CPV FAIRVIEW, LLC

(A Delaware Limited Liability Company)

Condensed Interim Financial Statements

Three-month Periods Ended March 31 2024, and March 31, 2023

(With Review Report of Independent Auditors)

CPV FAIRVIEW, LLC
(A Delaware limited liability company)
March 31, 2024

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Review Report

The Members of 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 sheet as of March 31, 2024 and 2023, and the related condensed statements of operations and comprehensive income, changes in members' equity, and cash flows for the three-month periods ended March 31, 2024 and 2023, 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 Balance Sheet as of December 31, 2023

We have previously audited, in accordance with GAAS, the balance sheet as of December 31, 2023, 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 25, 2024. In our opinion, the accompanying balance sheet of the

Company as of December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

Philadelphia, Pennsylvania
June 13, 2024

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

	At March 31, (Unaudited) 2024	At March 31, (Unaudited) 2023	At December 31, (Audited) 2023
Assets			
Cash	$ 82	$ 57	$ 52
Restricted cash	2,742	1,142	947
Accounts receivable	14,565	27,843	18,822
Prepaid expenses	3,786	3,298	2,276
Fuel Inventory	242	412	408
Derivative assets, energy	11,061	2,924	16,642
Derivative assets, interest rate swaps	3,932	5,633	5,353
Total currents assets	36,410	41,309	44,500
Property, plant, and equipment, net	$ 811,580	$ 833,254	$ 817,316
Restricted cash	-	174	-
Cash collateral letters of credit	25,146	27,364	27,381
Spare parts inventory	5,305	4,856	5,155
Intangible assets, net	26,536	27,406	26,753
Derivative assets, interest rate swaps	638	2,555	1,186
Derivative assets, energy	1,083	8,702	2,525
Other assets	550	989	660
Total assets	**$ 907,248**	**$ 946,609**	**$ 925,476**
Liabilities and Members' Equity			
Accounts payable and accrued liabilities	$ 14,421	$ 16,087	$ 14,783
Due to related party	252	201	252
Current portion of long term debt	42,192	66,092	24,927
Derivative liabilities, energy	26,381	2,328	30,384
Total current liabilities	83,246	84,708	70,345
Long term debt	300,542	360,493	338,955
Other long term liabilities	860	1,699	1,065
Derivative liabilities, energy	2,034	22,255	3,834
Total liabilities	386,682	469,155	414,199
Members' equity	520,566	477,454	511,277
Total liabilities and members' equity	**$ 907,248**	**$ 946,609**	**$ 925,476**

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 months ended March 31, 2024	2023
Operating revenues	$ 67,316	$ 77,171
Other revenues	1,029	868
Realized and unrealized gain on energy derivatives	14,581	11,056
Total revenue	82,926	89,095
Fuel and other	31,753	34,412
Operations and maintenance	5,117	4,807
General and administrative	1,855	1,658
Depreciation and amortization	6,860	6,789
Taxes other than income taxes	567	559
Total operating expenses	46,152	48,225
Income from operations	36,774	40,870
Interest expense, net	(2,898)	(7,390)
Net income	33,876	33,480
Other comprehensive loss:		
Comprehensive loss on derivatives	(5,587)	(3,346)
Comprehensive income	$ 28,289	$ 30,134

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	Accumulated other comprehensive income (loss)	Total members' equity
Balance December 31, 2022	$ 397,620	$ 36,649	$ 13,051	$ 447,320
Distributions	(13,000)	-	-	(13,000)
Net income	-	84,989	-	84,989
Comprehensive loss - Derivative instruments	-	-	(8,032)	(8,032)
Total comprehensive income				76,957
Balance December 31, 2023 (audited)	$ 384,620	$ 121,638	$ 5,019	$ 511,277
Balance December 31, 2022	397,620	36,649	13,051	447,320
Distributions	-	-	-	-
Net income	-	33,480	-	33,480
Comprehensive loss - Derivative instruments	-	-	(3,346)	(3,346)
Total comprehensive income				30,134
Balance March 31, 2023 (unaudited)	$ 397,620	$ 70,129	$ 9,705	$ 477,454
Balance December 31, 2023 (audited)	$ 384,620	$ 121,638	$ 5,019	$ 511,277
Distributions	(19,000)	-	-	(19,000)
Net income	-	33,876	-	33,876
Comprehensive loss - Derivative instruments	-	-	(5,587)	(5,587)
Total comprehensive income	-	-		28,289
Balance March 31, 2024 (unaudited)	$ 365,620	$ 155,514	$ (568)	$ 520,566

