,801	1,536	5,214	4,496
Depreciation and amortization	6,789	6,758	20,367	20,403
Taxes other than income taxes	564	548	1,682	1,655
Total operating expenses	34,372	103,251	116,664	266,949
Income from operations	32,959	51,692	101,541	83,516
Interest expense, net	(5,546)	(6,665)	(18,896)	(21,254)
Net income	**$ 27,413**	**$ 45,027**	**$ 82,645**	**$ 62,262**
Other comprehensive (loss) income:				
Comprehensive (loss) income derivative instrume	(7,284)	8,717	(3,270)	29,769
Comprehensive income	**$ 20,129**	**$ 53,744**	**$ 79,375**	**$ 92,031**

See accompanying notes to the condensed interim financial statements.

CPV FAIRVIEW, LLC
(A Delaware Limited Liability Company)
Condensed Interim Statement of Changes in Members' Equity
(In thousands)

	Members' capital	Accumulated retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total members' equity
Balance December 31, 2021	$ 407,620	$ (47,646)	$ (8,759)	$ 351,215
Distributions	(10,000)	-	-	(10,000)
Net income (loss)	-	84,295	-	84,295
Comprehensive income (loss) interest rate swaps	-	-	21,810	21,810
Total comprehensive income (loss)				106,105
Balance December 31, 2022 (Audited)	**$ 397,620**	**$ 36,649**	**$ 13,051**	**$ 447,320**
Balance December 31, 2021	$ 407,620	$ (47,646)	$ (8,759)	$ 351,215
Distributions	(10,000)	-	-	(10,000)
Net income (loss)	-	62,262	-	62,262
Comprehensive income (loss) interest rate swaps	-	-	29,769	29,769
Total comprehensive income (loss)				92,031
Balance September 30, 2022 (Unaudited)	**$ 397,620**	**$ 14,616**	**$ 21,010**	**$ 433,246**
Balance December 31, 2022	$ 397,620	$ 36,649	$ 13,051	$ 447,320
Distributions	(8,000)	-	-	(8,000)
Net income (loss)	-	82,645	-	82,645
Comprehensive income (loss) derivative instruments	-	-	(3,270)	(3,270)
Total comprehensive income (loss)				79,375
Balance September 30, 2023 (Unaudited)	**$ 389,620**	**$ 119,294**	**$ 9,781**	**$ 518,695**

See accompanying notes to the condensed interim financial statements.

CPV FAIRVIEW, LLC
(A Delaware Limited Liability Company)
Condensed Interim Statement of Cash Flows (Unaudited)
(In thousands)

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Cash flows from operating activities:				
Net income	$ 27,413	$ 45,027	$ 82,645	$ 62,262
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	6,789	6,758	20,367	20,403
Other amortization	660	835	2,472	2,266
Change in fair value- energy derivatives		(11,049)	13,593	(22,452)
Unrealized gain (loss) on energy derivatives	(179)		(7)	-
Unrealized gain (loss) on Interest rate swaps	(207)	(498)	7,182	(725)
Changes in operating assets and liabilities:				
Accounts receivable	4,484	1,479	35,614	(9,556)
Deposits	-			44,235
Spare parts inventory	(286)	(76)	(605)	(75)
Fuel inventory	267	399	244	430
Prepaid expenses	(102)	374	(505)	549
Due to related party	-	23	-	28
Accounts payable and other accrued liabilities	750	(7,914)	(22,380)	8,878
Net cash provided by operating activities	39,589	35,358	138,620	106,243
Cash flows from investing activities:				
Property, plant, and equipment	(438)	(2,148)	(1,071)	(5,479)
Net cash used in investing activities	(438)	(2,148)	(1,071)	(5,479)
Cash flows from financing activities:				
Distributions	(4,000)	-	(8,000)	(10,000)
Proceeds from long term revolver		-	911	21,500
Repayment of long term loan	(17,391)	(37,644)	(114,546)	(75,709)
Repayment of long term revolver	(305)	(1,525)	(2,305)	(42,621)
Repayment of working capital facility	-	-	-	(30,000)
Net cash used in financing activities	(21,697)	(39,169)	(123,940)	(136,830)
Decrease in cash and restricted cash	17,454	(5,959)	13,608	(36,066)
Cash and restricted cash, beginning of period	34,647	42,634	38,493	72,741
Cash and restricted cash, end of period	$ 52,101	$ 36,675	$ 52,101	$ 36,675
Cash paid for Interest and financing fees	$ 5,774	$ 6,596	$ 18,514	$ 19,997
Noncash investing and financing activities:				
Change in liabilities incurred for project costs	$ -	$ 2,900	$ -	$ 5,936

See accompanying notes to the condensed interim financial statements.

CPV FAIRVIEW, LLC
(A Delaware Limited Liability Company)
Notes to Condensed Interim Financial Statements (Unaudited)
September 30, 2023

(1) Organization and Summary of Significant Accounting Policies

CPV Fairview, LLC (Fairview or the Company), a Delaware limited liability company, was formed on July 24, 2014. The purpose of Fairview is to develop, construct, finance, own, and operate a 1,050 MW gas-fired, combined-cycle power generation facility located in Jackson Township, Cambria County, Pennsylvania (the Facility or Project). The Facility was completed and commenced operations on December 1, 2019.

As of December 31, 2022, and 2021, the Company's interests were held by CPV Power Holdings, LP (CPV PHLP) 25%, Infra Equity Power Holdings, LLC (Infra) through direct and indirect interests 25%, and Osaka Gas Fairview, LLC (Osaka) 50%.

(a) Basis of Presentation

The Company's condensed interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and should be read in conjunction with the Company's last annual financial statements as of December 31, 2022 (the "2022 Annual Financial Statements"). The condensed interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with U.S. GAAP. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the 2022 Annual Financial Statements. The Accounting Standards Codification (ASC), established by the Financial Accounting Standards Board (FASB), is the source of authoritative U.S. GAAP to be applied by nongovernmental entities.

(b) Use of Estimates

The preparation of the Company's condensed interim financial statements requires the use of estimates and assumptions based on management's knowledge and experience. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The most significant use of estimates and assumptions relates to the valuation of derivative instruments. Actual results could vary from the estimates that were used.

(c) Risks and Uncertainties

As with any power generation facility, operation of the Facility involves risk, including the performance of the Facility below expected levels of efficiency and output, shutdowns due to the breakdown or failure of equipment or processes, violations of permit requirements, operator error, labor disputes, or catastrophic events such as fires, earthquakes, floods, explosions, or other similar occurrences affecting a power generation facility or its power purchasers. In addition, the Facility operates as a merchant plant and is impacted by changes in natural gas and regional power market conditions, as well as changes in the rules and regulations governing these markets. The occurrence of any of these events could significantly reduce or eliminate revenue generated by the Company or significantly increase the expenses of the Company, and adversely impact the Company's ability to make payments on its debt when due.

(d) Fair Value of Financial Instruments

The carrying value of certain of the Company's financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities equal or approximates their fair value due to the short-term maturity of those instruments. Cash accounts are generally maintained in federally insured banks, but the Company may at times have balances in accounts in excess of federal insurance limits. The fair value of the long-term debt approximates its book value as of September 30, 2023 and 2022, as the interest rates are variable (note (4)).

(e) Cash

Cash comprises highly liquid investments with original maturities of 90 days or less.

