NRG YIELD, LLC

Financial Statements

(Unaudited)

September 30, 2014

NRG YIELD, LLC

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions)	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Operating Revenues				
Total operating revenues	$ 161	$ 126	$ 435	$ 261
Operating Costs and Expenses				
Cost of operations	52	44	157	105
Depreciation and amortization	34	18	94	38
General and administrative — affiliate	3	1	7	5
Acquisition-related transaction and integration costs	2	—	2	—
Total operating costs and expenses	91	63	260	148
Operating Income	70	63	175	113
Other Income (Expense)				
Equity in earnings of unconsolidated affiliates	11	12	26	18
Other income, net	1	—	2	1
Interest expense	(39)	(22)	(93)	(33)
Total other expense	(27)	(10)	(65)	(14)
Net Income	$ 43	$ 53	$ 110	$ 99

See accompanying notes to consolidated financial statements.

NRG YIELD, LLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(In millions)			
Net Income	$ 43	$ 53	$ 110	$ 99
Other Comprehensive Income (Loss)				
Unrealized gain (loss) on derivatives	5	(3)	(19)	33
Other comprehensive income (loss)	5	(3)	(19)	33
Comprehensive Income	$ 48	$ 50	$ 91	$ 132

See accompanying notes to consolidated financial statements.

NRG YIELD, LLC

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2014	December 31, 2013
	(In millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 372	$ 59
Restricted cash	54	67
Accounts receivable — trade	80	51
Accounts receivable — affiliate	4	6
Inventory	17	15
Derivative instruments	—	1
Notes receivable	6	6
Renewable energy grant receivable	—	147
Prepayments and other current assets	22	27
Total current assets	555	379
Property, plant and equipment		
In service	3,535	2,459
Under construction	7	6
Total property, plant and equipment	3,542	2,465
Less accumulated depreciation	(266)	(174)
Net property, plant and equipment	3,276	2,291
Other Assets		
Equity investments in affiliates	230	227
Notes receivable	17	21
Notes receivable — affiliate	—	2
Intangible assets, net of accumulated amortization of $17 and $6	1,517	103
Derivative instruments	7	20
Other non-current assets	87	50
Total other assets	1,858	423
Total Assets	$ 5,689	$ 3,093

See accompanying notes to consolidated financial statements.

NRG YIELD, LLC

CONSOLIDATED BALANCE SHEETS (Continued)
(Unaudited)

	September 30, 2014	December 31, 2013
	(In millions)	
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 157	$ 214
Accounts payable	15	42
Accounts payable — affiliate	48	52
Derivative instruments	30	31
Accrued expenses and other current liabilities	52	30
Total current liabilities	302	369
Other Liabilities		
Long-term debt — external	3,601	1,569
Long-term debt — affiliate	337	—
Out-of-market contracts	5	5
Derivative instruments	23	16
Other non-current liabilities	29	27
Total non-current liabilities	3,995	1,617
Total Liabilities	4,297	1,986
Commitments and Contingencies		
Members' Equity		
Contributed capital	1,210	944
Retained earnings	202	164
Accumulated other comprehensive loss	(20)	(1)
Total Members' Equity	1,392	1,107
Total Liabilities and Members' Equity	$ 5,689	$ 3,093

See accompanying notes to consolidated financial statements.

NRG YIELD, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine months ended September 30, 2014	2013
	(In millions)	
Cash Flows from Operating Activities		
Net income	$ 110	$ 99
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Distributions and equity in earnings of unconsolidated affiliates	17	(10)
Depreciation and amortization	94	38
Amortization of financing costs and debt discount/premium	3	1
Amortization of intangibles and out-of-market contracts	8	2
Changes in derivative instruments	(5)	(14)
Changes in other working capital	(33)	(26)
Net Cash Provided by (Used in) Operating Activities	194	90
Cash Flows from Investing Activities		
Payment for Alta Acquisition	(901)	—
Payment to NRG for Acquired ROFO assets	(357)	—
Capital expenditures	(28)	(339)
Decrease (increase) in restricted cash	28	(88)
Decrease in notes receivable, including affiliates	6	4
Proceeds from renewable energy grants	137	24
Investments in unconsolidated affiliates	(17)	(19)
Other	11	—
Net Cash Used in Investing Activities	(1,121)	(418)
Cash Flows from Financing Activities		
Capital contributions from NRG	2	150
Dividends and returns of capital to NRG	(23)	—
Payment of distributions	(72)	(707)
Proceeds from issuance of long-term debt — external	579	558
Proceeds from issuance of long-term debt — affiliate	337	—
Payment of debt issuance costs	(18)	(5)
Payment of borrowings from affiliate	—	(2)
Payments for long-term debt — external	(195)	(35)
Proceeds from the issuance of Class A units	630	468
Net Cash Provided by Financing Activities	1,240	427
Net Increase in Cash and Cash Equivalents	313	99
Cash and Cash Equivalents at Beginning of Period	59	22
Cash and Cash Equivalents at End of Period	$ 372	$ 121
Supplemental Disclosures		
Interest paid, net of amount capitalized	$ 93	$ 51
Non-cash investing and financing activities:		
Decrease to fixed assets for accrued grants and related tax impact	—	(170)
Non-cash capital contributions from NRG	14	6
Non-cash return of capital and dividends to NRG	—	(44)

See accompanying notes to consolidated financial statements.

NRG YIELD, LLC
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(Unaudited)

	Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balances at December 31, 2012	$ 1,023	$ 28	$ (48)	$ 1,003
Net Income	—	142	—	142
Unrealized gain on derivatives	—	—	47	47
Capital contributions from NRG	289	—	—	289
Capital contributions from NRG - non-cash	50	—	—	50
Return of capital to NRG	(311)	—	—	(311)
Return of capital to NRG - non-cash	(79)	—	—	(79)
Distributions paid to NRG	(10)	(5)	—	(15)
Distributions paid to NRG Yield Inc.	(5)	—	—	(5)
Distributions paid to NRG - non-cash	(13)	(1)	—	(14)
Balances at December 31, 2013	944	164	(1)	1,107
Net Income	—	110	—	110
Unrealized loss on derivatives	—	—	(19)	(19)
Capital contributions from NRG	2	—	—	2
Capital contributions from NRG - non-cash	14	—	—	14
Return of capital to NRG	(23)	—	—	(23)
Payment to NRG for Acquired ROFO Assets	(357)	—	—	(357)
Proceeds from the issuance of Class A units	630			630
Distributions paid to NRG	—	(44)	—	(44)
Distributions paid to NRG Yield Inc.	—	(28)	—	(28)
Balances at September 30, 2014	$ 1,210	$ 202	$ (20)	$ 1,392

See accompanying notes to consolidated financial statements.

NRG YIELD, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 — Nature of Business

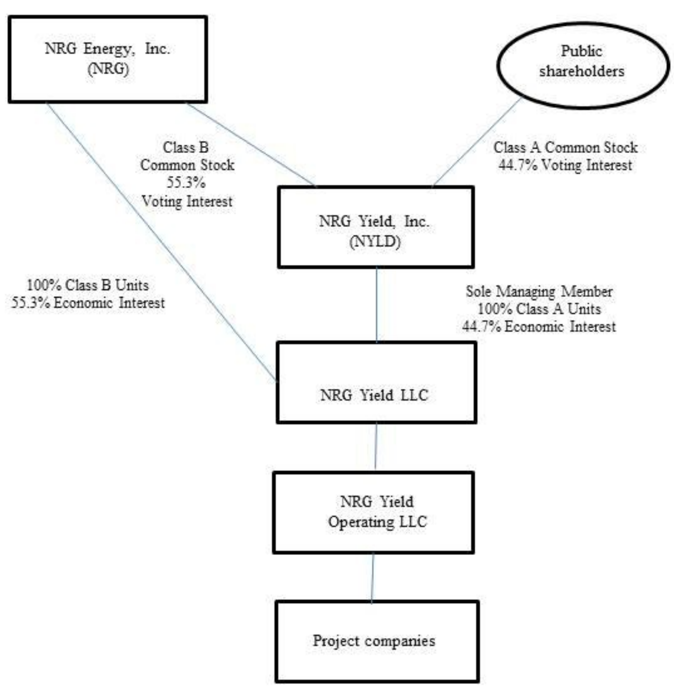
NRG Yield LLC, or the Company, was formed by NRG Energy, Inc., or NRG, as a Delaware corporation on December 20, 2012, for the purposes of acquiring a portfolio of contracted renewable and conventional generation and thermal infrastructure assets, primarily located in the Northeast, Southwest and California regions of the United States, or the Yield Assets, from NRG.

On July 22, 2013, NRG Yield, Inc., or Yield Inc., issued 22,511,250 shares of Class A common stock in an initial public offering. Yield Inc. utilized the net proceeds of the initial public offering to acquire 19,011,250 of the Company's Class A units from NRG in return for $395 million, and 3,500,000 Class A units directly from the Company in return for $73 million. In connection with the acquisition of the Class A units, Yield Inc. also became the sole managing member of the Company thereby acquiring a controlling interest in it.

Immediately prior to the acquisition, the Company acquired the Yield Assets from NRG in return for Class B units in the Company. These assets were simultaneously contributed by the Company to NRG Yield Operating LLC, or Yield Operating, which is a wholly owned subsidiary of the Company, at historical carrying value. Following the acquisition and the Yield Inc. initial public offering, Yield Inc. and NRG owned 34.5% and 65.5% of the Company, respectively.

On July 29, 2014, Yield Inc. issued 12,075,000 shares of Class A common stock for net proceeds, after underwriting discount and expenses, of $630 million. Yield Inc. utilized the proceeds of the offering to acquire an additional 12,075,000 of the Company's Class A units and as a result, as of September 30, 2014, it owns 44.7% of the Company, and consolidates the results of the Company through its controlling interest, with NRG's 55.3% interest shown as noncontrolling interest in the financial statements.

The following table represents the structure of the Company as of September 30, 2014:



For the period prior to the initial public offering, the accompanying unaudited combined financial statements represent the combination of the assets that the Company acquired and were prepared using NRG's historical basis in the assets and liabilities. For the purposes of the unaudited combined financial statements, the term "NRG Yield" represents the accounting predecessor, or the combination of the acquired businesses. For all periods subsequent to the Yield Inc. initial public offering, the accompanying unaudited consolidated financial statements represent the consolidated results of the Company.

As of September 30, 2014, the Company's operating assets are comprised of the following projects:

Projects	**Percentage Ownership**	**Net Capacity (MW)** [a]	**Offtake Counterparty**	**Expiration**
Conventional				
GenConn Middletown	49.95%	95	Connecticut Light & Power	2041
GenConn Devon	49.95%	95	Connecticut Light & Power	2040
Marsh Landing	100%	720	Pacific Gas and Electric	2023
El Segundo	100%	550	Southern California Edison	2023
		1,460		
Utility-Scale Solar				
Alpine	100%	66	Pacific Gas and Electric	2033
Avenal	49.95%	23	Pacific Gas and Electric	2031
Avra Valley	100%	25	Tucson Electric Power	2032
Blythe	100%	21	Southern California Edison	2029
Borrego	100%	26	San Diego Gas and Electric	2038
CVSR	48.95%	122	Pacific Gas and Electric	2038
Roadrunner	100%	20	El Paso Electric	2031
RE Kansas South	100%	20	Pacific Gas and Electric	2033
TA High Desert	100%	20	Southern California Edison	2033
		343		
Distributed Solar				
AZ DG Solar Projects	100%	5	Various	2025 - 2033
PFMG DG Solar Projects	51%	5	Various	2032
		10		
Wind				
Alta I	100%	150	Southern California Edison	2035
Alta II	100%	150	Southern California Edison	2035
Alta III	100%	150	Southern California Edison	2035
Alta IV	100%	102	Southern California Edison	2035
Alta V	100%	168	Southern California Edison	2035
Alta X	100%	137	Southern California Edison	2038[c]
Alta XI	100%	90	Southern California Edison	2038[c]
South Trent	100%	101	AEP Energy Partners	2029
		1,048		
Thermal				
Thermal equivalent MWt[b]	100%	1,346	Various	Various
Thermal generation	100%	123	Various	Various
Total net capacity (excluding equivalent MWt)		2,984		

(a) Net capacity represents the maximum, or rated, generating capacity of the facility multiplied by the Company's percentage ownership in the facility as of June 30, 2014.
(b) For thermal energy, net capacity represents MWt for steam or chilled water and excludes 118 MWt which is available under the right-to-use provisions contained in agreements between two of NRG Yield Inc.'s thermal facilities and certain of their customers.