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 March 31, 2024	2023
Cash flows from operating activities:		
Net income	$ 33,876	$ 33,480
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,860	6,789
Other amortization	522	1,037
Change in unrealized gain - energy derivatives	(2,203)	13,593
Change in unrealized gain - Interest rate swaps	(195)	7,795
Changes in operating assets and liabilities:		
Accounts receivable	4,257	18,549
Spare parts inventory	(150)	(196)
Fuel inventory	166	(168)
Prepaid expenses	(1,510)	(1,231)
Accounts payable and other accrued liabilities	(456)	(22,512)
Net cash provided by operating activities	41,167	57,137
Cash flows from investing activities:		
Property, plant, and equipment	(907)	(160)
Net cash used by investing activities	(907)	(160)
Cash flows from financing activities:		
Distributions	(19,000)	-
Proceeds from long term revolver	1,396	911
Repayment of working capital facility	-	-
Repayment of long term loan	(19,066)	(67,644)
Repayment of long term revolver	(4,000)	-
Net cash used by financing activities	(40,670)	(66,732)
Increase (decrease) in cash and restricted cash	(410)	(9,756)
Cash and restricted cash, beginning of period	28,380	38,493
Cash and restricted cash, end of period	$ 27,970	$ 28,737
Cash paid for interest and financing fees	$ 7,033	$ 8,729

See accompanying notes to the condensed interim financial statements.

CPV FAIRVIEW, LLC
(A Delaware Limited Liability Company)
Notes to Condensed Interim Financial Statements (Unaudited)
March 31, 2024

(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 (COD).

As of March 31, 2024, December 31, 2023, and March 31, 2023, 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, 2023 (the "2023 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 2023 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 equals 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 March 31, 2024, December 31, 2023, and March 31, 2023, 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 (5)). 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 March 31, 2024, December 31, 2023, and March 31, 2023, the Company had $2.7 million, $0.9 million and $1.1 million, respectively, pertaining to operating activities classified as a current asset on the accompanying condensed interim balance sheets. The Company also had $0.0 million, $0.0 million and $0.2 million of restricted cash, classified as non-current, pertaining to construction related activities, and $25.1 million, $27.4 million and $27.4 million of restricted cash classified as Cash collateral – letters of credit on the accompanying condensed interim balance sheets as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

(g) Prepaid Expenses

Prepaid expenses - current, consist of insurance premiums, property taxes, labor costs, bank fees, and other miscellaneous fees, and totaled $3.8 million, $2.3 million and $3.3 million as of March 31, 2024, December 31, 2023 and March 2023, 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 $5.3 million, $5.2 million and $4.8 million as of March 31, 2024, December 31, 2023 and March 31, 2023, 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 $0.2 million, $0.4 million and $0.4 million as of March 31, 2024, December 31, 2023 and March 31, 2023, 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. The Company did not recognize any impairment losses on its long-lived assets for the periods ended March 31, 2024 and 2023 or the year ended December 31, 2023.

(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 $0.4 million and $1.1 million for the three-month period ended March 31, 2024 and 2023, respectively, which is classified as Interest expense, net on the accompanying condensed interim statements of operations and comprehensive income.

As of March 31, 2024, December 31, 2023, and March 31, 2023, the Current portion of long-term debt is presented net of $1.3 million, $1.4 million, and $ 2.1 million of deferred financing costs on the accompanying condensed interim balance sheets. Long-term debt is presented net of $0.2 million, $0.6 million and $2.2 million of deferred financing costs as of March 31, 2024, December 31, 2023 and March 31 2023, 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 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 statements of operations and comprehensive income or the accompanying 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 condensed interim accompanying 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 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 $14.6 million, $18.8 million and $27.9 million as of March 31, 2024, December 31, 2023 and March 31, 2023, 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 March 31, 2024, December 31, 2023 and March 31, 2023.