(f) Restricted Cash and Cash Collateral – Letters of Credit

Restricted cash and cash collateral – letters of credit consist of cash and cash equivalents that comprise highly liquid investments. Such amounts are restricted under the terms of the Company's Credit Agreement (note (4)). Restricted cash accounts include, but are not limited to, an operating account, letter of credit revolver account, construction account, and a revenue account. All such accounts are held, and maintained, by an agent. The Company's classification of Restricted cash is based on the classification of its intended use. As of September 30, 2023, December 31, 2022, and September 30, 2022, the Company had $26.2 million, $10.1 million and $2.3 million, respectively, pertaining to operating activities classified as a current asset on the accompanying condensed interim balance sheets. The Company also had $0.3 million, $0.6 million, and $0.3 million of restricted cash, classified as non-current, pertaining to construction related activities, and $25.4 million, $27.7 million and $34.0 million of restricted cash, classified as Cash collateral - letters of credit on the accompanying condensed interim balance sheets as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

(g) Prepaid Expenses

The Company has prepaid expenses on its balance sheets. Prepaid expenses - current, consist of insurance premiums, property taxes, labor costs, bank fees, and other miscellaneous fees, and totaled $2.6 million, $2.1 million and $3.8 million as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. The Company also had $0.0 million, $0.0 million and $0.0 million of prepaids, classified as long-term prepaids, pertaining to non-current portion of the novation fee on the accompanying condensed interim balance sheets as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively.

(h) Property, Plant, and Equipment and Depreciation Expense

The Company's property, plant, and equipment are recorded at historical cost and are primarily comprised of power generation facility assets, construction-in-progress and the cost of acquired land. Depreciation, after consideration of salvage value and asset retirement obligations, is computed using the straight-line method over the estimated useful lives of the assets, commencing when assets, or major components thereof, are either placed in service or acquired (note (2). Repairs and maintenance costs are expensed as incurred.

(i) Spare Parts Inventory

Spare parts inventory primarily consists of spare parts and supplies used to maintain the power generation facility. Spare parts inventory is carried at lower of cost or net realizable value. Cost is the sum of the purchase price and incidental expenditures and charges incurred to bring the inventory to its existing condition or location. Costs of spare parts are valued primarily using the average cost method. Generally, cost is reduced to net realizable value if the net realizable value of inventory has declined and it is probable that the utility of inventory, in its disposal in the ordinary course of business, will not be recovered through revenue earned from the generation of power. The Company's spare parts inventory balance was $5.2 million, $4.7 million and $4.6 million as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

(j) Fuel Inventory

Fuel inventory is comprised of natural gas and is stated at the lower of weighted average cost or net realizable value. The Company had Fuel inventory of $0.0 million, $0.2 million, and $0.1 million as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively, on the accompanying condensed interim balance sheets.

(k) Recoverability of Long-Lived Assets

ASC Topic 360*, Property, Plant, and Equipment*, requires both long-lived assets and intangible assets with determinable useful lives be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to its expected future undiscounted cash flows. If the carrying amount of the asset is greater than the asset's undiscounted cash flows, the asset is considered impaired. In such circumstances, the impairment recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. The impairment is charged to earnings. No impairments were recognized for the three-month periods ended September 30, 2023 and 2022 and nine-month periods ended September 30, 2023 and 2022.

(l) Intangible Assets

The Company accounts for intangible assets in accordance with ASC Topic 350, *Intangibles – Goodwill and Other* (ASC 350). ASC 350 requires that intangible assets determined to have indefinite lives no longer be amortized but instead be tested for impairment at least annually and whenever events or circumstances occur that indicate impairment might have occurred.

ASC 350 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Separable intangible assets that are deemed to have finite lives will continue to be amortized using the straight-line method over their estimable useful lives.

(m) Deferred Financing Costs

The Company capitalized costs associated with obtaining its debt. Direct costs incurred with obtaining debt are amortized under the interest method over the term of the related debt. Amortization of capitalized costs totaled $0.7 million and $0.7 million for the three-month periods ended September 30, 2023, and 2022, respectively, and $2.8 million and $1.8 million for the nine-month periods ended September 30, 2023 and 2022, respectively, which is classified as Interest expense, net on the accompanying condensed interim statements of operations and comprehensive income.

As of September 30, 2023, December 31, 2022, and September 30, 2022, the Current portion of long-term debt is presented net of $1.6 million, $2.5 million, and $2.4 million of deferred financing costs on the accompanying condensed interim balance sheets. Long-term debt is presented net of $1.6 million, $3.0 million and $9.6 million of deferred financing costs as of September 30, 2023, December 31, 2022 and September 30, 2022 respectively, on the accompanying condensed interim balance sheets.

(n) *Derivative Instruments and Hedging Activities*

The Company enters into interest rate swaps to reduce its exposure to market fluctuations of interest rates and forward purchase and sales of commodities, and other derivative instruments to reduce its exposure to market fluctuations of energy and natural gas prices. Additionally, the Company entered into a structured energy derivative transaction (the Revenue Put Option or RPO) to reduce its exposure to market fluctuations of energy and natural gas prices. The Company may enter into additional derivative transactions as allowed by its risk management policy. The Company recognizes all contracts that meet the definition of a derivative as either assets or liabilities in the accompanying condensed interim balance sheets and measures those derivatives at fair value under ASC Topic 815, *Derivatives and Hedging* (ASC 815). On the date a derivative is entered into, the Company may designate hedging relationships as long as certain criteria in ASC 815 are met; otherwise, the derivative is marked to market in the Company's statements of operations and comprehensive income.

For derivatives designated as a hedge, such as the Company's interest rate swaps, forward purchase and sales of commodities, and other derivative instruments used to reduce its exposure to market fluctuations of energy and natural gas prices, the Company documents the relationship between the hedging instrument and hedged item, as well as its risk management objective and strategy. This process includes linking all derivatives that are designated as hedges to specific assets or liabilities on the accompanying condensed interim balance sheets or to forecasted transactions. The Company also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items.

When it is determined that a derivative has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively. This could occur when (1) it is determined that a derivative is no longer effective in offsetting changes in the cash flows of a hedged item; (2) the derivative expires or is sold, terminated, or exercised; or (3) the derivative is discontinued as a hedging instrument, because it is not probable that a forecasted transaction will occur. When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective hedge of cash flows, the derivative will continue to be carried at fair value on the accompanying condensed interim balance sheets and the gains and losses that were accumulated in other comprehensive income or loss (OCI) are recognized immediately or over the remaining term of the forecasted transaction in the accompanying condensed interim statements of operations and comprehensive income.

Changes in the fair value of derivative instruments are either recognized in the accompanying condensed interim statements of operations and comprehensive income or the accompanying condensed interim statements of changes in members' equity as a component of accumulated OCI, depending upon their use and designation. Gains and losses related to transactions that qualify for hedge accounting, such as the interest rate swaps and forward purchase and sales of commodities, and other derivative instruments used to reduce its exposure to market fluctuations of energy and natural gas prices, are recorded in accumulated OCI and flow through the accompanying condensed interim statements of operations and comprehensive income in the period the hedged item affects earnings. Any gains and losses resulting from changes in the market value of the RPO are recorded in the accompanying condensed interim statements of operations and comprehensive income in the current period.

(o) *Concentrations of Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of derivative financial instruments. The Company is exposed to credit losses in the event of noncompliance by counterparties to these derivative financial instruments. The counterparties to these transactions are major financial institutions and large energy companies. The Company has required some of these counterparties to post collateral or other security to support their financial instruments' credit risk.

(p) Revenue Recognition and Accounts Receivable

Revenue is earned from the Company's generation facilities providing capacity and ancillary services to its customer, the independent system operator (PJM), and from the production and sale of electricity from the Company's generation facilities. Revenue is recognized upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Company expects to be entitled in exchange for those goods or services. The Company's contracts to provide capacity each have one performance obligation and result from auctions held by PJM to procure capacity in advance of when the capacity is expected to be needed and thus to be provided. The Company's contracts to provide electricity and ancillary services have one performance obligation. Capacity revenues and proceeds for electricity, delivered to customers, are classified as Operating revenue on the accompanying condensed interim statements operations and comprehensive income. Revenue for ancillary services is classified as Other revenue on the accompanying condensed interim statements operations and comprehensive income.