(c) PPA begins on January 1, 2016.

Substantially all of the Company's generation assets are under long-term contractual arrangements for the output or capacity from these assets. The thermal assets are comprised of district energy systems and combined heat and power plants that produce steam, hot water and/or chilled water and, in some instances, electricity at a central plant. Three of the district energy systems are subject to rate regulation by state public utility commissions while the other district energy systems have rates determined by negotiated bilateral contracts.

The historical combined financial statements include allocations of certain NRG corporate expenses. Management believes the assumptions and methodology underlying the allocation of general corporate overhead expenses are reasonable. The allocated costs include legal, accounting, tax, treasury, information technology, insurance, employee benefit costs, and other corporate costs. However, such expenses may not be indicative of the actual level of expense that would have been incurred if the Company had operated as an independent company during the periods prior to the Yield Inc. initial public offering or of the costs expected to be incurred in the future. Allocation of NRG corporate expenses was $4 million for the period beginning on January 1, 2013 and ending on July 22, 2013. In connection with the Yield Inc. initial public offering, the Company, Yield Operating and Yield Inc. entered into a management services agreement with NRG for various services, including human resources, accounting, tax, legal, information systems, treasury, and risk management. Costs incurred by the Company under this agreement were $1 million for the period beginning July 23, 2013 and ending September 30, 2013 and $7 million for the nine months ended September 30, 2014.

For all periods prior to the acquisition and Yield Inc. initial public offering, members' equity represents the combined equity of the Company's subsidiaries, including adjustments necessary to present the Company's financial statements as if the Company were in existence as of the beginning of the periods represented.

As described in Note 3, *Business Acquisitions*, on June 30, 2014, NRG Yield Operating LLC acquired the TA High Desert, RE Kansas South, and El Segundo projects from NRG for total cash consideration of $357 million plus assumed project level debt. The acquisition of the TA High Desert, RE Kansas South, and El Segundo projects, or the Acquired ROFO Assets, from NRG on June 30, 2014 was accounted for as a transfer of entities under common control. The guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control. Accordingly, the Company prepared its consolidated financial statements to reflect the transfer as if it had taken place on January 1, 2013, or from the date the entities were under common control, which was May 13, 2013 for RE Kansas South and March 28, 2013 for the TA High Desert, which represent the dates these entities were acquired by NRG.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments consisting of normal and recurring accruals necessary to present fairly the Company's consolidated financial position as of September 30, 2014, and the results of operations, comprehensive income and cash flows for the nine months ended September 30, 2014, and 2013.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements have been prepared in accordance with Accounting Principles Generally Accepted in the United States, or U.S. GAAP. The Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, is the source of authoritative U.S. GAAP to be applied by nongovernmental entities.

The consolidated and combined financial statements include the Company's accounts and operations and those of its subsidiaries in which it has a controlling interest. All significant intercompany transactions and balances have been eliminated in consolidation. The usual condition for a controlling financial interest is ownership of a majority of the voting interests of an entity. However, a controlling financial interest may also exist through arrangements that do not involve controlling voting interests. As such, the Company applies the guidance of ASC 810, *Consolidations,* or ASC 810, to determine when an entity that is insufficiently capitalized or not controlled through its voting interests, referred to as a variable interest entity, or VIE, should be consolidated.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less at the time of purchase.

Restricted Cash

Restricted cash consists primarily of funds held to satisfy the requirements of certain debt agreements and funds held within the Company's projects that are restricted in their use. These funds are used to pay for capital expenditures, current operating expenses and current debt service payments as well as to fund required equity contributions, per the restrictions of the debt agreements.

Trade Receivables and Allowance for Doubtful Accounts

Trade receivables are reported on the balance sheet at the invoiced amount adjusted for any write-offs and the allowance for doubtful accounts. The allowance for doubtful accounts is reviewed periodically based on amounts past due and significance. The allowance for doubtful accounts was immaterial as of September 30, 2014 and December 31, 2013.

Inventory

Inventory consists principally of spare parts and fuel oil and is valued at the lower of weighted average cost or market, unless evidence indicates that the weighted average cost will be recovered with a normal profit in the ordinary course of business. The Company removes fuel inventories as they are used in the production of steam, chilled water or electricity. Spare parts inventory are removed when they are used for repairs, maintenance or capital projects.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or, in the case of business acquisitions, fair value; however impairment adjustments are recorded whenever events or changes in circumstances indicate that their carrying values may not be recoverable. See Note 3, *Business Acquisitions,* for more information on acquired property, plant and equipment. Significant additions or improvements extending asset lives are capitalized as incurred, while repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives. Certain assets and their related accumulated depreciation amounts are adjusted for asset retirements and disposals with the resulting gain or loss included in cost of operations in the consolidated statements of operations.

Additionally, the Company reduces the book value of the property, plant and equipment of its eligible renewable energy projects for any cash grants that are submitted to the U.S. Treasury Department when the receivable is recorded for the net realizable amount. A non-cash dividend to parent for the deferred tax asset is recorded with a corresponding reduction to the book value of the property, plant and equipment.

Asset Impairments

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. Such reviews are performed in accordance with ASC 360. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured by the difference between an asset's carrying amount and fair value with the difference recorded in operating costs and expenses in the consolidated statements of operations. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets and present value techniques.

Investments accounted for by the equity method are reviewed for impairment in accordance with ASC 323, *Investments-Equity Method and Joint Ventures*, or ASC 323, which requires that a loss in value of an investment that is other than a temporary decline should be recognized. The Company identifies and measures losses in the value of equity method investments based upon a comparison of fair value to carrying value.

Capitalized Interest

Interest incurred on funds borrowed to finance capital projects is capitalized until the project under construction is ready for its intended use. The amount of interest capitalized for the year ended December 31, 2013 was $18 million. There was no interest capitalized for the nine months ended September 30, 2014.

When a project is available for operations, capitalized interest is reclassified to property, plant and equipment and amortized on a straight-line basis over the estimated useful life of the project's related assets.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized as interest expense on a basis which approximates the effective interest method over the term of the related debt.

Intangible Assets

Intangible assets represent contractual rights held by the Company. The Company recognizes specifically identifiable intangible assets including customer contracts, customer relationships, power purchase agreements and development rights when specific rights and contracts are acquired. These intangible assets are amortized primarily on a straight-line basis.

Intangible assets determined to have indefinite lives are not amortized, but rather are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that such acquired intangible assets have been determined to have finite lives and should now be amortized over their useful lives. The Company had no intangible assets with indefinite lives recorded as of September 30, 2014 or December 31, 2013.

Notes Receivable

Notes receivable consist of receivables related to the financing of required network upgrades and a variable-rate note secured by the equity interest in a joint venture. The notes issued with respect to network upgrades will be repaid within a 5 year period following the date each facility reaches commercial operations.

Income Taxes

Subsequent to the date the Yield Assets were acquired and the Yield Inc. initial public offering occurred, the Company is a disregarded entity of a partnership for federal and state income tax purposes. Therefore, federal and state income taxes are assessed at the partner level. Accordingly, no provision has been made for federal or state income taxes in the accompanying financial statements. For all periods prior to the Yield Inc. public offering, federal and state income taxes represent proforma income taxes.

Revenue Recognition

Power Purchase Agreements, or PPAs

A significant majority of the Company's revenues are obtained through PPAs or other contractual arrangements. All of these PPAs are accounted for as operating leases in accordance with ASC 840, *Leases,* or ASC 840. ASC 840 requires minimum lease payments to be amortized over the term of the lease and contingent rentals are recorded when the achievement of the contingency becomes probable. Certain of these leases have no minimum lease payments and all of the rental income under these leases is recorded as contingent rent on an actual basis when the electricity is delivered. The contingent rental income recognized in the nine months ended September 30, 2014 and 2013 was $108 million and $85 million, respectively.

Thermal Revenues

Steam and chilled water revenue is recognized based on customer usage as determined by meter readings taken at month-end. Some locations read customer meters throughout the month, and recognize estimated revenue for the period between meter read date and month-end. Thermal's subsidiaries collect and remit state and local taxes associated with sales to their customers, as required by governmental authorities. Related revenues are presented on a net basis in the income statement.

Derivative Financial Instruments

The Company accounts for derivative financial instruments under ASC 815, *Derivatives and Hedging*, or ASC 815, which requires the Company to record all derivatives on the balance sheet at fair value unless they qualify for a NPNS exception. Changes in the fair value of non-hedge derivatives are immediately recognized in earnings. Changes in the fair value of derivatives accounted for as hedges, if elected for hedge accounting, are either:

- Recognized in earnings as an offset to the changes in the fair value of the related hedged assets, liabilities and firm commitments; or
- Deferred and recorded as a component of accumulated OCI until the hedged transactions occur and are recognized in earnings.

The Company's primary derivative instruments are fuel purchase contracts used to control customer reimbursable fuel cost and interest rate instruments used to mitigate variability in earnings due to fluctuations in interest rates. On an ongoing basis, the Company assesses the effectiveness of all derivatives that are designated as hedges for accounting purposes in order to determine that each derivative continues to be highly effective in offsetting changes in fair values or cash flows of hedged items. Internal analyses that measure the statistical correlation between the derivative and the associated hedged item determine the effectiveness of such an energy contract designated as a hedge. If it is determined that the derivative instrument is not highly effective as a hedge, hedge accounting will be discontinued prospectively. In this case, the gain or loss previously deferred in accumulated OCI would be frozen until the underlying hedged item is delivered unless the transaction being hedged is no longer probable of occurring in which case the amount in OCI would be immediately reclassified into earnings.

Revenues and expenses on contracts that qualify for the NPNS exception are recognized when the underlying physical transaction is delivered. While these contracts are considered derivative financial instruments under ASC 815, they are not recorded at fair value, but on an accrual basis of accounting. If it is determined that a transaction designated as NPNS no longer meets the scope exception, the fair value of the related contract is recorded on the balance sheet and immediately recognized through earnings.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable, notes receivable and derivative instruments. Accounts receivable, notes receivable, and derivative instruments are concentrated within entities engaged in the energy and financial industry. These industry concentrations may impact the overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic, industry or other conditions. In addition, many of the Company's projects have only one customer. However, the Company believes that the credit risk posed by industry concentration is offset by the diversification and creditworthiness of its customer base. See Note 6, *Fair Value of Financial Instruments,* for a further discussion of derivative concentrations.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, restricted cash, accounts receivable-trade, accounts payable, affiliate accounts payable and receivable, accrued expenses and other liabilities approximate fair value because of the short-term maturity of these instruments. See Note 6, *Fair Value of Financial Instruments,* for a further discussion of fair value of financial instruments.

Asset Retirement Obligations

Asset retirement obligations, or AROs, are accounted for in accordance with ASC 410-20, *Asset Retirement Obligations,* or ASC 410-20. Retirement obligations associated with long-lived assets included within the scope of ASC 410-20 are those for which a legal obligation exists under enacted laws, statutes, and written or oral contracts, including obligations arising under the doctrine of promissory estoppel, and for which the timing and/or method of settlement may be conditional on a future event. ASC 410-20 requires an entity to recognize the fair value of a liability for an ARO in the period in which it is incurred and a reasonable estimate of fair value can be made.