(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*, 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 periods ended March 31, 2024 and 2023.

(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 three-month periods ended March 31, 2024 and 2023.

The Company made distributions to its members totaling $19.0 million and $0.0 for the three-month periods ended March 31, 2024 and 2023.

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 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)*	March 31, 2024	December 31, 2023	March 31, 2023
Land	N/A	$ 3,133	3,133	$ 3,133
Generation facility	35	914,755	914,616	913,278
Office furniture & fixtures	10	55	55	55
Computer hardware & software	3	638	587	587
Tools & Plant Equipment	5	431	70	69
Communications equipment	10	50	50	50
Vehicle	5	143	143	143
Capitalized Spares	25	5,236	5,236	3,455
Total		924,441	923,890	920,769
Construction in Process		1,300	945	260
Accumulated depreciation		(114,161)	(107,519)	(87,775)
Property, plant, and equipment, net		$ 811,580	817,316	$ 833,254

Depreciation expense was $6.6 million and $6.5 million for the three-month periods ended March 31, 2024 and 2023 respectively, which is 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:

	Estimated useful life (in years)			March 31, 2024	December 31, 2023	March 31, 2023
			$		(In thousands)	
APM upfront fee	20			210	210	210
Gas and electrical interconnecti	35			11,537	11,537	11,537
Water and sewer interconnectic	35			17,851	17,851	17,851
Emission offset allowances	35			701	701	701
		Total	$	30,299	30,299	30,299
Accumulated amortization				(3,763)	(3,546)	(2,893)
Intangible assets, net				26,536	26,753	27,406

Amortization of intangibles totaled $0.2 million for each of the three-month periods ended March 31, 2024 and 2023, which is classified as Depreciation and amortization on the accompanying condensed interim statements of operations and comprehensive income. Amortization expense related to the years 2024 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		March 31, 2024		December 31, 2023		March 31, 2023
Trench A	$	226,156	$	243,784	$	304,491
FRN		93,438		94,875		99,187
RLC Loan Facility		24,654		27,258		27,257
Working Capital Loan		-		-		
Unamortized deferred financing cost		(1,514)		(2,035)		(4,350)
	$	342,734	$	363,882	$	426,585

On March 24, 2023, the Company amended the CA for the election of the Term Loan to be Term Daily Simple Security Overnight Financing Rate (SOFR) plus 1.0 % annually, due to London Interbank Offered Rate (LIBOR) expiration of June 30, 2023.

Borrowings for all facilities under the CA, with the exception of FRN, bear interest at the SOFR 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 March 31, 2024 and 2023, the Company incurred $ 5.1 million and $ 6.9 million, respectively, of interest and commitment fees, which 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 $226.2 million, $243.8 million and $304.5 million as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, of which $37.8 million, $20.6 million and $62.4 million, respectively, are classified as Current portion of long-term debt, and $188.4 million, $223.2 million and $242.1 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 daily Simple SOFR + 2.75% margin + 0.1% spread adjustments and 7.39% as of March 31, 2024 and 2023, respectively.

The outstanding FRN balance totaled $93.4 million, $94.9 million and $99.1 million as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, of which $5.8 million, $5.8 million and $5.8 million are classified as Current portion of long-term debt and $87.7 million, $89.1 million and $93.4 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%, 5.78%, and 5.78% as of March 31, 2024, December 31, 2023, and March 31, 2023.

The total Term Loan Facilities balance is $319.6 million, $338.6 million and $403.7 million as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, of which $43.5 million, $26.3 million and $68.2 million, respectively, are classified as Current portion of long-term debt, and $276.1 million, $312.3 million, and $335.5 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 March 31, 2024, under the Term Loan Facility (in thousands):

Years Ending March 31, 2024			
2024		$	37,837
2025			188,319
	Total debt	$	226,156

The WC Facility has $30.0 million of availability. During the three-month periods ended March 31, 2024 and 2023, the Company borrowed $0.0 million and $0.0 million, respectively, and repaid $0.0 million and $30.0 million, respectively, under the WC Facility.