The performance obligations are satisfied over time and use the same method to measure progress, so they meet the criteria to be considered a series. In measuring progress towards satisfaction of each performance obligation, the Company applies the "right-to-invoice" practical expedient. It and recognizes revenue in the amount to which the Company has a right to consideration from a customer that corresponds directly with the value of the performance completed to date. As such, revenue is recognized using an output method, as energy and capacity delivered best depicts the transfer of goods or services to the customer. Performance obligations including energy or ancillary services (such as operations and maintenance and dispatch services) are generally measured by the MWh delivered. Capacity, which is a stand-ready obligation to deliver energy when required by the customer, is measured using MWs. In certain contracts, if plant availability exceeds a contractual target, the Company may receive a performance bonus payment, or if the plant availability falls below a guaranteed minimum target, it may incur a nonavailability penalty. Such bonuses or penalties represent a form of variable consideration and are estimated and recognized when it is probable that there will not be a significant reversal. The Company used the most likely value method to estimate variable consideration as it was considered to better predict the amount to which the Company will be entitled given the large number of possible outcomes. The Company periodically reviews this method and its assumptions.

The timing of revenue recognition, billings, and cash collections results in accounts receivable. Accounts receivable represent unconditional rights to consideration and consist of both billed amounts and unbilled amounts typically resulting from sales under long-term contracts when revenue recognized exceeds the amount billed to the customer. The Company bills both generation and utility customers on a contractually agreed-upon schedule, typically at periodic intervals (e.g., monthly). Accounts receivable from contracts with customers were $10.8 million, $46.4 million and $34.0 million as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. The Company periodically assesses the collectability of accounts receivable, considering factors such as specific evaluation of collectability, historical collection experience, the age of accounts receivable and other currently available evidence of the collectability, and records an allowance for doubtful accounts for the estimated uncollectible amount as appropriate. There was no allowance for doubtful accounts recognized as of September 30, 2023, December 31, 2022 and September 30, 2022.

(q) Commitments and Contingencies

The Company is a party to claims and proceedings arising in the normal course of business. The Company records a loss contingency in accordance with ASC 450, *Contingencies* (ASC 450), when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Management assesses each matter and determines the likelihood a loss has been incurred and the amount of such loss if it can be reasonably estimated. Management reviews such matters on an ongoing basis. Contingencies are evaluated based on estimates and judgments made by management with respect to the likely outcome of such matters. Management's estimates could change based on future information.

The Company follows the guidance of ASC 460, *Guarantees* (ASC 460), for disclosing and accounting for guarantees and indemnifications entered into during the course of business. When a guarantee or indemnification subject to ASC 460 is entered into, the estimated fair value of the guarantee or indemnification is assessed. Some guarantees and indemnifications could have a financial impact under certain circumstances. Management considers the probability of such circumstances occurring when estimating fair value.

(r) Income Taxes

The Company is organized as a limited liability company and is classified and treated as a partnership for federal and state income tax purposes. No provision for the payment of federal and state income taxes has been provided since the Company is not subject to income tax. Each member is responsible for reporting income or loss based on such member's respective share of the Company's income and expenses as reported for income tax purposes. As such, no income tax expense or benefit has been recorded within these condensed interim financial statements for the three-month and nine-month periods ended September 30, 2023 and 2022.

(s) Membership Interests

Profits, losses, and distributions of net cash flows shall be allocated in proportion to each member's respective ownership interest, as outlined in the Amended and Restated Limited Liability Company Agreement, as amended (the ARLLCA). The Company is managed by its board of managers. As a limited liability company, the liability of each member is limited to (i) any unpaid capital contributions, (ii) the amount of any distributions required to be returned in accordance with the agreement, and (iii) any amount the member is required to pay pursuant to the agreement.

There were no capital contributions by members during the nine-month periods ended September 30, 2023, and 2022.

The Company made distribution to its members totaling \$8.0 million and \$10.0 million for the nine-month periods ended September 30, 2023, and 2022, respectively.

Terms of the First Amendment to Credit and Note Purchase and Depository Agreement (FACNPA) (note (4)), required all members of the Company to pledge their respective equity interests in the Company.

(t) Recent Accounting Pronouncements

(i) Recent Accounting Pronouncements (Adopted)

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In November 2019, the FASB issued ASU 2019-10, Effective Dates (ASU 2019-10) which adjusted the effective date of this guidance to January 1, 2021. In September2020, the FASB issued ASU No 2020-05, which further adjusted the effective date of this guidance to January 1, 2022. The Company adopted the standard effective January 1, 2022, utilizing the required modified retrospective approach which allows the requirements of the standard in the period of adoption with no restatement of prior periods. The Company applied the new guidance with the “package of three” transition practical expedients permitted, including the expedient: which must be taken together and allow entities to (1) not reassess whether existing contracts contain leases (2) carryforward the existing lease classification, and (3) not reassess initial direct costs associated with existing leases. There was no material impact to the financial position, results of operations or cash flow of the Company.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* (Topic 326) that provides for a new Current Expected Credit Loss (CECL) impairment model for specified financial instruments including loans, trade receivables, debt securities classified as held-to-maturity investments and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity’s current estimate of credit losses expected to be incurred over the life of the financial instrument. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles, and goodwill. In November 2019, the FASB issued ASU 2019-10, which adjusts effective date of this standard to January 1, 2023. The Company adopted the standard effective January 1, 2023, of prior periods. There was no material impact to the financial position, results of operations or cash flows of the Company.

(2) Property, Plant, and Equipment, Net

Property, plant, and equipment, net consists of the following:

(in thousands)	**Estimated Useful Life** *(in years)*	**September 30, 2023**	**December 31, 2022**	**September 30, 2022**
Land	N/A	$ 3,133	3,133	3,133
Generation facility	35	913,278	913,278	913,278
Office furniture & fixtures	10	55	55	55
Computer hardware & software	3	587	587	587
Tools & Plant Equipment	5	70	69	69
Communications equipment	10	50	50	50
Vehicle	5	143	143	143
Capitalized Spares	25	3,455	3,453	1,710
Total		920,771	920,768	919,025
Construction in Process		1,169	100	
Accumulated depreciation		(100,917)	(81,203)	(74,612)
Property, plant, and equipment, net		$ 821,022	839,665	844,413

Depreciation expense was $6.8 million and $6.8 million for the three-month periods ended September 30, 2023 and 2022, respectively, and $20.4 million and $20.4 million for the nine-month periods ended September 30, 2023 and 2022, respectively, which are classified as Depreciation and amortization on the accompanying condensed interim statements of operations and comprehensive income. The cost to acquire land and easements is classified as land and is included in Property, plant, and equipment, net on the accompanying condensed interim balance sheets.

(3) Intangible Assets

The Company recognized separately identifiable intangible assets related to its electrical interconnection, its natural gas and ethane interconnections, and a water supply and sewer agreement required to construct and operate the Facility. The Company amortizes the cost of its intangible assets on a straight-line basis over their respective estimated useful lives of 35 years.

Intangible assets are as follows:

(In thousands)	Estimated useful life (in years)		September 30, 2023	December 31, 2022	September 30, 2022
		$			
APM upfront fee	20		210	210	210
Gas and electrical interconnection	35		11,537	11,537	11,537
Water and sewer interconnection	35		17,851	17,851	17,851
Emission offset allowances	35		701	701	701
	Total	$	30,299	30,299	30,299
Accumulated amortization			(3,328)	(2,676)	(2,458)
Intangible assets, net			26,971	27,624	27,841

Amortization of intangibles totaled $0.2 million for each of the three-month periods ended September 30, 2023 and 2022, and $0.7 million for each of the nine-month periods ended September 30, 2023 and 2022, which are classified as Depreciation and amortization on the accompanying condensed interim statements of operations and comprehensive income. Amortization expense related to the years 2023 through 2027 is expected to be approximately $0.9 million annually.

(4) Debt Facilities

The Company is a borrower under a $710.0 million credit agreement (the Credit Agreement or CA) with a syndicate of lenders where Crédit Agricole Corporate and Investment Bank serves as administrative agent and depository bank and MUFG Union Bank, N.A., serves as collateral agent. The CA provides the Company a Term Loan Facility (Term Loan Facility) that consisted of a Tranche A Term Loan (Tranche A) of $510.0 million and Fixed Rate Notes (FRN) of $115.0 million, a Working Capital facility (WC Facility) of $30.0 million, and a Revolving Letter of Credit Loan facility (RLC Loan Facility) of $55.0 million.

