# UNITED STATES SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the quarterly period ended June 30, 2024**

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Commission File Number: 333-203369**

# Clearway Energy LLC
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **32-0407370** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | | | |
|---|---|---|---|
| **300 Carnegie Center, Suite 300** | **Princeton** | **New Jersey** | **08540** |
| (Address of principal executive offices) | | | (Zip Code) |

**(609) 608-1525**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

**Yes** ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

**Yes** ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

**Yes** ☐ **No** ☒

As of July 29, 2024, there were 34,613,853 Class A units outstanding, 42,738,750 Class B units outstanding, 82,829,344 Class C units outstanding, and 41,961,750 Class D units outstanding. There is no public market for the registrant's outstanding units.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q of Clearway Energy LLC, together with its consolidated subsidiaries, or the Company, includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The words "believes," "projects," "anticipates," "plans," "expects," "intends," "estimates" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors, risks and uncertainties include the factors described under Item 1A — *Risk Factors* in Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as well as the following:

- The Company's ability to maintain and grow its quarterly distributions;
- Potential risks related to the Company's relationships with CEG and its owners;
- The Company's ability to successfully identify, evaluate and consummate acquisitions from, and dispositions to, third parties;
- The Company's ability to acquire assets from CEG;
- The Company's ability to borrow additional funds and access capital markets, as well as the Company's substantial indebtedness and the possibility that the Company may incur additional indebtedness going forward;
- Changes in law, including judicial decisions;
- Hazards customary to the power production industry and power generation operations such as fuel and electricity price volatility, unusual weather conditions (including wind and solar conditions), catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, unanticipated changes to fuel supply costs or availability due to higher demand, shortages, transportation problems or other developments, environmental incidents, or electric transmission or gas pipeline system constraints and the possibility that the Company may not have adequate insurance to cover losses as a result of such hazards;
- The Company's ability to operate its businesses efficiently, manage maintenance capital expenditures and costs effectively, and generate earnings and cash flows from its asset-based businesses in relation to its debt and other obligations;
- The willingness and ability of counterparties to the Company's offtake agreements to fulfill their obligations under such agreements;
- The Company's ability to enter into contracts to sell power and procure fuel on acceptable terms and prices;
- Government regulation, including compliance with regulatory requirements and changes in market rules, rates, tariffs and environmental laws;
- Operating and financial restrictions placed on the Company that are contained in the facility-level debt facilities and other agreements of certain subsidiaries and facility-level subsidiaries generally, in the Clearway Energy Operating LLC amended and restated revolving credit facility and in the indentures governing the Senior Notes; and
- Cyber terrorism and inadequate cybersecurity, or the occurrence of a catastrophic loss and the possibility that the Company may not have adequate insurance to cover losses resulting from such hazards or the inability of the Company's insurers to provide coverage.

Forward-looking statements speak only as of the date they were made, and the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause the Company's actual results to differ materially from those contemplated in any forward-looking statements included in this Quarterly Report on Form 10-Q should not be construed as exhaustive.

## GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

| | |
|---|---|
| 2028 Senior Notes | $850 million aggregate principal amount of 4.75% unsecured senior notes due 2028, issued by Clearway Energy Operating LLC |
| 2031 Senior Notes | $925 million aggregate principal amount of 3.75% unsecured senior notes due 2031, issued by Clearway Energy Operating LLC |
| 2032 Senior Notes | $350 million aggregate principal amount of 3.75% unsecured senior notes due 2032, issued by Clearway Energy Operating LLC |
| Adjusted EBITDA | A non-GAAP measure, represents earnings before interest (including loss on debt extinguishment), tax, depreciation and amortization adjusted for mark-to-market gains or losses, asset write offs and impairments; and factors which the Company does not consider indicative of future operating performance |
| ASC | The FASB Accounting Standards Codification, which the FASB established as the source of authoritative GAAP |
| ATM Program | At-The-Market Equity Offering Program |
| BESS | Battery energy storage system |
| BlackRock | BlackRock, Inc. |
| CAFD | A non-GAAP measure, Cash Available for Distribution is defined as of June 30, 2024 as Adjusted EBITDA plus cash distributions/return of investment from unconsolidated affiliates, cash receipts from notes receivable, cash distributions from noncontrolling interests, adjustments to reflect sales-type lease cash payments and payments for lease expenses, less cash distributions to noncontrolling interests, maintenance capital expenditures, pro-rata Adjusted EBITDA from unconsolidated affiliates, cash interest paid, income taxes paid, principal amortization of indebtedness, changes in prepaid and accrued capacity payments and adjusted for development expenses |
| CEG | Clearway Energy Group LLC (formerly Zephyr Renewables LLC) |
| CEG Master Services Agreement | Amended and Restated Master Services Agreement, dated as of April 30, 2024, among the Company, Clearway, Inc., Clearway Energy Operating LLC and CEG |
| Clearway, Inc. | Clearway Energy, Inc., the holder of the Company's Class A and Class C units |
| Clearway Energy Group LLC | The holder of all shares of Clearway, Inc.'s Class B and Class D common stock and the Company's Class B and Class D units and, from time to time, possibly shares of Clearway, Inc.'s Class A and/or Class C common stock |
| Clearway Energy Operating LLC | The holder of facilities that are owned by the Company |
| Clearway Renew | Clearway Renew LLC, a subsidiary of CEG, and its wholly-owned subsidiaries |
| Company | Clearway Energy LLC, together with its consolidated subsidiaries |
| CVSR | California Valley Solar Ranch |
| CVSR Holdco | CVSR Holdco LLC, the indirect owner of CVSR |
| Distributed Solar | Solar power facilities, typically less than 20 MW in size (on an alternating current, or AC, basis), that primarily sell power produced to customers for usage on site, or are interconnected to sell power into the local distribution grid |
| Drop Down Assets | Assets under common control acquired by the Company from CEG |
| ERCOT | Electric Reliability Council of Texas, the ISO and the regional reliability coordinator of the various electricity systems within Texas |
| Exchange Act | The Securities Exchange Act of 1934, as amended |
| FASB | Financial Accounting Standards Board |
| GAAP | Accounting principles generally accepted in the U.S. |
| GenConn | GenConn Energy LLC |
| GIM | Global Infrastructure Management, LLC, the manager of GIP |
| GIP | Global Infrastructure Partners |
| HLBV | Hypothetical Liquidation at Book Value |
| ISO | Independent System Operator, also referred to as an RTO |
| Mesquite Star | Mesquite Star Special LLC |