The total amount borrowed under the RLC Facility was $24.7 million, $27.2 million and $27.2 million as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

The Company had accrued unpaid interest and fees totaling $41 thousand, $40 thousand and $0 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, which is included in the Accounts payable and accrued liabilities on the accompanying condensed interim balance sheets.

The scheduled increase in the applicable margin for the Tranche A is recognized as a long-term liability. The liability totaled $0.9 million, $1.1 million and $1.6 million as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, and is classified as Other long-term liabilities on the accompanying condensed interim balance sheets. For three-month periods ended March 31, 2024 and 2023, accretion totaled $0.2 million income and $0.1 million income, respectively, and is 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 March 31, 2024, December 31, 2023 and March 31, 2023, the estimated fair value of the FRN debt was $91.8 million, $93.5 million and $98.0 million, respectively.

The CA required 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.

The fair value of the interest rate swap assets totaled \$4.6 million, \$6.5 million and \$8.2 million, of which \$3.9 million, \$5.3 million and \$5.6 million classified as current Derivative assets, interest rate swaps and \$0.6 million, \$1.2 million and \$2.6 million as noncurrent Derivative assets, interest rate swaps on the accompanying condensed interim balance sheets as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

There was no fair value of interest rate swaps liability as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

The details of these instruments as of March 31, 2024, are set forth in the following table:

Swap Period	Dates	Swap Details	BNP	CACIB	CBA	CIT Bank	MUFG Union Bank	NAB
Operational swaps								
Trade date	March 24, 2017	Notional amount	$ 29,381,937	$ 29,381,937	$ 29,381,937	$ 29,381,937	$ 29,381,937	$ 29,381,937
Effective date	March 31, 2020	Fixed rate	2.5050%	2.5000%	2.4971%	2.4990%	2.5120%	2.4880%
Termination date	June 30, 2025	Floating rate	USD-SOFR	USD-SOFR	USD-SOFR	USD-SOFR	USD-SOFR	USD-SOFR

The details of these instruments as of December 31, 2023 are set forth in the following table:

The details of these instruments as of December 31, 2023 are set forth in the following tabl

Swap Period	Dates	Swap Details	BNP	CACIB	CBA	CIT Bank	DNB	MUFG Union Bank	NAB
Operational swaps									
Trade date	March 24, 2017	Notional amount	$ 29,922,741	$ 29,922,741	$ 29,922,741	$ 29,922,741	$ 29,922,741	$ 29,922,741	$ 29,922,741
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

Operational swaps			Wells Fargo
Trade date	March 24, 2017	Notional amount	$ 31,952,015
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 March 31, 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	2.6005%	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			Wells Fargo
Trade date	March 24, 2017	Notional amount	$ 35,255,054
Effective date	February 14, 2020	Fixed rate	1.3280%
Termination date	June 30, 2025	Floating rate	USD-LIBOR-BBA

As of December 31, 2023, 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, $7.6 million from the affected interest rate swaps was released from OCI directly into earnings. During the three-month period ended March 31, 2024, 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.

On March 12, 2024, the Company terminated two interest rate swaps and recorded income of $2.2 million which is included in Interest expense, net in the accompanying condensed interim statements of operations and comprehensive income.

As of March 31, 2024, the Company estimates $17.7 million will be reclassified out of OCI over the 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 income (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, 2022	$	13,052	$		$	13,052
Gain (loss) recognized in OCI on derivatives		2,772		(2,416)		356
Income (loss) reclassified from AOCI		(8,469)		80		(8,389)
Ending balance as of December 31, 2023		7,355		(2,336)		5,019
Gain (loss) recognized in OCI on derivatives		1,821		229		2,050
Income (loss) reclassified from AOCI		(3,984)		(3,653)		(7,637)
Ending balance as of March 31, 2024	$	5,191	$	(5,760)	$	(568)