Upon initial recognition of a liability for an ARO, the asset retirement cost is capitalized by increasing the carrying amount of the related long-lived asset by the same amount. Over time, the liability is accreted to its future value, while the capitalized cost is depreciated over the useful life of the related asset. The Company's asset retirement obligations were $17 million as of September 30, 2014 and $9 million as of December 31, 2013.

Guarantees

The Company enters into various contracts that include indemnification and guarantee provisions as a routine part of its business activities. Examples of these contracts include EPC agreements, operation and maintenance agreements, service agreements, commercial sales arrangements and other types of contractual agreements with vendors and other third parties, as well as affiliates. These contracts generally indemnify the counterparty for tax, environmental liability, litigation and other matters, as well as breaches of representations, warranties and covenants set forth in these agreements. Because many of the guarantees and indemnities the Company issues to third parties and affiliates do not limit the amount or duration of its obligations to perform under them, there exists a risk that the Company may have obligations in excess of the amounts described above. For those guarantees and indemnities that do not limit the liability exposure, it may not be able to estimate what the liability would be, until a claim is made for payment or performance, due to the contingent nature of these contracts.

Investments Accounted for by the Equity Method

The Company has investments in three energy projects accounted for by the equity method. The equity method of accounting is applied to these investments in affiliates because the ownership structure prevents the Company from exercising a controlling influence over the operating and financial policies of the projects. Under this method, equity in pre-tax income or losses of the investments are reflected as equity in earnings of unconsolidated affiliates.

Business Combinations

The Company accounts for its business combinations in accordance with ASC 805, *Business Combinations,* or ASC 805. ASC 805 requires an acquirer to recognize and measure in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at fair value at the acquisition date. It also recognizes and measures the goodwill acquired or a gain from a bargain purchase in the business combination and determines what information to disclose to enable users of an entity's financial statements to evaluate the nature and financial effects of the business combination. In addition, transaction costs are expensed as incurred.

Liquidity

Many of the Company's projects were under construction in 2012 with construction completed for all projects in 2013. As further discussed in Note 8, *Long-term Debt,* in order to fund those obligations, the Company typically borrowed under the related financing arrangements or received funding from NRG. For current obligations, the Company typically borrows under its financing arrangements, including intercompany arrangements with Yield Operating and Yield, Inc.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

In recording transactions and balances resulting from business operations, the Company uses estimates based on the best information available. Estimates are used for such items as plant depreciable lives, uncollectible accounts, environmental liabilities, acquisition accounting and legal costs incurred in connection with recorded loss contingencies, among others. As better information becomes available or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

Recent Accounting Developments

ASU 2011-11 - Effective January 1, 2013, the Company adopted the provisions of ASU No. 2011-11, *Balance Sheet (Topic 210) Disclosures about Offsetting Assets and Liabilities*, or ASU No. 2011-11, and began providing enhanced disclosures regarding the effect or potential effect of netting arrangements on an entity's financial position by improving information about financial instruments and derivative instruments that either (1) offset in accordance with either ASC 210-20-45 or ASC 810-20-45 or (2) are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset. Reporting entities are required to disclose both gross and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The disclosures required by ASU No. 2011-11 are required to be adopted retroactively. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Company's results of operations, cash flows or financial position.

ASU 2013-02 - Effective January 1, 2013, the Company adopted the provisions of ASU No. 2013-02, *Other Comprehensive Income (Topic 220) Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*, or ASU No. 2013-02, and began reporting the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income within the notes to the financial statements if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income in the same reporting period. For other amounts not required by U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures which provide additional information about the amounts. The provisions of ASU No. 2013-02 are required to be adopted prospectively. As this guidance provides only presentation requirements, the adoption of this standard did not impact the Company's results of operations, cash flows or financial position.

ASU 2014-09 - In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, or ASU No. 2014-09. The amendments of ASU No. 2014-09 complete the joint effort between the FASB and the International Accounting Standards Board, or IASB, to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards, or IFRS, and to improve financial reporting. The guidance in ASU No. 2014-09 provides that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for the goods or services provided and establishes the following steps to be applied by an entity: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies the performance obligation. The guidance of ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods therein. Early adoption is not permitted. The Company is currently evaluating the impact of the standard on the Company's results of operations, cash flows and financial position.

Note 3 — Business Acquisitions

2014 Acquisitions

Acquisition of EME-NYLD-Eligible Assets from NRG

On November 4, 2014, the Company and NRG entered into a definitive agreement regarding the acquisition of the following NRG facilities: (i) Walnut Creek, (ii) Tapestry (Pinnacle, Buffalo Bear and Taloga) and (iii) Laredo Ridge for total expected cash consideration of $480 million plus assumed project level debt and working capital adjustments to be calculated at close. The sale is subject to customary closing conditions and is expected to close by the end of the fourth quarter of 2014. The Company expects to fund the acquisition with cash on hand and drawings under the Company's revolving credit facility.

***Alta Wind Portfolio Acquisition* —** On August 12, 2014, the Company acquired 100% of the membership interests of Alta Wind Asset Management Holdings, LLC, Alta Wind Company, LLC, Alta Wind X Holding Company, LLC and Alta Wind XI Holding Company, LLC, which collectively own 7 wind facilities that total 947 MW located in Tehachapi, California and a portfolio of associated land leases, or the Alta Wind Assets. Power generated by the Alta Wind Assets is sold to Southern California Edison under long-term PPAs with 21 years of remaining contract life for Alta I-V and 22 years, beginning in 2016, for Alta X and XI.

The purchase price for the Alta Wind Assets was $923 million, which consisted of a base purchase price of $870 million, as well as a payment for working capital of $53 million, plus the assumption of $1.6 billion of non-recourse project-level debt. In order to fund the purchase price, Yield Inc. completed an equity offering of 12,075,000 shares of its Class A common stock at an offering price of $54.00 per share on July 29, 2014, which resulted in net proceeds of $630 million, after underwriting discount and expenses. In addition, on August 5, 2014, Yield Operating issued $500 million of senior unsecured notes, which bear interest at a rate of 5.375% and mature in August 2024. The excess of the proceeds over the amount utilized for the acquisition will be available for general corporate purposes, including future acquisitions.

The acquisition was recorded as a business combination under ASC 805, with identifiable assets acquired and liabilities assumed provisionally recorded at their estimated fair values on the acquisition date. The initial accounting for the business combination is not complete because the evaluation necessary to assess the fair values of certain net assets acquired is still in process. The provisional amounts are subject to revision until the evaluations are completed to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. The allocation of the purchase price may be modified up to one year from the date of the acquisition as more information is obtained about the fair value of assets acquired and liabilities assumed.

The purchase price of $923 million was provisionally allocated as follows:

		(In millions)
Assets		
Cash	$	22
Current and non-current assets		49
Property, plant and equipment		1,057
Intangible assets		1,420
Total assets acquired		2,548
Liabilities		
Debt		1,591
Current and non-current liabilities		34
Total liabilities assumed		1,625
Net assets acquired	$	923

Fair value measurements

The provisional fair values of the property, plant and equipment and intangible assets at the acquisition date were measured primarily based on significant inputs that are not observable in the market and thus represent a Level 3 measurement as defined in ASC 820. Significant inputs were as follows:

Property, plant and equipment - The estimated fair values were determined primarily based on an income method using discounted cash flows and validated using a cost approach based on the replacement cost of the assets less economic obsolescence. The income approach was applied by determining the enterprise value for each acquired entity and subtracting the fair value of the intangible assets and working capital to determine the implied value of the tangible fixed assets. This methodology was primarily relied upon as the forecasted cash flows incorporate the specific attributes of each asset including age, useful life, equipment condition and technology. The income approach also allows for an accurate reflection of current and expected market dynamics such as supply and demand and regulatory environment as of the acquisition date.

Intangible assets - The fair value of the PPAs acquired was determined utilizing a variation of the income approach where the incremental future cash flows resulting from the acquired PPAs compared to the cash flows based on current market prices were discounted to present value at the weighted average cost of debt of the utility offtaker, as the PPA was determined to be a debt-like instrument for the offtaker. The values were corroborated with available market data. The PPA values will be amortized over an average period of 22 years.

Supplemental Pro Forma Information

Since the acquisition date, the Alta Wind Assets contributed $18 million in operating revenues and $7 million in net losses. The following supplemental pro forma information represents the results of operations as if the Company had acquired the Alta Wind Assets on January 1, 2013:

	For the nine months ended		For the year ended
(in millions except per share amounts)	September 30, 2014	September 30, 2013	December 31, 2013
Operating revenues	$ 551	$ 385	$ 562
Net income	87	104	118

The supplemental pro forma information has been adjusted to include the pro-forma impact of depreciation of property, plant and equipment and amortization of PPAs, based on the preliminary purchase price allocations. The pro forma data has also been adjusted to reflect the additional interest expense in connection with the issuance of Senior Notes. There were no transactions during the periods between NRG and the Alta Wind Assets. The pro forma results are presented for illustrative purposes only and do not reflect the realization of potential cost savings or any related integration costs.

Acquired ROFO Assets — On June 30, 2014, the Company acquired NRG West Holdings LLC, the subsidiary of Natural Gas Repowering LLC, which owns the El Segundo Energy Center project (El Segundo), NRG Solar Kansas South LLC, the operating subsidiary of NRG Solar Kansas South Holdings LLC, which owns the RE Kansas South project (RE Kansas), and TA-High Desert LLC, the operating subsidiary of NRG Solar Mayfair LLC, which owns the TA High Desert project (TA High Desert) for a total cash consideration of $357 million, which represents a base purchase price of $349 million and $8 million of working capital adjustments. In addition, the acquisition included the assumption of $612 million in project level debt. The assets and liabilities transferred to the Company relate to interests under common control by NRG and accordingly, were recorded at historical cost in accordance with ASC 805-50, *Business Combinations - Related Issues*. The difference between the cash proceeds and historical value of the net assets was recorded as a distribution to NRG and reduced the balance of its contributed capital. Since the transaction constituted a transfer of net assets under common control, the guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control.

The following is a summary of assets and liabilities transferred in connection with the acquisition:

	RE Kansas South	TA High Desert	El Segundo
		(In millions)	
Current assets	$ 1	$ 3	$ 43
Property, plant and equipment	50	67	625
Non-current assets	2	13	76
Total assets	53	83	744
Debt	35	57	520
Other current and non-current liabilities	2	—	30
Total liabilities	37	57	550
Net assets acquired	$ 16	$ 26	$ 194

2013 Acquisitions

Energy Systems — On December 31, 2013, NRG Energy Center Omaha Holdings, LLC, an indirect wholly owned subsidiary of NRG Yield LLC, acquired Energy Systems Company, or Energy Systems, for approximately $120 million. The acquisition was financed from cash on hand. Energy Systems is an operator of steam and chilled water thermal facilities that provides heating and cooling services to nonresidential customers in Omaha, Nebraska. The acquisition was recorded as a business combination under ASC 805, with identifiable assets acquired and liabilities assumed provisionally recorded at their estimated fair values on the acquisition date. The purchase price was primarily allocated to property, plant and equipment of $60 million, customer relationships of $59 million, and $1 million of working capital. The provisional amounts are subject to revision until the evaluations are completed to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. The accounting for the acquisition of Energy Systems was completed as of September 30, 2014, at which point the provisional fair values became final with no material changes.