| | |
|---|---|
| MMBtu | Million British Thermal Units |
| Mt. Storm | NedPower Mount Storm LLC |
| MW | Megawatt |
| MWh | Saleable megawatt hours, net of internal/parasitic load megawatt-hours |
| Natural Gas Holdco | Natural Gas CA Holdco LLC |
| Net Exposure | Counterparty credit exposure to Clearway, Inc. net of collateral |
| OCI | Other comprehensive income |
| O&M | Operations and Maintenance |
| PG&E | Pacific Gas and Electric Company |
| PJM | PJM Interconnection, LLC |
| PPA | Power Purchase Agreement |
| RA | Resource adequacy |
| RENOM | Clearway Renewable Operation & Maintenance LLC, a wholly-owned subsidiary of CEG |
| Rosie Central BESS | Rosie BESS Devco LLC |
| RTO | Regional Transmission Organization |
| SCE | Southern California Edison |
| SEC | U.S. Securities and Exchange Commission |
| Senior Notes | Collectively, the 2028 Senior Notes, the 2031 Senior Notes and the 2032 Senior Notes |
| SOFR | Secured Overnight Financing Rate |
| SPP | Solar Power Partners |
| SREC | Solar Renewable Energy Credit |
| TotalEnergies | TotalEnergies SE |
| U.S. | United States of America |
| Utah Solar Portfolio | Seven utility-scale solar farms located in Utah, representing 530 MW of capacity |
| Utility Scale Solar | Solar power facilities, typically 20 MW or greater in size (on an alternating current, or AC, basis), that are interconnected into the transmission or distribution grid to sell power at a wholesale level |
| VIE | Variable Interest Entity |

## PART I — FINANCIAL INFORMATION

## ITEM 1 — FINANCIAL STATEMENTS

## CLEARWAY ENERGY LLC

## CONSOLIDATED STATEMENTS OF INCOME

**(Unaudited)**

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| **(In millions)** | **2024** | **2023** | **2024** | **2023** |
| **Operating Revenues** | | | | |
| Total operating revenues | $ 366 | $ 406 | $ 629 | $ 694 |
| **Operating Costs and Expenses** | | | | |
| Cost of operations, exclusive of depreciation, amortization and accretion shown separately below | 117 | 118 | 243 | 226 |
| Depreciation, amortization and accretion | 153 | 128 | 307 | 256 |
| General and administrative | 8 | 9 | 19 | 19 |
| Transaction and integration costs | 3 | 2 | 4 | 2 |
| Total operating costs and expenses | 281 | 257 | 573 | 503 |
| **Operating Income** | 85 | 149 | 56 | 191 |
| **Other Income (Expense)** | | | | |
| Equity in earnings of unconsolidated affiliates | 8 | 3 | 20 | — |
| Other income, net | 12 | 9 | 28 | 17 |
| Loss on debt extinguishment | (2) | — | (3) | — |
| Interest expense | (88) | (55) | (145) | (154) |
| Total other expense, net | (70) | (43) | (100) | (137) |
| **Net Income (Loss)** | 15 | 106 | (44) | 54 |
| Less: Net loss attributable to noncontrolling interests and redeemable noncontrolling interests | (92) | — | (125) | (30) |
| **Net Income Attributable to Clearway Energy LLC** | $ 107 | $ 106 | $ 81 | $ 84 |

See accompanying notes to consolidated financial statements.

**CLEARWAY ENERGY LLC**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**(Unaudited)**

| (In millions) | Three months ended June 30, 2024 | Three months ended June 30, 2023 | Six months ended June 30, 2024 | Six months ended June 30, 2023 |
|---|---|---|---|---|
| **Net Income (Loss)** | $ 15 | $ 106 | $ (44) | $ 54 |
| **Other Comprehensive Income** | | | | |
| Unrealized gain on derivatives and changes in accumulated OCI | 1 | 4 | — | — |
| Other comprehensive income | 1 | 4 | — | — |
| **Comprehensive Income (Loss)** | 16 | 110 | (44) | 54 |
| Less: Comprehensive (loss) income attributable to noncontrolling interests and redeemable noncontrolling interests | (92) | 1 | (122) | (30) |
| **Comprehensive Income Attributable to Clearway Energy LLC** | $ 108 | $ 109 | $ 78 | $ 84 |

See accompanying notes to consolidated financial statements.