(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 $11.7 million, $19.1 million and $11.6 million, of which $10.7 million, $16.6 million, and $2.9 million were classified as current Derivative assets, energy and $1.0 million, $2.5 million and $8.7 million as noncurrent Derivative assets, energy on the accompanying condensed interim balance sheets as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

The fair value of the commodity swaps liabilities totaled $28.4 million, $34.2 million and $39.5 million, of which $26.4 million, $30.4 million and $2.3 million were classified as current Derivative liabilities, energy and $2.0 million, $3.8 million and $32.1 million as noncurrent Derivative liabilities, energy on the accompanying condensed interim balance sheets as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

The following table summarizes the details of the commodity derivatives on the Company's accompanying condensed interim balance sheets at March 31, 2024, December 31, 2023 and March 31, 2023:

	Natural Gas [1] **(in MMbtu)**	**Power (in MWh)**
March 31, 2024	131,781,000	20,274,000
December 31, 2023	94,660,800	54,091,450
March 31, 2023	26,359,665	1,749,600

(1) Includes volumes for floating price supply contracts

For the three-month periods ended March 31, 2024 and 2023, the Company recorded unrealized loss of $0.0 million and $23.9 million, respectively, related to power commodity swaps, and unrealized loss of $0.0 million and $6.7 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 March 31, 2024, and 2023, the Company recorded a realized gain of $15.1 million and $32.7 million, respectively, related to power commodity swaps and realized gain of $3.3 million and $1.0 million, respectively, on gas commodity swaps which are offset by $ 3.7 million and $0.0 million of loss moved from OCI, which are 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 $0.4 million, $1.4 million and $1.6 million as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, of which $0.4 million, $1.0 million and $0.2 million, respectively, are classified as current Derivative assets, energy and $0.0 million, $0.6 million and $1.3 million, respectively, are classified as noncurrent Derivative assets, energy on the accompanying condensed interim balance sheets. The RPO had an unrealized loss of $0.6 million, unrealized gain of $0.8 million and $1.0 for the three-month periods ended March 31, 2024, December 31, 2023 and March 31, 2023 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	June 1, 2021 through May 31, 2022
	June 1, 2022 through May 31, 2023
	June 1, 2023 through May 31, 2024
	June 1, 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 $0.0 million, $0.5 million and $0.0 million as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, of which $0.0 million, $0.5 million and $0.0, respectively, are classified as current Derivative assets, energy on the accompanying condensed interim balance sheets. There is no outstanding balance classified as noncurrent Derivative assets or energy on the accompanying condensed interim balance sheets.

The details of these instruments as of March 31, 2024 and December 31, 2023, are set forth in the following table.

As of March 31, 2024

Beginning Date	End Date	Trade Date	Delivery Point	Quantity
5/1/2024	5/31/2024	1/25/2024	PJM AEP DAY Hub	200
5/1/2024	5/31/2024	2/22/2024	PJM AEP DAY Hub	100
4/1/2024	4/30/2024	3/25/2024	PJM AEP DAY Hub	100

As of December 31, 2023

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
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
1/1/2024	1/31/2024	10/25/2023	PJM AEP DAY Hub	200
2/1/2024	2/29/2024	10/25/2023	PJM AEP DAY Hub	200
1/1/2024	1/31/2024	10/25/2023	PJM AEP DAY Hub	100
2/1/2024	2/29/2024	10/25/2023	PJM AEP DAY Hub	10
2/1/2024	2/29/2024	12/21/2023	PJM AEP DAY Hub	90
3/1/2024	3/31/2024	12/21/2023	PJM AEP DAY Hub	100
3/1/2024	3/31/2024	12/21/2023	PJM AEP DAY Hub	92

There is no outstanding FTR recorded for March 31, 2023.

(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 and FTR.