Note 4 — Property, Plant and Equipment

The Company's major classes of property, plant, and equipment were as follows:

	September 30, 2014	December 31, 2013	Depreciable Lives
	(In millions)		
Facilities and equipment	$ 3,487	$ 2,411	5 - 40 Years
Land and improvements	48	48	
Construction in progress	7	6	
Total property, plant and equipment	3,542	2,465	
Accumulated depreciation	(266)	(174)	
Net property, plant and equipment	$ 3,276	$ 2,291	

Renewable Energy Grants

Borrego achieved commercial operations on February 12, 2013 and transferred the construction in progress to property, plant and equipment. On May 16, 2013, the Borrego solar project, as a qualified renewable energy project, applied for a cash grant in lieu of investment tax credit from the U.S. Treasury Department in the amount of $39 million. A receivable for the cash grant was recorded when the application was filed, which resulted in a reduction to the book basis of the property, plant and equipment. In addition, the receivable was reduced to $36 million as a result of the federal government's sequestration, which was put into effect on March 1, 2013. The related deferred tax asset of $10 million was recorded with a corresponding reduction of the book value of Borrego's property, plant and equipment. In March 2014, the Company received payment of $30 million for the cash grant related to Borrego. The Company recorded a reserve for the shortage and is in the process of evaluating all of its options for recovering the full amount of the reserve.

TA High Desert achieved commercial operations on March 25, 2013 and transferred the construction in progress to property, plant and equipment. On May 22, 2013, the TA High Desert solar project, as a qualified renewable energy project, applied for a cash grant in lieu of investment tax credit from the U.S. Treasury Department in the amount of $25 million. A receivable for the cash grant was recorded when the application was filed, which resulted in a reduction to the book basis of the property, plant and equipment. In addition, the receivable was reduced as a result of the federal government's sequestration, which was put into effect on March 1, 2013. The related deferred tax asset of $6 million was recorded with a corresponding reduction of the book value of TA High Desert's property, plant and equipment. In April 2014,TA High Desert received a payment of $20 million for the cash grant and reduced the book value of its property, plant and equipment by the amount by which the grant was reduced.

RE Kansas South achieved commercial operations on June 7, 2013 and transferred the construction in progress to property, plant and equipment. On June 27, 2013, the RE Kansas South solar project, as a qualified renewable energy project, applied for a cash grant in lieu of investment tax credit from the U.S. Treasury Department in the amount of $23 million. A receivable for the cash grant was recorded when the application was filed, which resulted in a reduction to the book basis of the property, plant and equipment. In addition, the receivable was reduced to $21 million as a result of the federal government's sequestration, which was put into effect on March 1, 2013. The related deferred tax asset of $6 million was recorded with a corresponding reduction of the book value of RE Kansas South's property, plant and equipment. In April 2014, RE Kansas South received a payment of $21 million for the cash grant.

Note 5 — Investments Accounted for by the Equity Method and Variable Interest Entities

Equity Method Investments

Avenal—The Company owns a 49.95% equity interest in Avenal, which consists of three solar PV projects in Kings County, California, approximately 45 MWs, all of which became commercially operational during the third quarter of 2011. NRG retained a 0.05% interest and Eurus Energy owns the remaining 50% of Avenal. Power generated by the projects is sold under a 20-year PPA. On September 22, 2010, Avenal entered into a $35 million promissory note facility with the Company. Amounts drawn under the promissory note facility accrue interest at 4.5% per annum. As of September 30, 2014 and December 31, 2013, the amount outstanding under the facility was $0 million and $2 million, respectively. Also on September 22, 2010, Avenal entered into a $209 million financing arrangements with a syndicate of banks, or the Avenal Facility. As of September 30, 2014 and December 31, 2013, Avenal had outstanding $111 million and $112 million, respectively, under the Avenal Facility. As of September 30, 2014, the Company had a $12 million equity investment in Avenal.

CVSR—The Company owns 48.95% of CVSR, located in San Luis Obispo, California, totaling 250 MW, while NRG continues to own the remaining 51.05% of CVSR. Power generated by the project is sold under a 25-year PPA. Construction of the project has been funded by the CVSR Financing Agreement. As of September 30, 2014, the Company had a $104 million equity investment in CVSR.

In 2011, High Plains Ranch II, LLC entered into the CVSR Financing Agreement with the FFB to borrow up to $1.2 billion to fund the costs of constructing the solar facility. The CVSR Financing Agreement matures in 2037 and the loans provided by the FFB are guaranteed by the U.S. DOE. Amounts borrowed under the CVSR Financing Agreement accrue interest at a fixed rate based on U.S. Treasury rates plus a spread of 0.375% and are secured by the assets of CVSR. As of September 30, 2014 and December 31, 2013, $815 million and $1,104 million, respectively, were outstanding under the loan. In 2012 and 2013, CVSR submitted applications to the U.S. Treasury Department for cash grants as each phase of the project began commercial operations. In January 2014, the U.S. Treasury Department awarded cash grants on the CVSR project of $307 million ($285 million net of sequestration), which is approximately 75% of the cash grant amount for which the Company had applied. The cash grant proceeds were used to pay the outstanding balance of the bridge loan due in February 2014 and the remaining amount was used to pay a portion of the outstanding balance on the bridge loan due in August 2014. The remaining balance of the bridge loan due in August 2014 was paid by SunPower. CVSR is evaluating the basis for the U.S. Treasury Department's award and all of its options for recovering the amount by which the U.S. Treasury Department reduced the CVSR cash grant award.

The following table presents summarized unaudited financial information for CVSR:

	Three months ended September 30, 2013		Nine months ended September 30,	
	2014	2013	2014	2013
Income Statement Data:	(In millions)			
Operating revenues	$ 31	$ 19	$ 70	$ 32
Operating income	13	13	38	16
Net income	8	10	21	4

	September 30, 2014	December 31, 2013
Balance Sheet Data:	(In millions)	
Current assets	$ 160	$ 455
Non-current assets	878	932
Current liabilities	27	412
Non-current liabilities	798	769

Variable Interest Entities, or VIEs

GenConn Energy LLC — The Company has a 49.95% interest in GCE Holdings LLC, the owner of GenConn Energy LLC, or GenConn, a limited liability company formed to construct, own and operate two 190 MW peaking generation facilities in Connecticut at the Devon and Middletown sites. Each of these facilities was constructed pursuant to a 30-year cost of service type contract with the Connecticut Light & Power Company. All four units at the GenConn Devon facility reached commercial operation in June 2010 and were released to the ISO-NE by July 2010. In June 2011, all four units at the GenConn Middletown facility reached commercial operation and were released to the ISO-NE. GenConn is considered a VIE under ASC 810, however the Company is not the primary beneficiary, and accounts for its investment under the equity method.

The project was funded through equity contributions from the owners and non-recourse, project level debt. As of September 30, 2014, the Company's investment in GenConn was $114 million and its maximum exposure to loss is limited to its equity investment. On September 17, 2013, GenConn refinanced its existing project financing facility. As of September 30, 2014, the refinanced facility has a $228 million note with an interest rate of 4.73% per annum and a maturity date of July 2041 and a $35 million working capital facility that matures in 2018 which can be used to issue letters of credit at an interest rate of 1.875% per annum. The refinancing is secured by all of the GenConn assets.

The following table presents summarized unaudited financial information for GCE Holdings LLC:

	Three months ended September 30, 2013		Nine months ended September 30,	
	2014	2013	2014	2013
Income Statement Data:	(In millions)			
Operating revenues	$ 18	$ 21	$ 62	$ 60
Operating income	10	11	30	34
Net income	7	8	21	23

	September 30, 2014	December 31, 2013
Balance Sheet Data:	(In millions)	
Current assets	$ 26	$ 32
Non-current assets	442	453
Current liabilities	15	18
Non-current liabilities	224	231

Note 6 — Fair Value of Financial Instruments

For cash and cash equivalents, restricted cash, accounts receivable — trade, accounts payable, affiliate accounts payable and receivable, accrued expenses and other liabilities, the carrying amount approximates fair value because of the short-term maturity of those instruments and are classified as Level 1 within the fair value hierarchy.

The estimated carrying amounts and fair values of the Company's recorded financial instruments not carried at fair market value are as follows:

	As of September 30, 2014		As of December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In millions)			
Assets:				
Notes receivable — affiliate	$ —	$ —	$ 2	$ 2
Notes receivable, including current portion	23	23	27	27
Liabilities:				
Long-term debt — affiliate	337	385	—	—
Long-term debt — external, including current portion	3,758	3,763	1,783	1,785

The fair value of notes receivable and long-term debt are based on expected future cash flows discounted at market interest rates, or current interest rates for similar instruments and are classified as Level 3 within the fair value hierarchy.

Fair Value Accounting under ASC 820

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2—inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3—unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In accordance with ASC 820, the Company determines the level in the fair value hierarchy within which each fair value measurement in its entirety falls, based on the lowest level input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The Company records its derivative assets and liabilities at fair market value on its consolidated balance sheet. The following table presents assets and liabilities measured and recorded at fair value on the Company's consolidated balance sheets on a recurring basis and their level within the fair value hierarchy:

	As of September 30, 2014		
	Fair Value [(a)]		
(In millions)	**Level 2**	**Level 3**	**Total**
Derivative assets:			
Commodity contracts	$ —	$ —	$ —
Interest rate contracts	7	—	7
Total assets	7	—	7
Derivative liabilities:			
Commodity contracts	1	—	1
Interest rate contracts	52	—	52
Total liabilities	$ 53	$ —	$ 53

(a) There were no assets or liabilities classified as Level 1 as of September 30, 2014.

	As of December 31, 2013		
	Fair Value [(a)]		
(In millions)	**Level 2**	**Level 3**	**Total**
Derivative assets:			
Commodity contracts	$ 1	$ —	$ 1
Interest rate contracts	20	—	20
Total assets	21	—	21
Derivative liabilities:			
Commodity contracts	1	1	2
Interest rate contracts	45	—	45
Total liabilities	$ 46	$ 1	$ 47

(a) There were no assets or liabilities classified as Level 1 as of December 31, 2013.

The following table reconciles, for the three and nine months ended September 30, 2014, the beginning and ending balances for derivative instruments that are recognized at fair value in the consolidated financial statements, at least annually, using significant unobservable inputs:

	Fair Value Measurement Using Significant Unobservable Inputs - Derivatives (Level 3)	
	Three months ended September 30,	**Nine months ended September 30,**
(In millions)	**2014**	**2014**
Beginning balance	$ (1)	$ (1)
Purchases	1	1
Ending balance as of September 30, 2014	$ —	$ —

Derivative Fair Value Measurements

A majority of the Company's contracts are non-exchange-traded and valued using prices provided by external sources. For the Company’s energy markets, management receives quotes from multiple sources. To the extent that multiple quotes are received, the prices reflect the average of the bid-ask mid-point prices obtained from all sources believed to provide the most liquid market for the commodity. The remainder of the assets and liabilities represent contracts for which external sources or observable market quotes are not available. These contracts are valued using various valuation techniques including but not limited to internal models that apply fundamental analysis of the market and corroboration with similar markets.

The fair value of each contract is discounted using a risk free interest rate. In addition, a credit reserve is applied to reflect credit risk, which is calculated based on credit default swaps. To the extent that the net exposure is an asset, the Company uses the counterparty's default swap rate. If the exposure is a liability, the Company uses its default swap rate. The credit reserve is added to the discounted fair value to reflect the exit price that a market participant would be willing to receive to assume the liabilities or that a market participant would be willing to pay for the assets. It is possible that future market prices could vary from those used in recording assets and liabilities and such variations could be material.

Concentration of Credit Risk

Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. The Company monitors and manages credit risk through credit policies that include: (i) an established credit approval process; (ii) a daily monitoring of counterparties' credit limits; (iii) the use of credit mitigation measures such as margin, collateral, prepayment arrangements, or volumetric limits; (iv) the use of payment netting agreements; and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty risk by having a diversified portfolio of counterparties. The Company also has credit protection within various agreements to call on additional collateral support if and when necessary. Cash margin is collected and held at the Company to cover the credit risk of the counterparty until positions settle.