The CA requires that the Company maintain a defined debt service coverage ratio and requires the Company to not exceed a defined maximum debt to equity ratio. The Company is in compliance with these requirements.

The table below summarizes the Company's outstanding debt, net of unamortized deferred financing costs as of:

Description	September 30, 2023	December 31, 2022	September 30, 2022
(in thousands)			
Trench A	260,463	370,697	391,903
FRN	96,313	100,625	102,063
RLC Loan Facility	24,952	26,346	33,837
Unamortized deferred financing cost	(2,712)	(5,470)	(6,424)
	379,016	492,198	521,379

Borrowings for all facilities under the CA through March 24, 2023, with the exception of FRN, bear interest at the Eurodollar (ERD) plus an applicable margin. Pursuant to the Fourth Amendment to Credit and Note Purchase Agreement, dated March 24, 2023, borrowings for all facilities under the CA with the exception of FRN, bear interest at the Secured Overnight Financing Rate (SOFR) plus a SOFR Adjustment equal to 0.10% per annum plus an applicable margin. The applicable margin during the term of the CA is follows:

- On the closing date and until (but excluding) the conversion date 3.25%.
- On the conversion date and until (but excluding) the first amendment effective date 3.50%.
- On the first amendment effective date and until (but excluding) the third anniversary of the conversion date 2.50%; and
- On the third anniversary of the conversion date and until (and including) the maturity date 2.75%.

Unused available credit under the CA incurs a commitment fee of 0.5% per annum. During three-month periods ended September 30, 2023 and 2022, the Company incurred $5.1 million and $6.3 million, respectively, and during the nine-month periods ended September 30, 2023 and 2022, the Company incurred $16.7 million and $19.7 million, respectively, of interest and commitment fees. These costs were expensed and classified as Interest expense, net on the accompanying condensed interim statements of operations and comprehensive income.

Borrowings under the Tranche A balance totaled $260.5 million, $370.7 million and $391.9 million as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively, of which $33.5 million, $123.3 million and $20.9 million, respectively, are classified as Current portion of long-term debt, and $226.9 million, $247.4 million and $371.0 million, respectively, are classified as long-term debt on the accompanying condensed interim balance sheets. Borrowings under the Tranche A incurred interest at an annual rate of 8.15%, and 5.03% at September 30, 2023 and 2022 respectively.

The outstanding FRN balance of $96.3 million, $100.6 million and $102.1 million as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively, of which $5.7 million, $5.7 million, and $5.7 million is classified as Current portion of long-term debt and $90.6 million, $94.9 million, and $96.3 million, respectively, are classified as Long-term debt on the accompanying condensed interim balance sheets. Borrowings under the FRN incurred interest at an annual rate of 5.78% and 5.78% on September 30, 2023, and September 30, 2022.

The total Term Loan Facilities balance is $ 356.8 million, $471.3 million and $494.0 million September 30, 2023, December 31, 2022 and September 30, 2022, respectively, of which $39.3 million, $123.3 million and $26.7 million, respectively, are classified as Current portion of long-term debt, and $317.5 million, $342.2 million, and $467.3 million respectively, are classified as Long-term debt on the accompanying condensed interim balance sheets.

Repayments of borrowings under the Term Loan Facility commenced in the third quarter of 2021. Mandatory quarterly payments are scheduled for five years, with a balloon payment of $216.4 million due at the end of the term on June 30, 2025.

The table below sets forth the future minimum principal payments of amounts borrowed as of September 30, 2023, under the Term Loan Facility (in thousands):

Years Ending September 30,			
2023		$	8,653
2024			26,329
2025			321,794
	Total debt	$	356,776

The WC Facility has $30.0 million of availability. During the three-month periods ended September 30, 2023 and 2022, the Company borrowed $0.0 million and $0.0 million, and during the nine-month periods ended September 30, 2023 and 2022, the Company borrowed $0.0 million and $0.0 million respectively. During the three-month periods ended September 30, 2023 and 2022, the Company repaid $0.0 million and $0.0 million and during the nine-month periods ended September 30, 2023 and 2022, the Company repaid $0.0 million and $30.0 million, respectively under the WC Facility.

The total amount borrowed under the RLC Facility was $25.0 million, $26.3 million and $33.9 million as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively.

For the year ended December 31, 2022, the Company had accrued unpaid interest and fees totaling $96 thousand, which is included in the Accounts payable and accrued expenses on the accompanying condensed interim balance sheets. The Company had no accrued unpaid interest and fees as of September 30, 2023 and 2022.

The scheduled increase in the applicable margin for the Tranche A is recognized as a long-term liability. The liability totaled $1.3 million, $1.9 million, and $1.9 million as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively, and is classified as Other long-term liabilities on the accompanying condensed interim balance sheets. For three-month periods ended September 30, 2023 and 2022, accretion totaled $204.6 million of income and $41.2 thousand of expense, respectively, and for the nine-month periods ended September 30, 2023 and 2022 accretion totaled $0.6 million of income and $0.1 million of expense, respectively. The expense and income are classified as Interest expense, net on the accompanying condensed interim statements of operations and comprehensive income.

The amount outstanding under the FRN is measured at carrying value in the accompanying condensed interim balance sheets. The fair value of the amount outstanding under FRN was determined by using an income approach, utilizing a discounted cash flow analysis based on current market interest rates for similar fixed rates notes issued with similar remaining years to maturity, adjusted for applicable credit risk. The FRN was valued using Level 2 inputs. As of September 30, 2023, December 31, 2022, and September 30, 2022, the estimated fair value of the FRN debt was $93.8 million, $98.7 million and $100.1 million, respectively.

The CA requires the Company to pledge its assets as security in favor of the lenders.

(5) Derivative Instruments and Hedging Activities

(a) Interest Rate Swaps

The Company enters into pay-fixed, receive-variable interest rate swaps to reduce its exposure to market risks from changing interest rates. Interest rate swap agreements are used to convert the floating interest rate component of the Company's long-term debt obligations to fixed rates. Such interest rate swap agreements are designated as cash flow hedges under ASC 815. All effective changes in fair market value are deferred in OCI and all ineffective changes are recognized in the statements of operations and comprehensive income.

As part of entering into the CNPA, the Company executed 14 amortizing interest rate swaps with seven financial institutions, seven of which matured during 2020. As part of entering into FACNPA, the Company executed two additional interest rate swaps to hedge the incremental borrowings under Tranche A. Additionally, on April 30, 2020, Fairview executed three interest rate swaps, which increased the notional amount hedged of Tranche A to 100%. The swaps, in conjunction with the fixed rate debt, were designated to hedge 100% of the Company's Term-Loan Facility.

As of December 31, 2022, the Company determined that certain interest rate swaps were discontinued for hedge accounting prospectively. This occurred due to forecasted debt balance falling below the total notional amount of interest rate hedges caused by additional loan principal payments in accordance with the sweep provision in the Credit Agreement. As a result of the principal paydown, which occurred in March 2023, $7.6 million from the affected interest rate swaps was released from OCI directly into earnings. The Company terminated the same swaps and recorded the loss of $0.4 million which is included in Interest expense, net in the accompanying condensed interim statements of operations and comprehensive income.

During April 2023, the Company amended all interest rate swaps to replace LIBOR to SOFR due to LIBOR expiration on September 30, 2023.

The fair value of the interest rate swap assets totaled $10.2 million, $19.3 million and $20.4 million, of which $6.9 million, $11.2 million and $9.7 million is classified as current Derivative assets, interest rate swaps and $3.3 million, $8.1 million and $10.7 million as noncurrent Derivative assets, interest rate swaps on the accompanying condensed interim balance sheets as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

There is no fair value of interest rate swaps liability classified as current and non-current Derivative liabilities, interest rate swaps on the accompanying condensed interim balance sheets as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively.