## CLEARWAY ENERGY LLC

## CONSOLIDATED BALANCE SHEETS

| (In millions) | June 30, 2024 | December 31, 2023 |
|---|---|---|
| **ASSETS** | (Unaudited) | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 226 | $ 535 |
| Restricted cash | 344 | 516 |
| Accounts receivable — trade | 255 | 171 |
| Accounts receivable — affiliates | 1 | — |
| Inventory | 60 | 55 |
| Derivative instruments | 51 | 41 |
| Note receivable — affiliate | — | 174 |
| Prepayments and other current assets | 68 | 55 |
| Total current assets | 1,005 | 1,547 |
| **Property, plant and equipment, net** | 9,952 | 9,526 |
| **Other Assets** | | |
| Equity investments in affiliates | 321 | 360 |
| Intangible assets for power purchase agreements, net | 2,214 | 2,303 |
| Other intangible assets, net | 71 | 71 |
| Derivative instruments | 117 | 82 |
| Right-of-use assets, net | 597 | 597 |
| Other non-current assets | 224 | 202 |
| Total other assets | 3,544 | 3,615 |
| **Total Assets** | $ 14,501 | $ 14,688 |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| **Current Liabilities** | | |
| Current portion of long-term debt — external | $ 412 | $ 558 |
| Current portion of long-term debt — affiliate | — | 1 |
| Accounts payable — trade | 86 | 130 |
| Accounts payable — affiliates | 15 | 35 |
| Derivative instruments | 59 | 51 |
| Accrued interest expense | 55 | 57 |
| Accrued expenses and other current liabilities | 77 | 79 |
| Total current liabilities | 704 | 911 |
| **Other Liabilities** | | |
| Long-term debt — external | 6,797 | 7,479 |
| Deferred income taxes | 1 | 2 |
| Derivative instruments | 336 | 281 |
| Long-term lease liabilities | 626 | 627 |
| Other non-current liabilities | 301 | 282 |
| Total other liabilities | 8,061 | 8,671 |
| **Total Liabilities** | 8,765 | 9,582 |
| **Redeemable noncontrolling interest in subsidiaries** | 6 | 1 |
| **Commitments and Contingencies** | | |
| **Members' Equity** | | |
| Contributed capital | 943 | 1,299 |
| Retained earnings | 942 | 1,027 |
| Accumulated other comprehensive income | 12 | 15 |
| Noncontrolling interest | 3,833 | 2,764 |
| **Total Members' Equity** | 5,730 | 5,105 |
| **Total Liabilities and Members' Equity** | $ 14,501 | $ 14,688 |

See accompanying notes to consolidated financial statements.

**CLEARWAY ENERGY LLC**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | Six months ended June 30, | |
|---|---|---|
| **(In millions)** | **2024** | **2023** |
| **Cash Flows from Operating Activities** | | |
| **Net (Loss) Income** | $ (44) | $ 54 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Equity in earnings of unconsolidated affiliates | (20) | — |
| Distributions from unconsolidated affiliates | 15 | 11 |
| Depreciation, amortization and accretion | 307 | 256 |
| Amortization of financing costs and debt discounts | 7 | 6 |
| Amortization of intangibles | 91 | 94 |
| Loss on debt extinguishment | 3 | — |
| Reduction in carrying amount of right-of-use assets | 8 | 8 |
| Changes in derivative instruments and amortization of accumulated OCI | 49 | (51) |
| Cash used in changes in other working capital: | | |
| Changes in prepaid and accrued liabilities for tolling agreements | (16) | (56) |
| Changes in other working capital | (121) | (87) |
| **Net Cash Provided by Operating Activities** | 279 | 235 |
| **Cash Flows from Investing Activities** | | |
| Acquisition of Drop Down Assets, net of cash acquired | (671) | (7) |
| Capital expenditures | (202) | (109) |
| Return of investment from unconsolidated affiliates | 35 | 10 |
| Decrease in note receivable — affiliate | 184 | — |
| Investments in unconsolidated affiliates | — | (10) |
| Other | 7 | — |
| **Net Cash Used in Investing Activities** | (647) | (116) |
| **Cash Flows from Financing Activities** | | |
| Contributions from noncontrolling interests, net of distributions | 1,203 | 209 |
| Contributions from CEG, net of distributions | 196 | 66 |
| Payments of distributions | (164) | (153) |
| Tax-related distributions | (1) | (45) |
| Proceeds from the issuance of long-term debt — external | 236 | 42 |
| Payments of debt issuance costs | (4) | (8) |
| Payments for long-term debt — external | (1,577) | (306) |
| Payments for long-term debt — affiliate | (1) | — |
| Other | (1) | (2) |
| **Net Cash Used In Financing Activities** | (113) | (197) |
| **Net Decrease in Cash, Cash Equivalents and Restricted Cash** | (481) | (78) |
| **Cash, Cash Equivalents and Restricted Cash at Beginning of Period** | 1,051 | 996 |
| **Cash, Cash Equivalents and Restricted Cash at End of Period** | $ 570 | $ 918 |

See accompanying notes to consolidated financial statements.

## CLEARWAY ENERGY LLC

## CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

### For the Six Months Ended June 30, 2024

### (Unaudited)

| (In millions) | Contributed Capital | Retained Earnings | Accumulated Other Comprehensive Income | Noncontrolling Interest | Total Members' Equity |
|---|---|---|---|---|---|
| **Balances at December 31, 2023** | $ 1,299 | $ 1,027 | $ 15 | $ 2,764 | $ 5,105 |
| Net loss | — | (26) | — | (34) | (60) |
| Unrealized (loss) gain on derivatives and changes in accumulated OCI | — | — | (4) | 3 | (1) |
| Distributions to CEG, net of contributions, cash | (1) | — | — | — | (1) |
| Contributions from noncontrolling interests, net of distributions, cash | — | — | — | 215 | 215 |
| Transfers of assets under common control | (38) | — | — | (2) | (40) |
| Distributions paid to Clearway, Inc. | — | (47) | — | — | (47) |
| Distributions paid to CEG Class B and Class D unit holders | — | (34) | — | — | (34) |
| Other | — | — | — | 1 | 1 |
| **Balances at March 31, 2024** | 1,260 | 920 | 11 | 2,947 | 5,138 |
| Net income (loss) | — | 107 | — | (96) | 11 |
| Unrealized gain on derivatives and changes in accumulated OCI | — | — | 1 | — | 1 |
| Contributions from CEG, net of distributions, cash | 222 | — | — | — | 222 |
| Contributions to noncontrolling interests, net of distributions, cash | — | — | — | 988 | 988 |
| Distributions to noncontrolling interests, net of contributions, non-cash | — | — | — | (1) | (1) |
| Transfers of assets under common control | (539) | — | — | (5) | (544) |
| Tax-related distributions | — | (1) | — | — | (1) |
| Distributions paid to Clearway, Inc. | — | (48) | — | — | (48) |
| Distributions paid to CEG Class B and Class D unit holders | — | (35) | — | — | (35) |
| Other | — | (1) | — | — | (1) |
| **Balances at June 30, 2024** | $ 943 | $ 942 | $ 12 | $ 3,833 | $ 5,730 |

See accompanying notes to consolidated financial statements.