Counterparty credit exposure includes credit risk exposure under certain long-term agreements, including solar and other PPAs. As external sources or observable market quotes are not available to estimate such exposure, the Company estimates the exposure related to these contracts based on various techniques including but not limited to internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Based on these valuation techniques, as of September 30, 2014, credit risk exposure to these counterparties attributable to the Company's ownership interests was approximately $1.7 billion for the next five years. The majority of these power contracts are with utilities with strong credit quality and public utility commission or other regulatory support. However, such regulated utility counterparties can be impacted by changes in government regulations, which the Company is unable to predict.

Note 7 — Accounting for Derivative Instruments and Hedging Activities

Energy-Related Commodities

As of September 30, 2014, the Company had forward contracts for the purchase of fuel commodities relating to the forecasted usage of the Company's district energy centers extending through 2017. At September 30, 2014, these contracts were not designated as cash flow or fair value hedges.

Interest Rate Swaps

As of September 30, 2014, the Company had interest rate derivative instruments on project-level debt extending through 2030, the majority of which are designated as cash flow hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of the Company's open derivative transactions broken out by commodity as of September 30, 2014 and December 31, 2013.

		Total Volume	
		September 30, 2014	December 31, 2013
Commodity	Units	(In millions)	
Natural Gas	MMBtu	3	2
Interest	Dollars	$ 2,125	$ 1,234

The increase in the interest rate position was primarily the result of the interest rate swaps acquired with the Alta Wind Assets.

Fair Value of Derivative Instruments

The following table summarizes the fair value within the derivative instrument valuation on the balance sheet:

	Fair Value			
	Derivative Assets		Derivative Liabilities	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
	(In millions)			
Derivatives Designated as Cash Flow Hedges:				
Interest rate contracts current	$ —	$ —	$ 24	$ 26
Interest rate contracts long-term	5	14	18	16
Total Derivatives Designated as Cash Flow Hedges	5	14	42	42
Derivatives Not Designated as Cash Flow Hedges:				
Interest rate contracts current	—	—	5	3
Interest rate contracts long-term	2	6	5	—
Commodity contracts current	—	1	1	2
Commodity contracts long-term	—	—	—	—
Total Derivatives Not Designated as Cash Flow Hedges	2	7	11	5
Total Derivatives	$ 7	$ 21	$ 53	$ 47

The Company has elected to present derivative assets and liabilities on the balance sheet on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. As of September 30, 2014 and December 31, 2013, there was no outstanding collateral paid or received. The following table summarizes the offsetting of derivatives by counterparty master agreement level:

	Gross Amounts Not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Assets/ Liabilities	Derivative Instruments	Net Amount
As of September 30, 2014		(In millions)	
Commodity contracts:			
Derivative assets	$ —	$ —	$ —
Derivative liabilities	(1)	—	(1)
Total commodity contracts	(1)	—	(1)
Interest rate contracts:			
Derivative assets	7	(5)	2
Derivative liabilities	(52)	5	(47)
Total interest rate contracts	(45)	—	(45)
Total derivative instruments	$ (46)	$ —	$ (46)

	Gross Amounts Not Offset in the Statement of Financial Position		
As of December 31, 2013	Gross Amounts of Recognized Assets/ Liabilities	Derivative Instruments	Net Amount
Commodity contracts:		(In millions)	
Derivative assets	$ 1	$ —	$ 1
Derivative liabilities	(2)	—	(2)
Total commodity contracts	(1)	—	(1)
Interest rate contracts:			
Derivative assets	20	(12)	8
Derivative liabilities	(45)	12	(33)
Total interest rate contracts	(25)	—	(25)
Total derivative instruments	$ (26)	$ —	$ (26)

Accumulated Other Comprehensive Loss

The following table summarizes the effects on the Company's accumulated other comprehensive loss, or OCL, balance attributable to interest rate swaps designated as cash flow hedge derivatives:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(In millions)		(In millions)	
Accumulated OCL beginning balance	$ (25)	$ (12)	$ (1)	$ (48)
Unwinding of the tax accrual from the beginning balance	—	—	—	(17)
Reclassified from accumulated OCL to income due to realization of previously deferred amounts	3	3	11	10
Mark-to-market of cash flow hedge accounting contracts	2	(6)	(30)	40
Accumulated OCL ending balance	$ (20)	$ (15)	$ (20)	$ (15)

A loss of $14 million is expected to be realized from OCL during the next 12 months.

Amounts reclassified from accumulated OCL into income and amounts recognized in income from the ineffective portion of cash flow hedges are recorded to interest expense.

Impact of Derivative Instruments on the Statements of Operations

The Company has interest rate derivative instruments that are not designated as cash flow hedges as well as ineffectiveness on cash flow hedge derivatives. For the three months ended September 30, 2014 and 2013, the impact to the consolidated statements of operations was $0 and a gain of $1 million, respectively. For the six months ended September 30, 2014 and 2013, the impact to the consolidated statements of operations was a loss of $6 million and a gain of $10 million, respectively.

The Company's derivative commodity contracts relate to its Thermal business for the purchase of fuel commodities based on the forecasted usage of the Thermal district energy centers. Realized gains and losses on these contracts are reflected in the fuel costs that are permitted to be billed to customers through the related customer contracts or tariffs and accordingly, no gains or losses are reflected in the statement of operations for these contracts.

See Note 6, *Fair Value of Financial Instruments*, for discussion regarding concentration of credit risk.

Note 8 — Long - Term Debt

Long-term debt consisted of the following:

	September 30, 2014	December 31, 2013	Current interest rate % [a]
	(In millions, except rates)		
Long term debt - affiliate	$ 337	$ —	3.58
Senior Notes, due 2024	500	—	5.375
Project-level debt:			
Alta Wind I, lease financing arrangement, due 2034	263	—	7.015
Alta Wind II, lease financing arrangement, due 2034	207	—	5.696
Alta Wind III, lease financing arrangement, due 2034	215	—	6.067
Alta Wind IV, lease financing arrangement, due 2034	139	—	5.938
Alta Wind V, lease financing arrangement, due 2035	222	—	6.071
Alta Wind X, due 2020	300	—	L+2.00
Alta Wind XI, due 2020	191	—	L+2.00
Alta Realty Investments, due 2031	34	—	7.000
Alta Wind Asset Management, due 2031	20	—	L+2.375
NRG West Holdings LLC, due 2023	506	512	L+2.25/L+2.875
NRG Marsh Landing LLC, due 2017 and 2023	477	473	L+ 1.75/L+1.875
NRG Solar Alpine LLC, due 2022	166	221	L+2.5/L+1.75
NRG Energy Center Minneapolis LLC, senior secured notes, due 2017 and 2025	122	127	5.95/7.25
NRG Solar Borrego LLC, due 2024 and 2038	76	78	L+ 2.50/5.65
South Trent Wind LLC, due 2020	66	69	L+2.75
NRG Solar Avra Valley LLC, due 2031	64	63	L+ 1.75
TA High Desert LLC, due 2023 and 2033	57	80	L+2.50/5.15
NRG Roadrunner LLC, due 2031	42	44	L+ 2.01
NRG Solar Kansas South LLC, due 2031	36	58	L+2.00
NRG Solar Blythe LLC, due 2028	23	24	L+ 2.75
PFMG and related subsidiaries financing agreement, due 2030	31	32	6.00
NRG Energy Center Princeton LLC, due 2017	1	2	5.95
Subtotal project-level debt:	3,258	1,783	
Total debt	4,095	1,783	
Less current maturities	157	214	
Total long-term debt	$ 3,938	$ 1,569	

(a) As of September 30, 2014, L+ equals 3 month LIBOR plus x%, except for Kansas South where L+ equals 6 month LIBOR plus x%.

The financing arrangements listed above contain certain covenants, including financial covenants, that the Company is required to be in compliance with during the term of the arrangement. As of September 30, 2014, the Company was in compliance with all of the required covenants.

Yield Inc. Convertible Notes and Related Intercompany Note

During the first quarter of 2014, Yield Inc. closed on its offering of $345 million aggregate principal amount of 3.50% Convertible Notes due 2019, or the Convertible Notes. The Convertible Notes are convertible, under certain circumstances, into Yield Inc.'s common stock, cash or a combination thereof at an initial conversion price of $46.55 per Class A common share, which is equivalent to an initial conversion rate of approximately 21.4822 shares of Class A common stock per $1,000 principal amount of Convertible Notes.

The Company and Yield Operating provided a guarantee to Yield Inc. with respect to the Convertible Notes. In addition, Yield Operating and Yield Inc. entered into an intercompany borrowing arrangement, under which Yield Operating borrowed $337 million of the proceeds of the Convertible Notes. The intercompany note bears interest at a rate of 3.58% and matures in 2019.

Yield Operating Senior Notes

On August 5, 2014, Yield Operating issued $500 million of senior unsecured notes, or the Senior Notes. The Senior Notes bear interest at 5.375% and mature in August 2024. Interest on the notes is payable semi-annually on February 15 and August 15 of each year, commencing on February 15, 2015. The Senior Notes are senior unsecured obligations of Yield Operating and are guaranteed by the Company, and by certain of Yield Operating's wholly owned current and future subsidiaries. The Senior Notes were issued as "Green Bonds," and all proceeds from the Senior Notes were used to purchase the Alta Wind Assets, which qualify as eligible green projects.

The Company provided a guarantee to Yield Operating with respect to the Senior Notes.

Yield Operating and the Company's Revolving Credit Facility

In connection with the Yield, Inc. initial public offering in July 2013, as further described in Note 1, *Nature of Business*, the Company and Yield Operating entered into a senior secured revolving credit facility, which provided a revolving line of credit of $60 million. On April 25, 2014, the Company and Yield Operating amended the revolving credit facility to increase the available line of credit to $450 million and extend its maturity to April 2019. The revolving credit facility can be used for cash or for the issuance of letters of credit. There was no cash drawn and $27 million of letters of credit issued under the revolving credit facility as of September 30, 2014.

Project - level Debt

NRG West Holdings Credit Agreement

On August 23, 2011, NRG West Holdings LLC, or West Holdings, entered into a credit agreement with a group of lenders in respect to the El Segundo project, or the West Holdings Credit Agreement. The West Holdings Credit Agreement, is comprised of a $540 million two tranche construction loan facility with additional facilities for the issuance of letters of credit or working capital loans, and is secured by the assets of West Holdings.

The two tranche construction loan facility consists of the $480 million Tranche A Construction Facility, or the Tranche A Facility, and the $60 million Tranche B Construction Facility, or the Tranche B Facility. The Tranche A and Tranche B Facilities, which mature in August 2023, convert to a term loan and have an interest rate of 3-month LIBOR, plus an applicable margin which (i) increases by 0.125% periodically from conversion through year eight for the Tranche A Facility, and (ii) increases by (A) 0.125% upon term conversion and on the third and sixth anniversary of the term conversion and (B) by 0.025% on the eighth anniversary of the term conversion for the Tranche B Facility. The Tranche A and Tranche B Facilities amortize based upon a predetermined schedule over the term of the loan with the balance payable at maturity. The construction loan converted to a term loan on January 28, 2014.

The West Holdings Credit Agreement also provides for the issuance of letters of credit and working capital loans to support the El Segundo project's collateral needs. This includes letter of credit facilities on behalf of West Holdings of up to $90 million in support of the PPA, up to $48 million in support of the collateral agent, and a working capital facility which permits loans or the issuance of letters of credit of up to $10 million.

As of September 30, 2014, under the West Holdings Credit Agreement, West Holdings had $447 million outstanding under the Tranche A Facility, $59 million under the Tranche B Facility, issued a $33 million letter of credit in support of the PPA, a $48 million letter in support of debt service and a $1 million letter of credit under the working capital facility.