The details of these instruments as of September 30, 2023, are set forth in the following table:

Swap Period	Dates	Swap Details	BNP	CACIB	CBA	CIT Bank	DNB	MUFG Union Bank	NAB
Operational swaps									
Trade date	March 24, 2017	Notional amount	$ 32,522,306	$ 32,522,306	$ 32,522,306	$ 32,522,306	$ 32,522,306	$ 32,522,306	$ 32,522,306
Effective date	March 31, 2020	Fixed rate	2.5050%	2.5000%	2.4971%	2.4990%	2.5025%	2.5120%	2.488%
Termination date	June 30, 2025	Floating rate	USD-SOFR	USD-SOFR	USD-SOFR	USD-SOFR	USD-SOFR	USD-SOFR	USD-SOFR

Swap Period	Dates	Swap Details	Wells Fargo
Operational swaps			
Trade date	March 24, 2017	Notional amount	$ 35,255,054
Effective date	February 14, 2020	Fixed rate	1.2200%
Termination date	June 30, 2025	Floating rate	USD-SOFR

The details of these instruments as of December 31, 2022, are set forth in the following table:

Swap Period	Dates	Swap Details	BNP	CACIB	CBA	CIT Bank	DNB	MUFG Union Bank	NAB
Operational swaps									
Trade date	March 24, 2017	Notional amount	$ 33,037,127	$ 33,037,127	$ 33,037,127	$ 33,037,127	$ 33,037,127	$ 33,037,127	$ 33,037,127
Effective date	March 31, 2020	Fixed rate	2.6005%	2.6005%	2.6005%	2.6005%	2.6005%	2.6005%	2.6005%
Termination date	June 30, 2025	Floating rate	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA
Operational swaps			**DNB**	**Wells Fargo**					
Trade date	March 24, 2017	Notional amount	$ 37,028,447	$ 37,028,447					
Effective date	February 14, 2020	Fixed rate	1.3430%	1.3280%					
Termination date	June 30, 2025	Floating rate	USD-LIBOR-BBA	USD-LIBOR-BBA					
Operational swaps			**DNB**	**Wells Fargo**	**MUFG Union Bank**				
Trade date	March 24, 2017	Notional amount	$ 43,605,000	$ 21,802,500	$ 21,802,500				
Effective date	April 30, 2020	Fixed rate	0.3140%	0.3250%	0.3310%				
Termination date	June 30, 2025	Floating rate	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA				

The details of these instruments as of September 30, 2022, are set forth in the following table:

Swap Period	Dates	Swap Details	BNP	CACIB	CBA	CIT Bank	DNB	Bank	NAB
Operational swaps									
Trade date	March 24, 2017	Notional amount	$ 35,260,742	$ 35,260,742	$ 35,260,742	$ 35,260,742	$ 35,260,742	$ 35,260,742	$ 35,260,742
Effective date	March 31, 2020	Fixed rate	2.6005%	2.6005%	2.6005%	2.6005%	2.6005%	2.6005%	2.6005%
Termination date	June 30, 2025	Floating rate	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA
Operational swaps			**DNB**	**Wells Fargo**					
Trade date	March 24, 2017	Notional amount	$ 39,343,206	$ 39,343,206					
Effective date	February 14, 2020	Fixed rate	1.3430%	1.3280%					
Termination date	June 30, 2025	Floating rate	USD-LIBOR-BBA	USD-LIBOR-BBA					
Operational swaps			**DNB**	**Wells Fargo**	**MUFG Union Bank**				
Trade date	March 24, 2017	Notional amount	$ 59,998,661	$ 29,999,330	$ 29,999,330				
Effective date	April 30, 2020	Fixed rate	0.3140%	0.3250%	0.3310%				
Termination date	June 30, 2025	Floating rate	USD-LIBOR-BBA	USD-LIBOR-BBA	USD-LIBOR-BBA				

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Company estimates $3.8 million, $11.1 million and $11.3 million of loss will be reclassified out of OCI over the respective next 12 months; however, actual results may differ due to changes in market conditions during the same time period. OCI attributable to the interest rate swaps is reclassified as Interest expense, net in the accompanying condensed interim statement of operations and comprehensive income.

(in thousands)		Interest rate swap	Natural gas swap	Total
OCI roll forward				
Ending balance as of December 31, 2021	$	8,759	-	8,759
Gain on derivatives		(29,470)	-	(29,470)
Transfer due to discontinued swaps		7,566	-	7,566
Loss reclassified to income		93	-	93
Ending balance as of December 31, 2022		(13,052)		(13,052)
Gain on derivatives		6,486	1,326	7,812
Loss reclassified to income		(4,541)		(4,541)
Ending balance as of September 30, 2023	$	(11,107)	1,326	(9,781)

(b) Energy Derivatives

The Company enters into forward purchase and sales of commodities to reduce its exposure to market fluctuations of energy and natural gas prices. Such agreements are presented at fair value under ASC 815. All effective changes in fair market value are recognized in the statements of operations and comprehensive income. Some of the Company's agreements with counterparties, include mater agreements, which allow payments and obligations related to the same counterparty to be netted.

As of April 1, 2023, the Company designated outstanding commodity swaps as cash flow hedges under ASC 815. All effective changes in fair market value are deferred in OCI.

The fair value of the commodity swaps assets totaled $15.8 million, $40.1 million and $70.3 million, of which $7.5 million, $28.8 million and $55.6 million were classified as current Derivative assets, energy and $4.4 million, $11.3 million and $14.7 million as noncurrent Derivative assets, energy on the accompanying condensed interim balance sheets as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

The fair value of the commodity swaps liabilities totaled $26.2 million, $39.5 million and $54.5 million, of which $20.6 million, $7.4 million and $22.0 million were classified as current Derivative liabilities, energy and $5.7 million, $32.1 million and $32.1 million as noncurrent Derivative liabilities, energy on the accompanying condensed interim balance sheets as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

The following table summarizes the details of the commodity derivatives on the Company's accompanying condensed interim balance sheets as of September 30, 2023, December 31, 2022, and September 30, 2022:

	Natural Gas [1] (in MMbtu)	**Power** (in MWh)
September 30, 2023	26,488,800	4,075,200
December 31, 2022	38,223,953	3,574,800
September 30, 2022	37,740,353	3,500,400

[1] Includes volumes for floating price supply contracts

For the three-month periods ended September 30, 2023 and 2022, the Company recorded unrealized gain (loss) of $0.9 million and ($2.8) million, respectively, related to power commodity swaps, and unrealized loss of $0.0 million and ($13.8) million, respectively, on gas commodity swaps, which are classified as Realized and unrealized loss on energy derivatives on the accompanying condensed interim statements of operations and comprehensive income.

For the nine-month periods ended September 30, 2023 and 2022, the Company recorded unrealized loss of ($6.8) million and ($2.4) million, respectively, related to power commodity swaps, and unrealized (loss) gain of ($6.7) million and $24.9 million, respectively, on gas commodity swaps, which are classified as Realized and unrealized gain on energy derivatives on the accompanying condensed interim statements of operations and comprehensive income.

For the three-month periods ended September 30, 2023, and 2022, the Company recorded a realized gain (loss) of $7.2 million and ($10.1) million, respectively, related to power commodity swaps and realized gain of $0.0 million and $27.5 million, respectively, on gas commodity swaps, which classified as Realized and unrealized gain on energy derivatives on the accompanying condensed interim statements of operations and comprehensive income.

For the nine-month periods ended September 30, 2023, and 2022, the Company recorded a realized gain (loss) of $40.6 million and ($35.4) million, respectively, related to power commodity swaps and realized (loss) gain of ($0.3) million and $69.4 million respectively, on gas commodity swaps, which classified as Realized and unrealized gain on energy derivatives on the accompanying condensed interim statements of operations and comprehensive income.