**CLEARWAY ENERGY LLC**

**CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY**

**For the Six Months Ended June 30, 2023**

**(Unaudited)**

| (In millions) | Contributed Capital | Retained Earnings | Accumulated Other Comprehensive Income | Noncontrolling Interest | Total Members' Equity |
|---|---|---|---|---|---|
| **Balances at December 31, 2022** | $ 1,308 | $ 1,240 | $ 21 | $ 1,591 | $ 4,160 |
| Net loss | — | (22) | — | (33) | (55) |
| Unrealized loss on derivatives and changes in accumulated OCI | — | — | (3) | (1) | (4) |
| Contributions from CEG, net of distributions, cash | 30 | — | — | — | 30 |
| Contributions from noncontrolling interests, net of distributions, cash | — | — | — | 215 | 215 |
| Transfers of assets under common control | (59) | — | — | 53 | (6) |
| Distributions paid to Clearway, Inc. | — | (32) | — | — | (32) |
| Distributions paid to CEG Class B and Class D unit holders | — | (44) | — | — | (44) |
| **Balances at March 31, 2023** | 1,279 | 1,142 | 18 | 1,825 | 4,264 |
| Net income (loss) | — | 106 | — | (6) | 100 |
| Unrealized gain on derivatives and changes in accumulated OCI | — | — | 3 | 1 | 4 |
| Distributions to CEG, cash | (4) | — | — | — | (4) |
| Distributions to noncontrolling interests, net of contributions, cash | — | — | — | (5) | (5) |
| Tax-related distributions | — | (45) | — | — | (45) |
| Distributions paid to Clearway, Inc. | — | (45) | — | — | (45) |
| Distributions paid to CEG Class B and Class D unit holders | — | (32) | — | — | (32) |
| **Balances at June 30, 2023** | $ 1,275 | $ 1,126 | $ 21 | $ 1,815 | $ 4,237 |

See accompanying notes to consolidated financial statements.

**Note 1 — *Nature of Business***

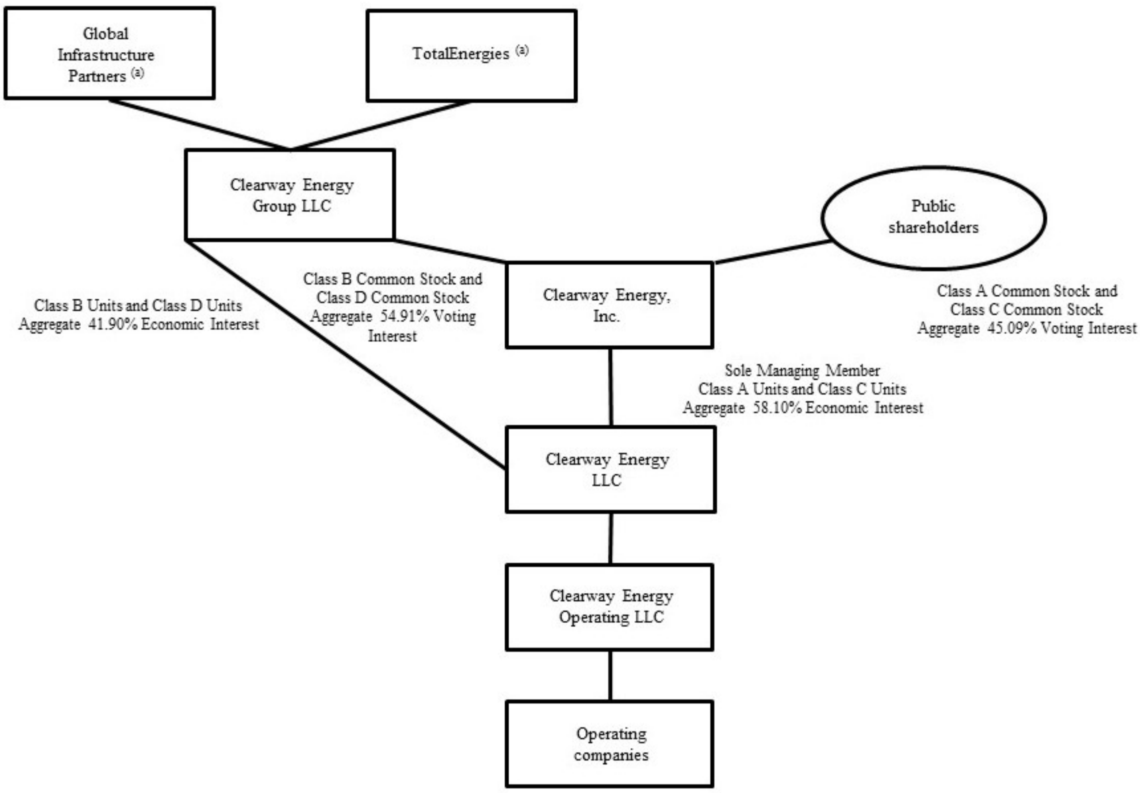
Clearway Energy LLC, together with its consolidated subsidiaries, or the Company, is an energy infrastructure investor with a focus on investments in clean energy and owner of modern, sustainable and long-term contracted assets across North America. The Company is sponsored by GIP and TotalEnergies through the portfolio company, Clearway Energy Group LLC, or CEG, which is equally owned by GIP and TotalEnergies. GIP is an independent infrastructure fund manager that makes equity and debt investments in infrastructure assets and businesses. TotalEnergies is a global multi-energy company. CEG is a leading developer of renewable energy infrastructure in the U.S.