Alpine Financing

On March 16, 2012, NRG Solar Alpine LLC, or Alpine, entered into a credit agreement with a group of lenders for a $166 million construction loan that was convertible to a term loan upon completion of the project and a $68 million cash grant loan. On January 15, 2013, the credit agreement was amended, reducing the cash grant loan to $63 million. On March 26, 2013, Alpine met the conditions under the credit agreement to convert the construction loan to a term loan. Immediately prior to the conversion, the Company drew an additional $164 million under the construction loan and $62 million under the cash grant loan. The term loan amortizes on a predetermined schedule with final maturity in November 2022.

In January 2014, Alpine repaid the $62 million of outstanding cash grant loan, including accrued interest and breakage fees, with the proceeds that it had received from the U.S. Treasury Department, as further described in in Note 4, *Property, Plant and Equipment.* On June 24, 2014, Alpine amended the credit agreement to increase its term loan borrowings by an additional $13 million and to reduce the related interest rate to 3 month LIBOR plus 1.75% through June 30, 2019 and 3 month LIBOR plus 2.00% through November 2022. The proceeds were utilized to make a distribution of $11 million to Yield Operating with the remaining $2 million utilized to fund the costs of the amendment.

TA High Desert Facility

The TA High Desert Facility is comprised of $53 million of fixed rate notes due 2033 at an interest rate of 5.15%, $7 million of floating rate notes due 2023, $22 million of bridge notes due the earlier of ten days after receipt of the cash grant or May 2014, and a revolving facility of $12 million. The floating rate notes have an interest rate of 3 month LIBOR plus 2.5% with LIBOR floor of 1.5%, while the bridge notes have an interest rate of 1 month LIBOR plus 2.50%. As described in Note 4, *Property, Plant and Equipment*, in April 2014, TA High Desert received payment of $20 million for its cash grant and utilized the proceeds, along with an additional $2 million of cash contributed by NRG to repay the cash grant bridge loan. The revolving facility can be used for cash or for the issuance of up to $9 million in letters of credit. As of September 30, 2014, $57 million of notes were outstanding and $8 million of letters of credit were outstanding under the revolving facility. The notes amortize on predetermined schedules and are secured by all of the assets of TA High Desert.

RE Kansas South Facility

The RE Kansas South Facility includes a $38 million term loan due 2031 and a $21 million cash grant bridge loan due ten days after receipt of the cash grant. The term loan has an interest rate of 6 month LIBOR plus an applicable margin of 2.625% and increases by 0.25% every 4 years. The cash grant bridge loan had an interest rate of 1 month LIBOR plus an applicable margin of 2.00%. The term loan amortizes on a predetermined schedule and is secured by all of the assets of RE Kansas South. As described in Note 4, *Property, Plant and Equipment*, in April 2014, the Company received payment of $21 million for the cash grant related to RE Kansas South and utilized the proceeds to repay the cash grant bridge loan. As of September 30, 2014, $36 million was outstanding under the term loan and $4 million of letters of credit were issued under the RE Kansas South Facility. On September 26, 2014, RE Kansas South amended its credit agreement to change the interest rate to 6 month LIBOR plus 2.00% through September 30, 2019 and to 6 month LIBOR plus 2.250% thereafter.

Additional Project-level Debt Amendments

On July 9, 2014, Avra Valley amended its credit agreement to increase its borrowings by $3 million and to reduce the related interest rate from 3 month LIBOR plus an applicable margin of 2.25% to 3 month LIBOR plus 1.75%. The proceeds were primarily utilized to make a distribution to Yield Operating.

On July 17, 2014, Marsh Landing amended its credit agreement to increase its borrowings by $34 million and to reduce the related interest rate for the Tranche A borrowings from 3 month LIBOR plus an applicable margin of 2.75% to 3 month LIBOR plus 1.75% through December 2017 and to 3 month LIBOR plus 2.00% thereafter; and for the Tranche B to reduce the related interest rate from 3 month LIBOR plus 3.00% to 3 month LIBOR plus 1.875% through December 2017 and to 3 month LIBOR plus 2.125% thereafter. The proceeds from the borrowings were utilized to make a distribution of $29 million to Yield Operating and to fund the costs of the amendment.

Alta Wind Financing Arrangements

As described in Note 3, *Business Acquisitions*, the Company acquired the Alta Wind Assets on August 12, 2014. In connection with the acquisition, the Company assumed the following debt arrangements:

Term loan and note facilities

Amount in millions, except rates	Term Loan Facility			Letter of Credit Facility			Notes Payable		
Non-Recourse Debt	Amount Outstanding as of September 30, 2014	Interest Rate	Maturity Date	Amount Outstanding as of September 30, 2014	Interest Rate	Maturity Date	Amount Outstanding as of September 30, 2014	Interest Rate	Maturity Date
Alta Realty	$ —	—	—	$ —	—	—	$ 34	7.00%	1/31/2031
AWAM	20	3-Month LIBOR + 2.375%	5/15/2031	—	—	—	—	—	—
Alta X	300	3-Month LIBOR + 2.00%	3/31/2020	5	2.00%	3/31/2020	—	—	—
Alta XI	191	3-Month LIBOR + 2.00%	3/31/2020	—	—	—	—	—	—
Total	$ 511			$ 5			$ 34		

All of the assets of Alta X and Alta XI are pledged as collateral under their respective agreements.

Lease financing arrangements

Alta Wind Holdings (Alta Wind II - V) and Alta I have finance lease obligations issued under lease transactions whereby the respective operating entities sold and leased back undivided interests in specific assets of the project. All of the assets of Alta I - V are pledged as collateral under these arrangements. The sale and related lease transactions are accounted for as financing arrangements as the operating entities have continued involvement with the property.

Amount in millions, except rates	Lease Financing Arrangement			Letter of Credit Facility		
Non-Recourse Debt	Amount Outstanding as of September 30, 2014	Interest Rate	Maturity Date	Amount Outstanding as of September 30, 2014	Interest Rate	Maturity Date
Alta Wind I	$ 263	7.015%	12/30/2034	$ 16	3.250%	1/5/2016
Alta Wind II	207	5.696%	12/30/2034	25	2.750%	12/31/2017
Alta Wind III	215	6.067%	12/30/2034	25	2.750%	4/13/2018
Alta Wind IV	139	5.938%	12/30/2034	18	2.750%	5/20/2018
Alta Wind V	222	6.071%	6/30/2035	28	2.750%	6/13/2018
Total	$ 1,046			$ 112		

Interest Rate Swaps — Alta Wind Project Financings

Certain of Alta Wind's project subsidiaries entered into interest rate swaps, intended to hedge the risks associated with interest rates on non-recourse project level debt. These swaps amortize in proportion to their respective loans and are floating for fixed where the project subsidiary pays its counterparty the equivalent of a fixed interest payment on a predetermined notional value and will receive quarterly the equivalent of a floating interest payment based on the same notional value. All interest rate swap payments by a project subsidiary and its counterparty are made quarterly and LIBOR is determined in advance of each interest period. The following table summarizes the swaps related to Alta Wind project level debt as of September 30, 2014:

Non-Recourse Debt	% of Principal	Fixed Interest Rate	Floating Interest Rate	Notional Amount at September 30, 2014 (In millions)	Effective Date	Maturity Date
Alta X	100%	various	3-Month LIBOR	$ 216	December 31, 2013	December 31, 2015
Alta X	100%	various	3-Month LIBOR	84	December 31, 2013	December 31, 2025
Alta X	100%	various	3-Month LIBOR	162	December 31, 2015	December 31, 2020
Alta X	100%	various	3-Month LIBOR	103	December 31, 2020	December 31, 2025
Alta XI	100%	various	3-Month LIBOR	138	December 31, 2013	December 31, 2015
Alta XI	100%	various	3-Month LIBOR	53	December 31, 2013	December 31, 2025
Alta XI	100%	various	3-Month LIBOR	103	December 31, 2015	December 31, 2020
Alta XI	100%	various	3-Month LIBOR	65	December 31, 2020	December 31, 2025
AWAM	100%	2.47%	3-Month LIBOR	20	May 22, 2013	May 15, 2031
Total				$ 944		

Interest Rate Swaps — Project Financings

Many of the Company's project subsidiaries entered into interest rate swaps, intended to hedge the risks associated with interest rates on non-recourse project level debt. These swaps amortize in proportion to their respective loans and are floating for fixed where the project subsidiary pays its counterparty the equivalent of a fixed interest payment on a predetermined notional value and will receive quarterly the equivalent of a floating interest payment based on the same notional value. All interest rate swap payments by the project subsidiary and its counterparty are made quarterly and the LIBOR is determined in advance of each interest period. The following table summarizes the swaps, some of which are forward starting as indicated, related to the Company's project level debt as of September 30, 2014 and December 31, 2013.

	% of Principal	Fixed Interest Rate	Floating Interest Rate	Notional Amount at September 30, 2014	Notional Amount at December 31, 2013	Effective Date	Maturity Date
				(In millions)			
NRG Marsh Landing	75%	3.244%	3-mo. LIBOR	$ 443	$ 474	June 28, 2013	June 30, 2023
NRG West Holdings LLC	75%	2.417%	3-mo. LIBOR	383	405	November 30, 2011	August 31, 2023
South Trent Wind LLC	75%	3.265%	3-mo. LIBOR	49	51	June 15, 2010	June 14, 2020
South Trent Wind LLC	75%	4.95%	3-mo. LIBOR	21	21	June 30, 2020	June 14, 2028
NRG Solar Roadrunner LLC	75%	4.313%	3-mo. LIBOR	32	33	September 30, 2011	December 31, 2029
NRG Solar Blythe LLC	75%	3.563%	3-mo. LIBOR	18	18	June 25, 2010	June 25, 2028
NRG Solar Avra Valley LLC	90%	2.333%	3-mo. LIBOR	55	56	November 30, 2012	November 30, 2030
NRG Solar Alpine LLC	85%	2.744%	3-mo. LIBOR	141	135	December 31, 2012	December 31, 2029
RE Kansas South LLC	75%	2.368%	3-mo. LIBOR	27	27	June 28, 2013	December 31, 2030
NRG Solar Borrego LLC	75%	1.125%	3-mo. LIBOR	12	14	April 3, 2013	June 30, 2020

Annual Maturities

Annual payments based on the maturities of the Company's debt, for the years ending after September 30, 2014 are as follows:

	(In millions)
2014 (October 1 to December 31)	$ 62
2015	177
2016	189
2017	201
2018	204
Thereafter	3,262
Total	$ 4,095

Note 9 — Members' Equity

For all periods prior to the acquisition and Yield Inc.'s initial public offering, members' equity reflects the combined capital contributed by NRG, as well as its retained earnings and accumulated comprehensive loss.

The following table lists the distributions paid on the Company's Class A and Class B units during the nine months ended September 30, 2014:

	Third Quarter 2014	Second Quarter 2014	First Quarter 2014
Distributions per unit	$ 0.365	$ 0.35	$ 0.33

On November 5, 2014, the Company declared a distribution on its Class A and Class B units of $0.375 per share payable on December 15, 2014.

On June 30, 2014, the Company acquired the TA High Desert, RE Kansas South, and El Segundo projects, as discussed in Note 3, *Business Acquisitions*. The difference between the cash paid and historical value of the entities' equity of $113 million was recorded as a distribution to NRG and reduced the balance of its contributed capital. As the financial statements have been retrospectively adjusted as discussed in Note 1, *Nature of Business*, the cash paid for the historical value of the entities' equity of $244 million is also shown as a distribution to NRG and reduces the balance of its contributed capital. Prior to the date of acquisition, NRG contributed $2 million to TA High Desert and El Segundo made a distribution to NRG of $23 million. In addition, there were $14 million of non-cash contributions recorded in the nine months ended September 30, 2014.

Note 10 — Segment Reporting

The Company's segment structure reflects how management currently makes financial decisions and allocates resources. Its businesses are primarily segregated based on conventional power generation, renewable businesses which consist of solar and wind, and the thermal and chilled water business. The Corporate segment reflects the Company's corporate costs.