(c) RPO Derivative

The Company entered into the RPO with a creditworthy counterparty. The RPO is designed to provide the Company a floor, or minimum gross margin, over its term. The annual $65.0 million strike price, which covers an exercise period or fiscal year, uses specific factors such as its heat rate, expected production levels, forward power and gas commodity prices, gas transportation costs, and other project-specific costs to calculate gross margin per the agreement.

The fair value of the RPO totaled $1.6 million, $0.6 million and $0.5 million as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively, of which $0.0 million, $0.0 million and

$0.0 million, respectively, are classified as current Derivative assets, energy and $1.6 million, $0.6 million and $0.5 million, respectively, are classified as noncurrent Derivative assets, energy on the accompanying condensed interim balance sheets. The RPO had an unrealized loss of $0.3 million and $0.2 million for the three-month periods ended September 30, 2023 and 2022 respectively, and unrealized gain (loss) of $0.9 million and ($5.1) million for the nine-month periods ended September 30, 2023 and 2022, respectively, which is included in the accompanying condensed interim statements of operations and comprehensive income as Realized and unrealized gain on energy derivatives.

Summarized terms are presented below:

Transaction	Annual Revenue Put Option
Trade date	March 24, 2017
Total option premiums paid	$ 65.5 million
Exercise periods	September1, 2021 through May 31, 2022 September1, 2022 through May 31, 2023 September1, 2023 through May 31, 2024 September1, 2024 through May 31, 2025

(d) Financial Transmission Rights

The Company obtained the financial transmission rights (FTR) to manage and hedge against the financial impacts of congestion charges associated with PJM's locational marginal pricing (LMP).

The fair value of the FTR totaled $0.1 million, $0.0 million and $0.0 million as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, of which $0.1 million, $0.0 million and $0.0 million, respectively, are classified as current Derivative assets, energy and $0.0 million, $0.0 million and $0.0 million, respectively, are classified as noncurrent Derivative assets, energy on the accompanying condensed interim balance sheets.

The details of these instruments as of September 30, 2023, are set forth in the following table.

Beginning Date	End Date	Trade Date	Delivery Point	Quantity
1/1/2024	1/31/2024	7/26/2023	PJM AEP DAY Hub	50
2/1/2024	2/29/2024	7/26/2023	PJM AEP DAY Hub	50
1/1/2024	1/31/2024	8/24/2023	PJM AEP DAY Hub	100
2/1/2024	2/29/2024	8/24/2023	PJM AEP DAY Hub	100
12/1/2023	12/31/2023	9/21/2023	PJM AEP DAY Hub	100
1/1/2024	1/31/2024	9/21/2023	PJM AEP DAY Hub	100
2/1/2024	2/29/2024	9/21/2023	PJM AEP DAY Hub	100

(e) Fair Value Hierarchy

The Company records the fair value of all derivatives as assets and liabilities. In determining fair value, the Company generally uses the income approach and incorporates assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation techniques. These inputs can be readily observable; markets corroborated or are generally unobservable internally developed inputs. Derivative assets and liabilities are classified depending on how readily observable the inputs used in the valuation techniques are, as follows:

Level 1 Represents unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. This category includes energy derivative instruments that are exchange traded or that are cleared and settled through the exchange.

Level 2 Represents quoted market prices for similar assets or liabilities in active markets, quoted market prices in markets that are not active, or other valuations based on inputs that are observable or can be corroborated by observable market data. This category includes the Company's interest rate swaps and commodity swaps.

Level 3 This category includes energy derivative instruments whose fair value is estimated based on internally developed models and methodologies utilizing significant inputs that are generally less readily observable from objective sources (such as market heat rates, implied volatilities, and correlations). Over the counter, complex, or structured derivative instruments that are transacted in less liquid markets with limited pricing information would be included in Level 3. This category includes the Company's RPO.

(f) Additional Information Regarding Level 3 Measurements

For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations for contracts with tenors that extend into periods with no observable pricing. For the Company this includes the RPO, which given the inputs listed below, would have a direct impact on the fair value if they were adjusted. The significant unobservable inputs used in the fair value measurement of the RPO are as follows:

As of September 30, 2023

Description	Assets	Valuation Technique	Significant Unobservable Input	Range	Volatility
		(in thousands)			
Revenue put option	$ 1,557	Discount cash flow	Volatility related to	$ 257	75%
	1,557		The put option	$ 4,053	125%

As of December 31, 2022

Description	Assets	Valuation Technique	Significant Unobservable Input	Range	Volatility
		(in thousands)			
Revenue put option	$ 636	Discount cash flow	Volatility related to	$ 55	75%
	636		The put option	$ 2,852	125%

As of September 30, 2022

Description		Assets	Valuation Technique	Significant Unobservable Input		Range	Volatility
			(in thousands)				
Revenue put option	$	498	Discount cash flow	Volatility related to	$	12	75%
		498		The put option	$	2,230	125%

(g) Valuation Techniques

The fair value measurement accounting guidance describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach, (2) income approach, and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on current market expectations of the return on those future amounts.

The Company measures its interest rate swap and energy derivatives at fair value on a recurring basis. The fair value of its interest rate swap derivatives is determined using the income approach by a third-party treasury and risk management service. The service utilizes a standard model and observable inputs to estimate the fair value of the interest rate swaps. The Company performs analytical procedures and makes comparisons to other third-party information to assess the reasonableness of the fair value. The fair value of its RPO is determined using the income approach based on internally developed models and methodologies utilizing significant inputs that are less readily observable from objective sources. The Company maintains controls over the model and its methodology and performs analytical procedures and makes comparisons to third-party information when available to assess the reasonableness of the fair value. The fair value of financial transmission rights (FTR) is valued undiscounted cash flow approach using the latest market clearing price (MLP). Fair value measurements of the Company's financial assets and liabilities as of September 30, 2023, December 31, 2022, and September 30, 2022, based on the above hierarchy, are as follows:

(in thousands)	September, 30, 2023							
		Total		**Level 1**		**Level 2**		**Level 3**
Assets								
Commodity swaps and other derivatives	$	10,285	$	-	$	10,285	$	-
Interest rate swaps		10,204		-		10,204		-
Revenue put option		1,557		-		-		1,557
Financial transmission rights		107		-		-		107
	$	22,153	$	-	$	20,489	$	1,664
Liabilities								
Commodity swaps	$	(26,226)	$	-	$	(26,226)	$	-
Interest rate swaps		-		-		-		-
	$	(26,226)	$	-	$	(26,226)	$	-

(in thousands)	December 31, 2022 Total	Level 1	Level 2	Level 3
Assets				
Commodity swaps and other derivatives	$ 39,541	$ -	$ 39,541	$ -
Interest rate swaps	19,330	-	19,330	-
Revenue put option	636	-	-	636
	$ 59,507	$ -	$ 58,871	$ 636
Liabilities				
Commodity swaps	$ (39,541)	$ -	$ (39,541)	$ -
	$ (39,541)	$ -	$ (39,541)	$ -

(in thousands)	September 30, 2022 Total	Level 1	Level 2	Level 3
Assets				
Commodity swaps and other derivatives	$ 69,782	$ -	$ 69,782	$ -
Interest rate swaps	20,354	-	20,354	-
Revenue put option	498	-	-	498
	$ 90,634	$ -	$ 90,136	$ 498
Liabilities				
Commodity swaps	$ (54,533)	$ -	$ (54,533)	$ -
	$ (54,533)	$ -	$ (54,533)	$ -

For the periods ended September 30, 2023 and 2022, and the year ended December 31, 2022, the Company did not have any transfers between Levels 1, 2 or 3.

Fair Value Measurements Using Significant Unobservable inputs (level 3)	**2023**	**2022**
Balance at June 30,	$ 1,222	$ 1,036
Unrealized gain (loss) in revenue for three-month periods ende	442	(400)
Ending balance at September 30,	$ 1,664	$ 636
Balance at December 31,	$ 636	$ 5,646
Unrealized gain (loss) in revenue for nine-month periods ended	1,028	(5,010)
Ending balance at September 30,	$ 1,664	$ 636

The Company has not posted any collateral to counterparties in conjunction with the interest rate swaps with respect to the fair value of the swap instruments.