The Company is one of the largest renewable energy owners in the U.S. with approximately 6,500 net MW of installed wind, solar and battery energy storage system, or BESS, facilities. The Company's approximately 9,000 net MW of assets also includes approximately 2,500 net MW of environmentally-sound, highly efficient natural gas-fired generation facilities. Through this environmentally-sound, diversified and primarily contracted portfolio, the Company endeavors to increase distributions to its unit holders. The majority of the Company's revenues are derived from long-term contractual arrangements for the output or capacity from these assets.

Clearway Energy, Inc., or Clearway, Inc., consolidates the results of the Company through its controlling interest, with CEG's interest shown as contributed capital in the Company's consolidated financial statements. The holders of Clearway, Inc.'s outstanding shares of Class A and Class C common stock are entitled to dividends as declared. CEG receives its distributions from the Company through its ownership of the Company's Class B and Class D units.

As of June 30, 2024, Clearway, Inc. owned 58.10% of the economic interests of the Company, with CEG owning 41.90% of the economic interests of the Company.

The following table represents a summarized structure of the Company as of June 30, 2024:




(a) GIP and TotalEnergies each own 50% of CEG through intermediate holding companies.

*Basis of Presentation*

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the SEC's regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. The following notes should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the consolidated financial statements included in the Company's 2023 Form 10-K. Interim results are not necessarily indicative of results for a full year.

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 June 30, 2024, and results of operations, comprehensive income and cash flows for the three and six months ended June 30, 2024 and 2023.

**Note 2 — Summary of Significant Accounting Policies**

***Use of Estimates***

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions. These estimates and assumptions impact the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amounts of net earnings during the reporting periods. Actual results could be different from these estimates.

***Cash, Cash Equivalents and Restricted Cash***

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less at the time of purchase. Cash and cash equivalents held at subsidiary facilities was $191 million and $125 million as of June 30, 2024 and December 31, 2023, respectively.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| | (In millions) | |
| Cash and cash equivalents | $ 226 | $ 535 |
| Restricted cash | 344 | 516 |
| Cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows | $ 570 | $ 1,051 |

Restricted cash consists primarily of funds held to satisfy the requirements of certain debt agreements and funds held within the Company’s facilities that are restricted in their use. As of June 30, 2024, these restricted funds were comprised of $169 million designated to fund operating expenses, $42 million designated for current debt service payments and $89 million restricted for reserves including debt service, performance obligations and other reserves as well as capital expenditures. The remaining $44 million is held in distributions reserve accounts.

***Supplemental Cash Flow Information***

The following table provides a disaggregation of the amounts classified as Acquisition of Drop Down Assets, net of cash acquired, shown in the consolidated statements of cash flows:

| | Six months ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| | (In millions) | |
| Cash paid to acquire Drop Down Assets | $ (673) | $ (21) |
| Cash acquired from the acquisition of Drop Down Assets | 2 | 14 |
| Acquisition of Drop Down Assets, net of cash acquired | $ (671) | $ (7) |

***Accumulated Depreciation and Accumulated Amortization***

The following table presents the accumulated depreciation included in property, plant and equipment, net, and accumulated amortization included in intangible assets, net:

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| | (In millions) | |
| Property, Plant and Equipment Accumulated Depreciation | $ 3,781 | $ 3,485 |
| Intangible Assets Accumulated Amortization | 1,101 | 1,009 |

***Distributions***

The following table lists distributions paid on the Company's Class A, B, C and D units during the six months ended June 30, 2024:

| | Second Quarter 2024 | First Quarter 2024 |
|---|---|---|
| Distributions per Class A, B, C and D unit | $ 0.4102 | $ 0.4033 |

On August 1, 2024, the Company declared a distribution on its Class A, Class B, Class C and Class D units of $0.4171 per unit payable on September 16, 2024 to unit holders of record as of September 3, 2024.

***Revenue Recognition***

*Disaggregated Revenues*

The following tables represent the Company’s disaggregation of revenue from contracts with customers along with the reportable segment for each category:

| | Three months ended June 30, 2024 | | |
|---|---|---|---|
| **(In millions)** | **Conventional Generation** | **Renewables** | **Total** |
| Energy revenue [a] | $ 10 | $ 334 | $ 344 |
| Capacity revenue [a] | 67 | 13 | 80 |
| Other revenues | 1 | 29 | 30 |
| Contract amortization | (4) | (42) | (46) |
| Mark-to-market for economic hedges | (5) | (37) | (42) |
| Total operating revenues | 69 | 297 | 366 |
| Less: Contract amortization | 4 | 42 | 46 |
| Less: Mark-to-market for economic hedges | 5 | 37 | 42 |
| Less: Lease revenue | (28) | (267) | (295) |
| Total revenue from contracts with customers | $ 50 | $ 109 | $ 159 |

[a] The following amounts of energy and capacity revenues relate to leases and are accounted for under ASC 842:

| **(In millions)** | **Conventional Generation** | **Renewables** | **Total** |
|---|---|---|---|
| Energy revenue | $ — | $ 258 | $ 258 |
| Capacity revenue | 28 | 9 | 37 |
| Total | $ 28 | $ 267 | $ 295 |

| | Three months ended June 30, 2023 | | |
|---|---|---|---|
| **(In millions)** | **Conventional Generation** | **Renewables** | **Total** |
| Energy revenue [a] | $ 3 | $ 275 | $ 278 |
| Capacity revenue [a] | 96 | 5 | 101 |
| Other revenues [a] | 21 | 27 | 48 |
| Contract amortization | (5) | (42) | (47) |
| Mark-to-market for economic hedges | — | 26 | 26 |
| Total operating revenues | 115 | 291 | 406 |
| Less: Contract amortization | 5 | 42 | 47 |
| Less: Mark-to-market for economic hedges | — | (26) | (26) |
| Less: Lease revenue | (104) | (237) | (341) |
| Total revenue from contracts with customers | $ 16 | $ 70 | $ 86 |