The Company generated more than 10% of its revenues from the following customers for the nine months ended September 30, 2014 and 2013:

	2014		2013	
Customer	**Conventional (%)**	**Renewables (%)**	**Conventional (%)**	**Renewables (%)**
Pacific Gas and Electric	21%	6%	20%	8%
Southern California Edison	21%	3%	10%	4%

(In millions)	Three months ended September 30, 2014 Conventional Generation	Renewables	Thermal	Corporate	Total
Operating revenues	$ 65	$ 48	$ 48	$ —	$ 161
Cost of operations	9	11	32	—	52
Depreciation and amortization	15	14	5	—	34
General and administrative — affiliate	—	—	—	3	3
Acquisition-related transaction and integration costs	—	—	—	2	2
Operating income (loss)	41	23	11	(5)	70
Equity in earnings of unconsolidated affiliates	4	7	—	—	11
Interest expense	(11)	(19)	(2)	(7)	(39)
Other income, net	—	—	—	1	1
Net Income (Loss)	34	11	9	(11)	43
Total Assets	$ 1,526	$ 3,413	$ 434	$ 316	$ 5,689

(In millions)	Three months ended September 30, 2013 Conventional Generation	Renewables	Thermal	Corporate	Total
Operating revenues	$ 57	$ 29	$ 40	$ —	$ 126
Cost of operations	13	3	28	—	44
Depreciation and amortization	7	7	4	—	18
General and administrative — affiliate	—	—	—	1	1
Operating income (loss)	37	19	8	(1)	63
Equity in earnings of unconsolidated affiliates	5	7	—	—	12
Interest expense	(10)	(9)	(2)	(1)	(22)
Net Income (Loss)	$ 32	$ 17	$ 6	$ (2)	$ 53

(In millions)	Nine months ended September 30, 2014 Conventional Generation	Renewables	Thermal	Corporate	Total
Operating revenues	$ 182	$ 97	$ 156	$ —	$ 435
Cost of operations	31	18	108	—	157
Depreciation and amortization	51	29	14	—	94
General and administrative — affiliate	—	—	—	7	7
Acquisition-related transaction and integration costs	—	—	—	2	2
Operating income (loss)	100	50	34	(9)	175
Equity in earnings of unconsolidated affiliates	11	15	—	—	26
Interest expense	(33)	(41)	(6)	(13)	(93)
Other income, net	—	1	—	1	2
Net Income (Loss)	$ 78	$ 25	$ 28	$ (21)	$ 110

(In millions)	Nine months ended September 30, 2013 Conventional Generation	Renewables	Thermal	Corporate	Total
Operating revenues	$ 77	$ 71	$ 113	$ —	$ 261
Cost of operations	16	8	81	—	105
Depreciation and amortization	9	18	11	—	38
General and administrative — affiliate	—	—	—	5	5
Operating income (loss)	52	45	21	(5)	113
Equity in earnings of unconsolidated affiliates	12	6	—	—	18
Interest expense	(13)	(13)	(6)	(1)	(33)
Other income, net	1	—	—	—	1
Net Income (Loss)	$ 52	$ 38	$ 15	$ (6)	$ 99

Note 11 — Related Party Transactions

Management Services Agreement with NRG

Subsequent to the initial public offering, NRG provides the Company with various operation, management, and administrative services, which include human resources, accounting, tax, legal, information systems, treasury, and risk management, as set forth in the Management Services Agreement. As of September 30, 2014, the base management fee was approximately $1.5 million per quarter subject to an inflation based adjustment annually at an inflation factor based on the year-over-year U.S. consumer price index. The fee is also subject to adjustments following the consummation of future acquisitions and as a result of a change in the scope of services provided under the Management Services Agreement. The fee was increased by approximately $2 million per year in connection with the acquisition of the Acquired ROFO Assets and Alta Wind Assets. Costs incurred under this agreement were approximately $7 million for the nine months ending September 30, 2014, which included certain direct expenses incurred by NRG on behalf of the Company in addition to the base management fee.

Operation and Maintenance Services Agreements by and between NRG and Thermal Entities

On October 1, 2014, NRG entered into Plant Operation and Maintenance Services Agreements with certain wholly owned subsidiaries of the Company. NRG agreed to provide necessary and appropriate services to operate and maintain the subsidiaries' plant operations, businesses and thermal facilities. NRG is to be reimbursed for the provided services, as well as for all reasonable and related expenses and expenditures, and payments to third parties for services and materials rendered to or on behalf of the parties to the agreements. NRG is not entitled to any management fee or mark-up under the agreements.

Accounts Payable to NRG Solar LLC

During the third quarter of 2013, NRG Solar LLC, a wholly-owned subsidiary of NRG, made 100% of the required capital contributions to CVSR, including the Company's 48.95% portion, of which $14 million was outstanding as of December 31, 2013. This balance was repaid to NRG Solar LLC during the quarter ended March 31, 2014.

Accounts Payable to NRG Repowering Holdings LLC

During 2013, NRG Repowering Holdings, LLC, a wholly-owned subsidiary of NRG, made payments to BA Leasing BSC, LLC, or BA Leasing, of $18 million, which were expected to be repaid with the proceeds of the cash grant received by BA leasing with respect to the PFMG DG Solar Projects, a wholly-owned subsidiary of the Company, in connection with a sale-leaseback arrangement between the PFMG DG Solar Projects and BA Leasing. As of December 31, 2013, PFMG DG Solar Projects had a corresponding receivable for the reimbursement of the cash grant from BA Leasing and related payable to NRG Repowering Holdings, LLC. In the first quarter of 2014, the PFMG DG Solar Projects received $11 million from BA Leasing and reduced the remaining receivable with an offset to the deferred liability recorded in connection with the sale - leaseback arrangement. The PFMG DG Solar Projects utilized the $11 million to repay NRG Repowering Holdings LLC.

GenConn

GenConn incurs fees under Operations and Maintenance (O&M) agreements with two wholly owned subsidiaries of NRG. The fees incurred under the O&M agreements were $5 million for both the nine months ended September 30, 2014 and the year ended December 31, 2013.

Thermal

NRG Energy Center Dover LLC, or NRG Dover, a subsidiary of the Company is party to a Power Sales and Services Agreement with NRG Power Marketing LLC, or NRG Power Marketing, a wholly-owned subsidiary of NRG. The agreement is automatically renewed on a month-to-month basis unless terminated by either party upon at least 30 day written notice. Under the agreement, NRG Power Marketing has the exclusive right to (i) manage, market and sell power, (ii) procure fuel and fuel transportation for operation of the Dover generating facility, to include for purposes other than generating power, (iii) procure transmission services required for the sale of power, and (iv) procure and market emissions credits for operation of the Dover generating facility.

In addition, NRG Power Marketing has the exclusive right and obligation to direct the output from the generating facility, in accordance with and to meet the terms of any power sales contracts executed against the power generation of the Dover facility. Under the agreement, NRG Power Marketing pays NRG Dover gross receipts generated through sales, less costs incurred by NRG Power Marketing related to providing such services as transmission and delivery costs, as well as fuel costs. During 2011, the existing coal purchase contract expired and NRG Power Marketing entered into a new contract, which expired in December 2012, to purchase coal for the Dover Facility. In July 2013, the originally coal-fueled plant was converted to become a natural gas facility. For the nine months ended September 30, 2014 and the year ended December 31, 2013, NRG Dover purchased $9 million and $5 million, respectively of natural gas from its related party.

Note 12 — Environmental Matters

In 2013, NRG Energy Center San Francisco LLC, a wholly owned indirect subsidiary of the Company, received a notice of violation from the San Francisco Department of Public Health alleging improper monitoring of three underground storage tanks. The tanks have not leaked. The Company settled the matter in July 2014 for $123,000.

Note 13 — Commitments and Contingencies

Operating Lease Commitments

The Company leases certain facilities and equipment under operating leases, some of which include escalation clauses, expiring on various dates through 2035. The effects of these scheduled rent increases, leasehold incentives, and rent concessions are recognized on a straight-line basis over the lease term unless another systematic and rational allocation basis is more representative of the time pattern in which the leased property is physically employed. Lease expense under operating leases for the nine months ended September 30, 2014 and the year ended December 31, 2013 was $1 million and $2 million.

Future minimum lease commitments under operating leases for the years ending after September 30, 2014, are as follows:

Period	(In millions)
2014	$ 1
2015	2
2016	2
2017	2
2018	2
Thereafter	14
Total	$ 23

Gas and Transportation Commitments

The Company has entered into contractual arrangements to procure power, fuel and associated transportation services. For the nine months ended September 30, 2014 and the year ended December 31, 2013, the Company purchased $43 million and $40 million, respectively, under such arrangements.

As of September 30, 2014, the Company's commitments under gas and transportation agreements are estimated as follows:

Period	(In millions)
2014	$ 6
2015	9
2016	4
2017	3
2018	3
Thereafter	26
Total	$ 51

Contingencies

In the normal course of business, the Company is subject to various claims and litigation. Management expects that these various litigation items will not have a material adverse effect on the Company's results of operations or financial position.

Note 14 — Condensed Consolidating Financial Information

On August 5, 2014, Yield Operating issued $500 million of Senior Notes as shown in Note 8, *Long - Term Debt*. These Senior Notes are guaranteed by the Company, as well as certain of the Company's subsidiaries, or guarantor subsidiaries. These guarantees are both joint and several. The non-guarantor subsidiaries include the rest of the Company's subsidiaries, including the ones that are subject to project financing.

Unless otherwise noted below, each of the following guarantor subsidiaries fully and unconditionally guaranteed the Senior Notes as of September 30, 2014:

NRG Yield LLC
NRG Energy Center Omaha Holdings
NRG Energy Center Omaha LLC
NRG South Trent Holdings LLC

NRG YIELD, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Three Months Ended September 30, 2014

(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations[(a)]	Consolidated
			(In millions)		
Operating Revenues					
Total operating revenues	$ 7	$ 154	$ —	$ —	$ 161
Operating Costs and Expenses					
Cost of operations	4	48	—	—	52
Depreciation and amortization	1	33	—	—	34
General and administrative — affiliate	3	—	—	—	3
Acquisition-related transaction and integration costs	—	—	2	—	2
Total operating costs and expenses	8	81	2	—	91
Operating (Loss) Income	(1)	73	(2)	—	70
Other Income (Expense)					
Equity in earnings of consolidated affiliates	40	—	45	(85)	—
Equity in earnings of unconsolidated affiliates	—	—	11	—	11
Other income, net	1	—	—	—	1
Interest expense	—	(31)	(8)	—	(39)
Total other income (expense)	41	(31)	48	(85)	(27)
Net Income	$ 40	$ 42	$ 46	$ (85)	$ 43

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG YIELD, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Nine Months Ended September 30, 2014

(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations[a]	Consolidated
			(In millions)		
Operating Revenues					
Total operating revenues	$ 19	$ 416	$ —	$ —	$ 435
Operating Costs and Expenses			—		
Cost of operations	12	145	—	—	157
Depreciation and amortization	3	91	—	—	94
General and administrative — affiliate	7	—	—	—	7
Acquisition-related transaction and integration costs	—	—	2	—	2
Total operating costs and expenses	22	236	2	—	260
Operating (Loss) Income	(3)	180	(2)	—	175
Other Income (Expense)					
Equity in earnings of consolidated affiliates	94	—	88	(182)	—
Equity in earnings of unconsolidated affiliates	—	—	26	—	26
Other income, net	1	1	—	—	2
Interest expense	—	(79)	(14)	—	(93)
Total other income (expense)	95	(78)	100	(182)	(65)
Net Income (Loss)	$ 92	$ 102	$ 98	$ (182)	$ 110

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG YIELD, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months Ended September 30, 2014