(i) Impact of Derivative Instruments on the Accompanying condensed interim Balance Sheets

The following tables present the balance sheet classification and fair value of derivative instruments on the accompanying condensed interim balance sheets as of September 30, 2023, December 31, 2022 and September 30, 2022.

	Balance Sheet Location	**September 30, 2023**	**December 31, 2022**	**September 30, 2022**
		(in thousands)	*(in thousands)*	*(in thousands)*
Derivative designated throughout as hedging instruments under ASC 815				
Interest rate swaps	Current - derivative assets	$ 6,926	$ 6,206	$ 9,675
Interest rate swaps	Noncurrent - derivative assets	3,278	4,495	10,679
Commodity swaps	Current - derivative assets, energy	7,028	-	-
Commodity swaps	Noncurrent - derivative assets, energy	3,364	-	-
Commodity swaps	Current - derivative liabilities, energy	(20,555)	-	-
Commodity swaps	Noncurrent - derivative liabilities, energy	(5,671)	-	-
	Total derivatives designated as hedging instruments under ASC 815	$ (5,630)	$ 10,701	$ 20,354
Derivative not designated as hedging instruments under ASC 815				
Commodity swaps	Current - derivative assets, energy	$ -	$ 28,782	$ 55,541
Commodity swaps	Noncurrent - derivative assets, energy	-	10,759	14,241
Commodity swaps	Current - derivative liabilities, energy	-	(7,396)	(22,009)
Commodity swaps	Noncurrent - derivative liabilities, energy	-	(32,145)	(32,524)
Revenue put option	Current - derivative assets, energy	519	59	33
Revenue put option	Noncurrent - derivative assets, energy	1,038	576	465
Interest rate swaps	Current - derivative assets,	-	5,004	-
Interest rate swaps	Noncurrent- derivative assets	-	3,625	-
Financial transmission right	Current - derivative assets, energy	107	-	-
	Total derivatives not designated as hedging instruments under ASC 815	1,664	9,264	15,747
	Total derivatives, net	$ (3,966)	$ 19,965	$ 36,101

(ii) Impact of Derivative Instruments on the Accompanying condensed interim Statements of Operations and Comprehensive Income

The following tables present the classification of the derivative instruments, which are designated as hedging instruments, on the accompanying condensed interim statements of operations and comprehensive income.

The impact of derivative instruments designated as cash flow hedging instruments for the three-month and nine-month periods ended September 30, 2023 and 2022 are following:

	Three-month periods ended September 30, 2023				
	Amount of Loss Gain Recognized in OCI on Derivative (Effective Portion) *(in thousands)*	Location of Gain Reclassified From OCI into Income (Effective Portion)	Amount of loss Reclassified From OCI into Income (Effective Portion) *(in thousands)*	Location of Gain Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain Recognized in Income on Derivative (Effective Portion) *(in thousands)*
Instruments					
Interest rate swaps	$ (662)	Interest expense, net	$ 207	Interest expense, net	$ -
Commodity swaps	$ (6,622)	Realized and unrealized gain on energy derivatives	$ 747		$ -
	$ (7,284)		$ 954		$ -

	Three-month periods ended September 30, 2022				
	Amount of Gain Recognized in OCI on Derivative (Effective Portion) *(in thousands)*	Location Gain Reclassified From OCI into Income (Effective Portion)	Amount of Income Reclassified From OCI into Income (Effective Portion) *(in thousands)*	Location of Gain Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain Recognized in Income on Derivative (Effective Portion) *(in thousands)*
Instruments					
Interest rate swaps	$ 8,717	Interest Interest income expense, net	$ 498	Interest Interest income expense, net	$ -
	$ 8,717		$ 498		$ -

	Nine-month periods ended At September 30, 2023				
	Amount of gain Recognized in OCI on Derivative (Effective Portion) (in thousands)	Location Gain Reclassified From OCI into Income (Effective Portion)	Amount of loss Reclassified From OCI into Income (Effective Portion) (in thousands)	Location of Gain Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain Recognized in Income on Derivative (Effective Portion) (in thousands)
Instruments					
Interest rate swaps	$ 9,125	Interest expense, net	$ 7,181	Interest expense, net	$ -
Commodity swaps	$ 6,925	Realized and unrealized gain on energy derivatives	$ 303		
	$ 16,050		$ 7,484		$ -

	Nine-month periods ended At September 30, 2022				
	Amount of gain Recognized in OCI on Derivative (Effective Portion) (in thousands)	Location Gain Reclassified From OCI into Income (Effective Portion)	Amount of Income Reclassified From OCI into Income (Effective Portion) (in thousands)	Location of Gain Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain Recognized in Income on Derivative (Effective Portion) (in thousands)
Instruments		Interest		Interest	
Instruments		Interest income		Interest income	
Interest rate swaps	$ 18,556	expense, net	$ 10,597	expense, net	$ -
	$ 18,556		$ 10,597		$ -

(6) Facility Contract Commitments

(a) Project Agreements with the Jackson Township and Other Local Agencies

(i) Host Community Benefits Agreement

The Company is party to the Host Community Benefits Agreement (HCBA), with the Jackson Township (Township) and the Community Foundation of Greater Johnstown (Foundation). Pursuant to the HCBA, the Company is to create a donor-advised fund to be held and administered by the Foundation and make annual payments beginning January 1 in the year.

(ii) Water Supply Agreement

The Company executed an amended and restated agreement for the use of water with the Cambria SA (the Water Supply Agreement). The Water Supply Agreement provides that Cambria

SA will deliver water to be used by the Facility. The Water Supply Agreement runs for an initial term of 20 years ending on December 1, 2039, subject to certain termination and extension rights. To facilitate the delivery of water, the Company entered into a High Occupancy Permit and Agreement (HOPA) with Cambria SA and East Taylor Township. Under the HOPA, East Taylor Township granted the Cambria SA a perpetual permit to build, operate, maintain, repair, upgrade, replace, and remove the water pipelines to convey the water to the Company's water line. The Company is responsible for the cost of the work. Amortization totaled $127.5 thousand for three-month periods ended September 30, 2023, and 2022, and $382.5 thousands for nine-month periods ended September 30, 2023, and 2022, which is included in Depreciation and amortization on the accompanying condensed interim statements of operations and comprehensive income.

For the three-month periods ended September 30, 2023, and 2022, the Company incurred $0.2 million and $0.3 million, respectively, of water supply expense, which is included in Operating expenses in the accompanying condensed interim statements of operations and comprehensive income. For the nine-month periods ended September 30, 2023, and 2022, the Company incurred, $0.6 million and $0.9 million, respectively, of water supply expense, which is included in Operating expenses in the accompanying condensed interim statements of operations and comprehensive income. The Company owed Cambria SA $45.7 thousand, $36.0 thousand and $42.5 thousand as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively, which is included in Accounts payable and accrued expenses on the accompanying condensed interim balance sheets.

(iii) *Reclaimed Water Supply Agreement*

The Company executed an amended and restated agreement for the use of reclaimed water with the Cambria SA (the Reclaimed Water Supply Agreement). The Reclaimed Water Supply Agreement provides that the Company will deliver to Cambria SA reclaimed water generated by the Facility. The Reclaimed Water Supply Agreement runs for an initial term of 20 years ending on December 1, 2039, subject to certain termination and extension rights. To facilitate the delivery of reclaimed water, the Company entered into a High Occupancy Permit and Agreement (HOP&A) with Cambria SA and Jackson Township. Under the HOP&A, Jackson Township granted the Cambria SA a perpetual permit to build, operate, maintain, repair, upgrade, replace, and remove the water pipelines to convey the reclaimed water to the Company's pipeline. The Company was responsible for the cost of the work and there were no costs incurred under this agreement during the three-month periods and nine-month periods ended September 30, 2023 and 2022.