[a] The following amounts of energy, capacity and other revenues relate to leases and are accounted for under ASC 842:

| **(In millions)** | **Conventional Generation** | **Renewables** | **Total** |
|---|---|---|---|
| Energy revenue | $ 1 | $ 233 | $ 234 |
| Capacity revenue | 82 | 4 | 86 |
| Other revenues [b] | 21 | — | 21 |
| Total | $ 104 | $ 237 | $ 341 |

[b] Includes sales-type lease revenue recognized for the Marsh Landing Black Start addition that reached commercial operations on May 31, 2023.

| (In millions) | Six months ended June 30, 2024 Conventional Generation | Renewables | Total |
|---|---|---|---|
| Energy revenue[a] | $ 32 | $ 555 | $ 587 |
| Capacity revenue[a] | 130 | 22 | 152 |
| Other revenues | 3 | 43 | 46 |
| Contract amortization | (9) | (83) | (92) |
| Mark-to-market for economic hedges | 8 | (72) | (64) |
| Total operating revenue | 164 | 465 | 629 |
| Less: Contract amortization | 9 | 83 | 92 |
| Less: Mark-to-market for economic hedges | (8) | 72 | 64 |
| Less: Lease revenue | (57) | (444) | (501) |
| Total revenue from contracts with customers | $ 108 | $ 176 | $ 284 |

[a] The following amounts of energy and capacity revenues relate to leases and are accounted for under ASC 842:

| (In millions) | Conventional Generation | Renewables | Total |
|---|---|---|---|
| Energy revenue | $ 1 | $ 427 | $ 428 |
| Capacity revenue | 56 | 17 | 73 |
| Total | $ 57 | $ 444 | $ 501 |

| (In millions) | Six months ended June 30, 2023 Conventional Generation | Renewables | Total |
|---|---|---|---|
| Energy revenue [a] | $ 4 | $ 473 | $ 477 |
| Capacity revenue [a] | 196 | 10 | 206 |
| Other revenues [a] | 21 | 39 | 60 |
| Contract amortization | (11) | (83) | (94) |
| Mark-to-market for economic hedges | — | 45 | 45 |
| Total operating revenue | 210 | 484 | 694 |
| Less: Contract amortization | 11 | 83 | 94 |
| Less: Mark-to-market for economic hedges | — | (45) | (45) |
| Less: Lease revenue | (205) | (393) | (598) |
| Total revenue from contracts with customers | $ 16 | $ 129 | $ 145 |

[a] The following amounts of energy, capacity and other revenues relate to leases and are accounted for under ASC 842:

| (In millions) | Conventional Generation | Renewables | Total |
|---|---|---|---|
| Energy revenue | $ 2 | $ 385 | $ 387 |
| Capacity revenue | 182 | 8 | 190 |
| Other revenues [b] | 21 | — | 21 |
| Total | $ 205 | $ 393 | $ 598 |

[b] Includes sales-type lease revenue recognized for the Marsh Landing Black Start addition that reached commercial operations on May 31, 2023.

*Contract Balances*

The following table reflects the contract assets and liabilities included on the Company's consolidated balance sheets:

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| | (In millions) | |
| Accounts receivable, net - Contracts with customers | $ 100 | $ 66 |
| Accounts receivable, net - Leases | 155 | 105 |
| Total accounts receivable, net | $ 255 | $ 171 |

**Note 3 — *Acquisitions***

***Cedar Creek Drop Down*** — On April 16, 2024, the Company, through its indirect subsidiary, Cedar Creek Wind Holdco LLC, acquired Cedar Creek Holdco LLC, the indirect owner of Cedar Creek, a 160 MW wind facility that is located in Bingham County, Idaho, from Clearway Renew for cash consideration of $117 million. Cedar Creek Holdco LLC consolidates as primary beneficiary, Cedar Creek TE Holdco LLC, a tax equity fund that owns the Cedar Creek wind facility, as further described in Note 4, *Investments Accounted for by the Equity Method and Variable Interest Entities*. Cedar Creek has a 25-year PPA with an investment-grade utility that commenced in March 2024. The Cedar Creek operations are reflected in the Company's Renewables segment and the acquisition was funded with existing sources of liquidity. The acquisition was determined to be an asset acquisition and the Company consolidates Cedar Creek on a prospective basis in its financial statements. The assets and liabilities transferred to the Company relate to interests under common control and were recorded at historical cost in accordance with ASC 805-50, *Business Combinations - Related Issues*. The difference between the cash paid of $117 million and the historical cost of the Company's net assets acquired of $17 million was recorded as an adjustment to contributed capital. In addition, the Company reflected the entire $117 million of the Company's purchase price, which was contributed back to the Company by CEG to pay down the acquired long-term debt, in the line item contributions from CEG, net of distributions in the consolidated statements of members' equity.

The following is a summary of assets and liabilities transferred in connection with the acquisition as of April 16, 2024:

| (In millions) | Cedar Creek |
|---|---|
| Restricted cash | $ 1 |
| Property, plant and equipment | 311 |
| Right-of-use assets, net | 6 |
| Derivative assets | 14 |
| Other current and non-current assets | 14 |
| Total assets acquired | 346 |
| | |
| Long-term debt [a] | 309 |
| Long-term lease liabilities | 7 |
| Other current and non-current liabilities | 13 |
| Total liabilities assumed | 329 |
| Net assets acquired | $ 17 |

[a] Includes a $112 million construction loan, a $91 million cash equity bridge loan, and a $109 million tax equity bridge loan, offset by $3 million in unamortized debt issuance costs. See Note 7, *Long-term Debt,* for further discussion of the long-term debt assumed in the acquisition.