(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 March 31, 2024
(000's)

Description		Assets	Valuation Technique	Significant Unobservable Input		Range	Volatility
			(in thousands)				
Revenue put option	$	420	Discount cash flow	Volatility related to	$	31	75%
		420		The put option	$	2,519	125%

As of December 31, 2023
(000's)

Description		Assets	Valuation Technique	Significant Unobservable Input		Range	Volatility
			(in thousands)				
Revenue put option	$	1,402	Discount cash flow	Volatility related to	$	482	75%
		1,402		The put option	$	4,121	125%

As of March 31, 2023
(000's)

Description		Assets	Valuation Technique	Significant Unobservable Input		Range	Volatility
			(in thousands)				
Revenue put option	$	1,578	Discount cash flow	Volatility related to	$	396	75%
		1,578		The put option	$	5,128	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. Fair value measurements of the Company's financial assets and liabilities as of March 31, 2024, December 31, 2023 and March 31, 2023 based on the above hierarchy, are as follows:

	March 31, 2024			
(in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets				
Commodity swaps and other derivatives	$ 11,694		$ 11,694	$ -
Interest rate swaps	4,570		4,570	-
Revenue put option	420			420
Financial transmission rights	29			29
	$ 16,714	$ -	$ 16,264	$ 449
Liabilities				
Commodity swaps	$ (28,415)	$ -	$ (28,415)	$ -
Interest rate swaps	-	-	-	-
	$ (28,415) #	$ -	$ (28,415)	$ -

	December 31, 2023			
(in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets				
Commodity swaps and other derivatives	$ 17,267	$ -	$ 17,267	$ -
Interest rate swaps	6,539	-	6,539	-
Revenue put option	1,401	-	-	1,401
Financial transmission rights	499	-	-	499
	$ 25,706	$ -	$ 23,806	$ 1,900
Liabilities				
Commodity swaps	$ (34,218)	$ -	$ (34,218)	$ -
Interest rate swaps	-	-	-	-
	$ (34,218)	$ -	$ (34,218)	$ -

(in thousands)	March, 31, 2023 Total	Level 1	Level 2	Level 3
Assets				
Commodity swaps and other derivatives	$ 11,626	$ -	$ 11,626	$ -
Interest rate swaps	8,188	-	8,188	-
Revenue put option	1,578	-	-	1,578
	$ 21,392	$ -	$ 19,814	$ 1,578
Liabilities				
Commodity swaps	$ (24,583)	$ -	$ (24,583)	$ -
Interest rate swaps	-	-	-	-
	$ (24,583)	$ -	$ (24,583)	$ -

For the periods ended March 31, 2024, December 31, 2023 and March 31, 2023, the Company did not have any transfers between Levels 1,2 or 3.

Fair Value Measurements Using Significant Unobservable inputs (level 3)	**2024**	**2023**
Balance at December 31, 2022		636
Balance at December 31, 2023	1,900	
Unrealized gain (loss) in revenue for three- month periods ended	(1,451)	942
Ending balance at March 31,	$ 449	$ 1,578

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 March 31, 2024, December 31, 2023 and March 31, 2023.

	Balance Sheet Location	March 31, 2024	December 31, 2023	March 31, 2023
		(in thousands)	*(in thousands)*	*(in thousands)*
Derivative designated throughout as hedging instruments under ASC 815				
Interest rate swaps	Current - derivative assets	$ 3,932	$ 5,353	$ 5,633
Interest rate swaps	Current - derivative liabilities, interest rate swaps	-	-	-
Interest rate swaps	Noncurrent - derivative assets	638	1,186	2,555
Commodity swaps	Current - derivative assets, energy	10,672	15,154	-
Commodity swaps	Noncurrent - derivative assets, energy	1,023	2,113	-
Commodity swaps	Current - derivative liabilities, energy	(26,381)	(30,384)	
Commodity swaps	Noncurrent - derivative liabilities, energy	(2,034)	(3,834)	
	Total derivatives designated as hedging instruments under ASC 815	$ (12,150)	$ (10,412)	$ 8,188
Derivative not designated as hedging instruments under ASC 815				
Commodity swaps	Current - derivative assets, energy	$ -	$ -	$ 2,666
Commodity swaps	Noncurrent - derivative assets, energy	-	-	7,382
Commodity swaps	Current - derivative liabilities, energy	-	-	(2,328)
Commodity swaps	Noncurrent - derivative liabilities, energy	-	-	(22,255)
Revenue put option	Current - derivative assets, energy	360	989	258
Revenue put option	Noncurrent - derivative assets, energy	60	412	1,320
Interest rate swaps	Current - derivative assets,	-	-	-
Interest rate swaps	Noncurrent- derivative assets	-	-	-
Financial transmission right	Current - derivative assets, energy	29	499	-
	Total derivatives not designated as hedging instruments under ASC 815	449	1,900	(12,957)
	Total derivatives, net	$ (11,701)	$ (8,512)	$ (4,769)

(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 for the years ended March 31, 2024, December 31, 2023 and March 31, 2023.