(b) Gas Supply Agreement

The Company is party to a Base Contract for Sale and Purchase of Natural Gas (GSPA) with Shell Energy North America (US), L.P. (Shell), whereby Shell provides gas supply of up to 180,000 MMBtu/day at a price indexed to certain published market indices. The term of the GSPA commenced to accommodate the first fire of the Facility. The term of the GSPA extends to May 31, 2025. Pursuant to the GSPA, Shell is responsible for transporting natural gas to the designated delivery point. The Company incurred $19.8 million and $88.7 million under the GSPA for the three-month periods ended September 30, 2023 and 2022, respectively, and $75.0 million and $224.1 million for the nine-month periods ended September 30, 2023 and 2022, respectively, which is classified as Fuel and other on the accompanying condensed interim statements of operations and comprehensive income. The Company owed Shell $1.6 million, $6.7 million and $13.3 million as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, which is included in Accounts payable and accrued expenses on the accompanying condensed interim balance sheets.

(c) Operations and Maintenance Agreement

The Company is party to an operating and maintenance agreement (O&M Agreement) with NAES Corporation (NAES) to operate and maintain the Facility. The O&M Agreement has an initial term that extends approximately three years from the Facility's substantial completion date. The Company is required to pay NAES a fixed management fee escalated annually by defined inflation index, an incentive bonus, and to reimburse NAES for labor costs, including payroll and taxes, subcontractor costs, and other costs deemed reimbursement under the O&M Agreement. The O&M Agreement includes a one-year renewal provision, which can be terminated by either party. During the three-month periods ended September 30, 2023, and 2022, the Company incurred $1.1 million and $1.3 million, respectively, and during the nine-month periods ended September 30, 2023 and 2022, incurred $3.7 million and $3.6 million, respectively, under the O&M Agreement, which is classified as Operations and maintenance on the accompanying condensed interim statements of operations and comprehensive income. The Company owed NAES $0.5 million, $0.7 million, and $0.5 million as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively, which are included in Accounts payable and accrued expenses on the accompanying condensed interim balance sheets.

(d) Contractual Service Agreement

The Company is party to a Contractual Service Agreement (CSA) with General Electric International, Inc. (GEI) to provide scheduled and unscheduled outage maintenance parts and services for the combustion turbines. The CSA commenced on December 27, 2016 (Contract Effective Date) and terminates the earlier of 25 years from the Contract Effective Date or when specific milestones based on use and wear are achieved. The Company incurs a fixed and variable fee escalated annually by inflation commencing upon the commercial operations date. During the three-month periods ended September 30, 2023 and 2022, the Company incurred $2.4 million and $2.2 million, respectively, and during the nine-month periods ended September 30, 2023 and 2022, the Company incurred $7.1 million and $6.6 million, respectively, which are classified as Operations and maintenance on the accompanying condensed interim statements of operations and comprehensive income. The Company owed GEI $11.3 million, $6.5 million and $10.8 million as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively, which are included in Accounts payable and accrued expenses on the accompanying condensed interim balance sheets.

(e) PJM Auctions

The Company participated in, and cleared, the PJM Interconnection LLC (PJM) Reliability Pricing Model (RPM) Base Residual Auction (BRA) for the 2020/2021 and 2021/2022 delivery years (DY). PJM delayed the Base Residual Auctions for the 2022/2023 and 2022/2023 DY. For the three-month periods ended September 30, 2023 and 2022, the Company recognized $4.8 million and $9.2 million, respectively, and for the nine-month periods ended September 30, 2023 and 2022, the Company recognized $21.4 million and $ 33.2 million, respectively, of revenue from capacity sales associated with the PJM capacity auctions. Apart from the PJM RPM Auctions, the Company offers all of the electric energy output into PJM as required by rules for all capacity resources and select portions of ancillary services.

(f) Commitments

The contracts discussed above and in note (6) resulted in the Company having various long-term, firm commitments, with the approximate quarterly contractual obligations as of September 30, 2023, as follows:

(in thousands)	12 monthes ended September 30, 2024	12 monthes ended September 30, 2025	12 monthes ended September 30, 2026	12 monthes ended September 30, 2027	12 monthes ended September 30, 2028	Thereafter
CSA	$ 6,061	$ 1,911	$ 536	$ 550	$ 564	$ 8,940
Asset Management Agreement	$ 1,751	$ 1,790	$ 1,829	$ 460	$ -	
HCBA O&M Agreement	$ 539	$ 549	$ 560	$ 572	$ 583	20,266
Total contractual obligations	$ 8,351	$ 4,250	$ 2,927	$ 1,582	$ 1,147	$ 29,206

(7) Related-Party Agreements

(a) Asset Management Agreement

The Company is party to an Asset Management Agreement (AMA) with Competitive Power Ventures, Inc. (CPVI), whereby CPVI provides construction and asset management services. The AMA includes a fixed fee escalated annually by a defined inflation index, an incentive fee, and the reimbursement expenses. The agreement has an initial term of seven years beyond the Facility's substantial completion date. The AMA has a renewal term of an additional one year. The CPVI AMA was terminated effective September 30, 2022. For the three-month periods ended September 30, 2023 and 2022, the Company incurred $0.0 million and $0.5 million, respectively and for the nine-month periods ended September 30, 2023 and 2022, the Company incurred $0.0 million and $1.4 million, respectively, which are included in General and administrative on the accompanying condensed interim statements of operations and comprehensive income. There is no outstanding invoice payable to CPVI as of September 30, 2023, December 31, 2022, and September 30, 2022.

On October 1, 2022, the Company entered into an Asset Management Agreement (AMA) with Osaka Gas Asset Management, LLC (OGAM), whereby OGAM provides asset management services. The AMA includes a fixed fee escalated annually by a defined inflation index, an incentive fee and the reimbursement expenses. The agreement has an initial term of four years, which will end on December 9, 2026. The AMA has a renewal term of an additional one year. For the three-month periods ended September 30, 2023, and 2022, the Company incurred $0.5 million and $0.0 million, respectively, and for the nine-month periods ended September 30, 2023 and 2022, the Company incurred $1.4 million and $0.0 million, respectively, which are included in General and administrative on the accompanying condensed interim statements of operations and comprehensive income. There are no outstanding invoice payables to OGAM as of September 30, 2023, December 31, 2022 and September 30, 2022.

(b) Energy Management Agreement

The Company is party to an Energy Management Agreement (EMA) with CPV Energy and Marketing Services, LLC (CEMS), to provide certain services related to the sale of merchant energy, capacity and ancillary services. The EMA will remain in effect through December 31, 2025. The EMA includes a five-year renewal provision, which can be executed by the Company in its sole discretion up to two times. The EMA includes a fixed monthly fee, plus reimbursement of expenses during the term of the agreement. The EMA also provides reimbursement to CEMS for services provided by third parties on behalf of the Company. For the three-month periods ended September 30, 2023 and 2022, the Company incurred $0.2 million and $0.1 million, respectively, and for the nine month-periods ended September 30, 2023 and 2022, the Company incurred $0.5 million and $0.3 million, respectively, which is classified as General and administrative on the accompanying condensed interim statement of operations and comprehensive income. There are no outstanding invoice payables to CEMS as of September 30, 2023, December 31, 2022, and September 30, 2022.

(8) Contingencies

The Company from time to time is party to certain claims arising in the ordinary course of business. The Company is of the opinion that the final disposition of these claims will not have a material adverse effect on the Company's financial position, results of operations, or cash flows.

(9) Subsequent Events

The Company has evaluated events and transactions that occurred between September 30, 2023, and December 15, 2023 which is the date the condensed interim financial statements were available to be issued, for possible disclosure and recognition in the condensed interim financial statements.

There were no subsequent events identified that necessitated disclosure in and/or adjustment to the Company's condensed interim financial statements for the period ended September 30, 2023.