***Texas Solar Nova 2 Drop Down*** **—** On March 15, 2024, the Company, through its indirect subsidiary, TSN1 TE Holdco LLC, acquired Texas Solar Nova 2, a 200 MW solar facility that is located in Kent County, Texas, from Clearway Renew for cash consideration of $112 million, $17 million of which was funded by the Company with the remaining $95 million funded through a contribution from the cash equity investor in Lighthouse Renewable Holdco 2 LLC, which is a partnership. Lighthouse Renewable Holdco 2 LLC indirectly consolidates as primary beneficiary, TSN1 TE Holdco LLC, a tax equity fund that owns Texas Solar Nova 1 and Texas Solar Nova 2, as further described in Note 4, *Investments Accounted for by the Equity Method and Variable Interest Entities.* Texas Solar Nova 2 has an 18-year PPA with an investment-grade counterparty that commenced in February 2024. The Texas Solar Nova 2 operations are reflected in the Company's Renewables segment and the Company's portion of the purchase price was funded with existing sources of liquidity. The acquisition was determined to be an asset acquisition and the Company consolidates Texas Solar Nova 2 on a prospective basis in its financial statements. The assets and liabilities transferred to the Company relate to interests under common control and were recorded at historical cost in accordance with ASC 805-50, *Business Combinations - Related Issues*. The difference between the cash paid of $112 million and the historical cost of the Company's net assets acquired of $72 million was recorded as an adjustment to contributed capital. In addition, the Company reflected $9 million of the Company's purchase price, which was contributed back to the Company by CEG to pay down the acquired long-term debt, in the line item distributions to CEG, net of contributions in the consolidated statements of members' equity.

The following is a summary of assets and liabilities transferred in connection with the acquisition as of March 15, 2024:

| **(In millions)** | **Texas Solar Nova 2** |
|---|---|
| Restricted cash | $ 1 |
| Property, plant and equipment | 280 |
| Right-of-use assets, net | 21 |
| Derivative assets | 6 |
| Other current and non-current assets | 4 |
| Total assets acquired | 312 |
| | |
| Long-term debt [a] | 194 |
| Long-term lease liabilities | 19 |
| Other current and non-current liabilities | 27 |
| Total liabilities assumed | 240 |
| Net assets acquired | $ 72 |

[a] Includes an $80 million term loan and a $115 million tax equity bridge loan, offset by $1 million in unamortized debt issuance costs. See Note 7, *Long-term Debt,* for further discussion of the long-term debt assumed in the acquisition.

## Note 4 — *Investments Accounted for by the Equity Method and Variable Interest Entities*

***Entities that are not Consolidated***

The Company has interests in entities that are considered VIEs under ASC 810, but for which it is not considered the primary beneficiary. The Company accounts for its interests in these entities and entities in which it has a significant investment under the equity method of accounting, as further described under Item 15 — Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities,* to the consolidated financial statements included in the Company's 2023 Form 10-K.

The following table reflects the Company's equity investments in unconsolidated affiliates as of June 30, 2024:

| Name | Economic Interest | Investment Balance [a] |
|---|---|---|
| | | (In millions) |
| Avenal | 50% | $ 7 |
| Desert Sunlight | 25% | 221 |
| Elkhorn Ridge | 67% | 11 |
| GenConn [b] | 50% | 77 |
| San Juan Mesa | 75% | 5 |
| | | $ 321 |

[a] The Company's maximum exposure to loss is limited to its investment balances.

[b] GenConn is a VIE.

***Rosie Central BESS***

On June 13, 2024, when the Rosamond Central BESS facility reached substantial completion, Clearway Renew redeemed Rosie Class B LLC's entire investment of $28 million in Rosie Central BESS that was accounted for as an equity method investment, as further discussed in Note 7, *Long-term Debt*. Rosie Class B LLC's equity investment in Rosie Central BESS was comprised of contributions from the Company and the cash equity investor in Rosie TargetCo LLC during the year ended December 31, 2023.

***Entities that are Consolidated***

As further described under Item 15 — Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities,* to the consolidated financial statements included in the Company's 2023 Form 10-K, the Company has a controlling financial interest in certain entities which have been identified as VIEs under ASC 810, *Consolidations*, or ASC 810. These arrangements are primarily related to tax equity arrangements entered into with third parties in order to monetize certain tax credits associated with wind, solar and BESS facilities. The Company also has a controlling financial interest in certain partnership arrangements with third-party investors, which also have been identified as VIEs. Under the Company's arrangements that have been identified as VIEs, the third-party investors are allocated earnings, tax attributes and distributable cash in accordance with the respective limited liability company agreements. Many of these arrangements also provide a mechanism to facilitate achievement of the investor's specified return by providing incremental cash distributions to the investor at a specified date if the specified return has not yet been achieved.

The following is a summary of significant activity during the six months ended June 30, 2024 related to the Company's consolidated VIEs:

***Cedar Creek TE Holdco LLC***

As described in Note 3, *Acquisitions*, on April 16, 2024, the Company, through its indirect subsidiary, Cedar Creek Wind Holdco LLC, acquired Cedar Creek Holdco LLC. Cedar Creek Holdco LLC consolidates as primary beneficiary, Cedar Creek TE Holdco LLC, a tax equity fund that owns the Cedar Creek wind facility. The Class A membership interests in Cedar Creek TE Holdco LLC are held by a tax equity investor and are reflected as noncontrolling interest on the Company's consolidated balance sheet.

***Lighthouse Renewable Holdco 2 LLC***

As described in Note 3, *Acquisitions*, on March 15, 2024, TSN1 TE Holdco LLC, an indirect subsidiary of the Company, acquired Texas Solar Nova 2. The Company, through Lighthouse Renewable Holdco 2 LLC, a partnership, consolidates TSN1 TE Holdco LLC, a tax equity fund that owns Texas Solar Nova 1 and Texas Solar Nova 2. The Company recorded the noncontrolling interest of the cash equity investor in Lighthouse Renewable Holdco 2 LLC at historical carrying amount, with the offset to contributed capital. The Class A membership interests in TSN1 TE Holdco LLC are held by a tax equity investor and are reflected as noncontrolling interest on the Company's consolidated balance sheet.