(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations[a]	Consolidated
			(In millions)		
Net Income	$ 40	$ 42	$ 46	$ (85)	$ 43
Other Comprehensive Income					
Unrealized gain on derivatives	5	3	5	(8)	5
Other comprehensive income	5	3	5	(8)	5
Comprehensive Income	$ 45	$ 45	$ 51	$ (93)	$ 48

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG YIELD, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the Nine Months Ended September 30, 2014

(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations[a]	Consolidated
			(In millions)		
Net Income	$ 92	$ 102	$ 98	$ (182)	$ 110
Other Comprehensive Loss					
Unrealized loss on derivatives	(18)	(20)	(19)	38	(19)
Other comprehensive loss	(18)	(20)	(19)	38	(19)
Comprehensive Income	$ 74	$ 82	$ 79	$ (144)	$ 91

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG YIELD, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEETS
September 30, 2014
(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations[a]	Consolidated
ASSETS			(In millions)		
Current Assets					
Cash and cash equivalents	$ 301	$ 71	$ —	$ —	$ 372
Restricted cash	—	54	—	—	54
Accounts receivable — trade	3	77	—	—	80
Accounts receivable — affiliate	(216)	11	241	(32)	4
Inventory	2	15	—	—	17
Notes receivable	—	6	—	—	6
Prepayments and other current assets	—	21	1	—	22
Total current assets	90	255	242	(32)	555
Net property, plant and equipment	58	3,218	—	—	3,276
Other Assets					
Investment in consolidated subsidiaries	1,341	—	1,711	(3,052)	—
Equity investments in affiliates	—	—	230	—	230
Notes receivable	—	17	—	—	17
Intangible assets, net of accumulated amortization $17	57	1,460	—	—	1,517
Derivative instruments	—	7	—	—	7
Other non-current assets	1	76	10	—	87
Total other assets	1,399	1,560	1,951	(3,052)	1,858
Total Assets	$ 1,547	$ 5,033	$ 2,193	$ (3,084)	$ 5,689

NRG YIELD, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEETS
September 30, 2014
(Unaudited)

LIABILITIES AND MEMBERS' EQUITY	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations(a)	Consolidated
			(In millions)		
Current Liabilities					
Current portion of long-term debt	$ —	$ 157	$ —	$ —	$ 157
Accounts payable	1	12	2	—	15
Accounts payable — affiliate	7	46	27	(32)	48
Derivative instruments	—	30	—	—	30
Accrued expenses and other current liabilities	1	44	7	—	52
Total current liabilities	9	289	36	(32)	302
Other Liabilities					
Long-term debt — external	—	3,101	500	—	3,601
Long-term debt — affiliate	—	—	337	—	337
Out-of-market contracts	—	5	—	—	5
Derivative instruments	—	23	—	—	23
Other non-current liabilities	—	29	—	—	29
Total non-current liabilities	—	3,158	837	—	3,995
Total Liabilities	9	3,447	873	(32)	4,297
Commitments and Contingencies					
Members' Equity					
Contributed capital	1,355	1,455	1,167	(2,767)	1,210
Retained earnings	206	135	173	(312)	202
Accumulated other comprehensive (loss) income	(23)	(4)	(20)	27	(20)
Total Members' Equity	1,538	1,586	1,320	(3,052)	1,392
Total Liabilities and Members' Equity	$ 1,547	$ 5,033	$ 2,193	$ (3,084)	$ 5,689

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG YIELD, LLC

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2014

(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations (a)	Consolidated
			(In millions)		
Net Cash Provided by (Used in) Operating Activities	30	29	135	—	194
Cash Flows from Investing Activities					
Payment for Alta Acquisition	—	—	(901)	—	(901)
Payment to NRG for Acquired ROFO assets	—	—	(357)	—	(357)
Capital expenditures	—	(28)	—	—	(28)
Decrease in restricted cash	—	28	—	—	28
Decrease in notes receivable, including affiliates	—	4	2	—	6
Proceeds from renewable energy grants	—	137	—	—	137
Investments in unconsolidated affiliates	—	—	(17)	—	(17)
Other	—	11	—	—	11
Net Cash (Used in) Provided by Investing Activities	—	152	(1,273)	—	(1,121)
Cash Flows from Financing Activities					
Proceeds from (payments for) intercompany loans	(290)	—	290	—	—
Capital contributions from NRG	—	2	—	—	2
Payment of distributions and returns of capital to NRG	(72)	(23)	—	—	(95)
Proceeds from issuance of long-term debt — external	—	79	500	—	579
Proceeds from issuance of long-term debt — affiliate	—		337	—	337
Payment of debt issuance costs	—	(9)	(9)	—	(18)
Payments for long-term debt — external	—	(195)	—	—	(195)
Proceeds from the issuance of Class A units	630	—	—	—	630
Net Cash Provided by (Used in) Financing Activities	268	(146)	1,118	—	1,240
Net Increase (Decrease) in Cash and Cash Equivalents	298	35	(20)	—	313
Cash and Cash Equivalents at Beginning of Period	3	36	20	—	59
Cash and Cash Equivalents at End of Period	$ 301	$ 71	$ —	$ —	$ 372

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG YIELD, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Three Months Ended September 30, 2013

(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations[(a)]	Consolidated
			(In millions)		
Operating Revenues					
Total operating revenues	$ —	$ 126	$ —	$ —	$ 126
Operating Costs and Expenses					
Cost of operations	—	44	—	—	44
Depreciation and amortization	—	18	—	—	18
General and administrative — affiliate	1	—	—	—	1
Total operating costs and expenses	1	62	—	—	63
Operating (Loss) Income	(1)	64	—	—	63
Other Income (Expense)					
Equity in earnings of consolidated affiliates	45	—	33	(78)	—
Equity in earnings of unconsolidated affiliates	—	—	12	—	12
Interest expense	—	(22)	—	—	(22)
Total other income (expense)	45	(22)	45	(78)	(10)
Net Income	$ 44	$ 42	$ 45	$ (78)	$ 53

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG YIELD, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Nine Months Ended September 30, 2013

(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations[a]	Consolidated
			(In millions)		
Operating Revenues					
Total operating revenues	$ —	$ 261	$ —	$ —	$ 261
Operating Costs and Expenses					
Cost of operations	—	105	—	—	105
Depreciation and amortization	—	38	—	—	38
General and administrative — affiliate	5	—	—	—	5
Total operating costs and expenses	5	143	—	—	148
Operating (Loss) Income	(5)	118	—	—	113
Other Income (Expense)					
Equity in earnings of consolidated affiliates	52	—	52	(104)	—
Equity in earnings of unconsolidated affiliates	—	—	18	—	18
Other income, net	—	1	—	—	1
Interest expense	—	(33)	—	—	(33)
Total other income (expense)	52	(32)	70	(104)	(14)
Net Income	$ 47	$ 86	$ 70	$ (104)	$ 99

NRG YIELD, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the Three Months Ended September 30, 2013

(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations[(a)]	Consolidated
			(In millions)		
Net Income	$ 44	$ 42	$ 45	$ (78)	$ 53
Other Comprehensive Loss					
Unrealized loss on derivatives	14	(3)	(3)	(11)	(3)
Other comprehensive loss	14	(3)	(3)	(11)	(3)
Comprehensive Income	$ 58	$ 39	$ 42	$ (89)	$ 50

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG YIELD, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the Nine Months Ended September 30, 2013

(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations[(a)]	Consolidated
			(In millions)		
Net Income	$ 47	$ 86	$ 70	$ (104)	$ 99
Other Comprehensive Income					
Unrealized gain on derivatives	50	44	33	(94)	33
Other comprehensive income	50	44	33	(94)	33
Comprehensive Income	$ 97	$ 130	$ 103	$ (198)	$ 132

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG YIELD, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEETS
December 31, 2013
(Unaudited)

ASSETS	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations[a]	Consolidated
			(In millions)		
Current Assets					
Cash and cash equivalents	$ 3	$ 36	$ 20	$ —	$ 59
Restricted cash	—	67	—	—	67
Accounts receivable — trade	2	49	—	—	51
Accounts receivable — affiliate	67	23	—	(84)	6
Inventory	2	13	—	—	15
Derivative instruments	—	1	—	—	1
Notes receivable	—	6	—	—	6
Renewable energy grant receivable	—	147	—	—	147
Prepayments and other current assets	—	27	—	—	27
Total current assets	74	369	20	(84)	379
Net property, plant and equipment	60	2,231	—	—	2,291
Other Assets					
Equity investments in affiliates	—	—	227	—	227
Notes receivable	—	21	—	—	21
Notes receivable — affiliate	—	—	2	—	2
Intangible assets, net of accumulated amortization of $6	59	44	—	—	103
Derivative instruments	—	20	—	—	20
Other non-current assets	—	49	1	—	50
Total other assets	871	134	1,169	(1,751)	423
Total Assets	$ 1,005	$ 2,734	$ 1,189	$ (1,835)	$ 3,093

NRG YIELD, LLC AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEETS
December 31, 2013
(Unaudited)

LIABILITIES AND MEMBERS' EQUITY	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations(a)	Consolidated
			(In millions)		
Current Liabilities					
Current portion of long-term debt	$ —	$ 214	$ —	$ —	$ 214
Accounts payable	2	40	—	—	42
Accounts payable — affiliate	—	54	82	(84)	52
Derivative instruments	—	31	—	—	31
Accrued expenses and other current liabilities	—	30	—	—	30
Total current liabilities	2	369	82	(84)	369
Other Liabilities					
Long-term debt — external	—	1,569	—	—	1,569
Out-of-market contracts	—	5	—	—	5
Derivative instruments	—	16	—	—	16
Other non-current liabilities	—	27	—	—	27
Total non-current liabilities	—	1,617	—	—	1,617
Total Liabilities	2	1,986	82	(84)	1,986
Commitments and Contingencies					
Members' Equity					
Contributed capital	864	604	944	(1,468)	944
Retained earnings	144	128	164	(272)	164
Accumulated other comprehensive (loss) income	(5)	16	(1)	(11)	(1)
Total Members' Equity	1,003	748	1,107	(1,751)	1,107
Total Liabilities and Members' Equity	$ 1,005	$ 2,734	$ 1,189	$ (1,835)	$ 3,093

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG YIELD, LLC

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2013

(Unaudited)

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Yield Operating LLC (Note Issuer)	Eliminations (a)	Consolidated
			(In millions)		
Net Cash Provided by (Used in) Operating Activities	23	28	39	—	90
Cash Flows from Investing Activities					
Capital expenditures	—	(339)	—	—	(339)
Increase in restricted cash	—	(88)	—	—	(88)
Decrease in notes receivable, including affiliates	—	1	3	—	4
Proceeds from renewable energy grants	—	24	—	—	24
Investments in unconsolidated affiliates	—	—	(19)	—	(19)
Net Cash Used in Investing Activities	—	(402)	(16)	—	(418)
Cash Flows from Financing Activities					
Proceeds from (payments for) intercompany loans	21	—	(21)	—	—
Capital contributions from NRG	—	150	—	—	150
Dividends and returns of capital to NRG	(395)	(312)	—	—	(707)
Proceeds from issuance of long-term debt — external	—	558	—	—	558
Payment of borrowings from affiliate	—	(2)	—	—	(2)
Payment of debt issuance costs	—	(4)	(1)	—	(5)
Payments for long-term debt — external	(26)	(9)	—	—	(35)
Proceeds from the issuance of Class A units	468	—	—	—	468
Net Cash (Used in) Provided by Financing Activities	68	381	(22)	—	427
Net Increase in Cash and Cash Equivalents	91	7	1	—	99
Cash and Cash Equivalents at Beginning of Period	—	22	—	—	22
Cash and Cash Equivalents at End of Period	$ 91	$ 29	$ 1	$ —	$ 121

(a) All significant intercompany transactions have been eliminated in consolidation.