The impact of derivative instruments designated as cash flow hedging instruments:

	At March 31, 2024				
	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	$ 1,821	Interest expense, net	$ (3,984)	Interest expense, net	$ -
Commodity swaps	$ 230	Fuel and other	$ (3,653)	Fuel and other	$ -
	$ 2,051		$ (7,637)		$ -

	At December 31, 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	$ (2,772)	Interest expense, net	$ 8,469	Interest expense, net	$ -
Commodity swaps	$ 2,415	Fuel and other	$ (80)	Fuel and other	$ -
	$ (357)		$ 8,389		$ -

	At March 31, 2023				
	Amount of gain Recognized in OCI on Derivative (Effective Portion)	Location Gain Reclassified From OCI into Income (Effective Portion)	Amount of loss Reclassified From OCI into Income (Effective Portion)	Location of Gain Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain Recognized in Income on Derivative (Effective Portion)
	(in thousands)		*(in thousands)*		*(in thousands)*
Instruments					
Interest rate swaps	$ 1,099	Interest expense, net	$ (1,465)	Interest expense, net	$ (781)
	$ 1,099		$ (1,465)		$ (781)

(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 following the Commercial Operations Date.

(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 $6 thousand for three-month periods ended March 31, 2024, and 2023, which is included in Depreciation and amortization on the accompanying condensed interim statements of operations and comprehensive income.

For the three-month periods ended March 31, 2024, and 2023, the Company incurred $131 thousand and $109 thousand, 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 $44 thousand, $39 thousand and $37 thousand as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively, which is included in Accounts payable and accrued liabilities 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. 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 ended March 31, 2024 and 2023.

(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 $32.0 million and $34.4 million under the GSPA for the three-month periods ended March 31, 2024 and 2023, respectively, which is classified as Fuel and other on the accompanying condensed interim statements of operations and comprehensive income. The Company owed Shell $3.1 million, $4.3 million and $5.1 million as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, which is included in Accounts payable and accrued liabilities 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 three-month periods ended March 31, 2024, and 2023, the Company incurred $1.5 million and $1.2 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 $0.2 million, $0.5 million, and $0.2 million as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively, which are included in Accounts payable and accrued liabilities 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 three-month periods ended March 31, 2024, and 2023, the Company incurred $1.3 million and $2.4 million, respectively, which are classified as Operations and maintenance on the accompanying condensed interim statements of operations and comprehensive income. The Company owed GEI $0.0 million, $0.0 million and $0.3 million as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively, which are included in Accounts payable and accrued liabilities 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 March 31, 2024, and 2023, the Company recognized $4.4 million and $9.0 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 March 31, 2024 as follows:

(in thousands)	12 monthes ended **March 31, 2025**	12 monthes ended **March 31, 2026**	12 monthes ended **March 31, 2027**	12 monthes ended **March 31, 2028**	12 monthes ended **March 31, 2029**	**Thereafter**
CSA	$ 4,679	$ 530	$ 543	$ 557	$ 571	$ 8,058
Asset Management Agreement	1,771	1,809	1,379	-	-	-
EMA	665	510	-	-	-	-
HCBA	544	555	566	577	589	19,971
Total contractual obligations	$ 7,659	$ 3,404	$ 2,488	$ 1,134	$ 1,160	$ 28,029

(7) Related-Party Agreements

(a) Asset Management Agreement - OGAM

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 March 31, 2024 and 2023, the Company incurred $0.4 million and $0.4 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 OGAM as of March 31, 2024 and 2023.

(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 March 31, 2024, and June 13, 2024, 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 year ended March 31, 2024.