***Daggett Renewable Holdco LLC***

Effective January 1, 2024, the Company and the cash equity investor in Daggett Renewable HoldCo LLC and Daggett 2 TargetCo LLC, the indirect owner of the Daggett 2 solar and BESS facility, agreed to transfer Daggett 2 TargetCo LLC to Daggett Renewable Holdco LLC. As the transfer was among entities under common control, the transaction was recognized at historical cost and no gain or loss was recognized.

Summarized financial information for the Company's consolidated VIEs consisted of the following as of June 30, 2024:

| (In millions) | Buckthorn Holdings, LLC | Cedar Creek TE Holdco LLC | Daggett Renewable Holdco LLC [(a)] | DGPV Funds [(b)] | Lighthouse Renewable Holdco LLC [(c)] | Lighthouse Renewable Holdco 2 LLC [(d)] |
|---|---|---|---|---|---|---|
| Other current and non-current assets | $ 5 | $ 47 | $ 240 | $ 56 | $ 69 | $ 153 |
| Property, plant and equipment | 181 | 310 | 1,369 | 371 | 403 | 1,329 |
| Intangible assets | — | — | — | 1 | — | 2 |
| Total assets | 186 | 357 | 1,609 | 428 | 472 | 1,484 |
| Current and non-current liabilities | 12 | 124 | 645 | 51 | 140 | 586 |
| Total liabilities | 12 | 124 | 645 | 51 | 140 | 586 |
| Noncontrolling interest | 10 | 105 | 951 | 9 | 245 | 696 |
| Net assets less noncontrolling interest | $ 164 | $ 128 | $ 13 | $ 368 | $ 87 | $ 202 |

[(a)] Daggett Renewable Holdco LLC consolidates Daggett TE Holdco LLC and Daggett 2 TE Holdco LLC, which are consolidated VIEs.

[(b)] DGPV Funds is comprised of Clearway & EFS Distributed Solar LLC, Golden Puma Fund LLC, Renew Solar CS4 Fund LLC and Chestnut Fund LLC, which are all tax equity funds.

[(c)] Lighthouse Renewable Holdco LLC consolidates Black Rock TE Holdco LLC and Mililani TE Holdco LLC, which are consolidated VIEs.

[(d)] Lighthouse Renewable Holdco 2 LLC consolidates Mesquite Sky TE Holdco LLC, Mesquite Star Tax Equity Holdco LLC and TSN1 TE Holdco LLC, which are consolidated VIEs.

| (In millions) | Oahu Solar LLC | Rattlesnake TE Holdco LLC | Rosie TargetCo LLC | VP-Arica TargetCo LLC [(a)] | Wildorado TE Holdco LLC | Other [(b)] |
|---|---|---|---|---|---|---|
| Other current and non-current assets | $ 38 | $ 15 | $ 56 | $ 54 | $ 24 | $ 46 |
| Property, plant and equipment | 153 | 170 | 542 | 1,015 | 186 | 340 |
| Intangible assets | — | — | — | 2 | — | 14 |
| Total assets | 191 | 185 | 598 | 1,071 | 210 | 400 |
| Current and non-current liabilities | 22 | 17 | 222 | 40 | 18 | 170 |
| Total liabilities | 22 | 17 | 222 | 40 | 18 | 170 |
| Noncontrolling interest | 21 | 78 | 314 | 374 | 90 | 149 |
| Net assets less noncontrolling interest | $ 148 | $ 90 | $ 62 | $ 657 | $ 102 | $ 81 |

[(a)] VP-Arica TargetCo LLC consolidates VP-Arica TE Holdco LLC, a consolidated VIE that owns the Victory Pass and Arica solar and BESS facilities.

[(b)] Other is comprised of Elbow Creek TE Holdco LLC, Langford TE Partnership LLC, Pinnacle Repowering TE Holdco LLC and the Spring Canyon facilities.

## Note 5 — *Fair Value of Financial Instruments*

### *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.

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

The carrying amount and estimated fair value of the Company's recorded financial instrument not carried at fair market value or that does not approximate fair value is as follows:

| | As of June 30, 2024 | | As of December 31, 2023 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | (In millions) | | | |
| Long-term debt, including current portion — affiliate | $ — | $ 1 | $ 1 | $ 1 |
| Long-term debt, including current portion — external [(a)] | 7,268 | 6,696 | 8,102 | 7,611 |

[(a)] Excludes net debt issuance costs, which are recorded as a reduction to long-term debt on the Company's consolidated balance sheets.

The fair value of the Company's publicly-traded long-term debt is based on quoted market prices and is classified as Level 2 within the fair value hierarchy. The fair value of debt securities, non-publicly traded long-term debt and certain notes receivable of the Company are based on expected future cash flows discounted at market interest rates, or current interest rates for similar instruments with equivalent credit quality and are classified as Level 3 within the fair value hierarchy. The following table presents the level within the fair value hierarchy for long-term debt, including current portion:

| | As of June 30, 2024 | | As of December 31, 2023 | |
|---|---|---|---|---|
| | Level 2 | Level 3 | Level 2 | Level 3 |
| | (In millions) | | | |
| Long-term debt, including current portion | $ 1,914 | $ 4,782 | $ 1,940 | $ 5,672 |

*Recurring Fair Value Measurements*

The Company records its derivative assets and liabilities at fair market value on its consolidated balance sheets. 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:

| (In millions) | As of June 30, 2024 Fair Value [(a)] Level 2 [(b)] | As of June 30, 2024 Fair Value [(a)] Level 3 | As of December 31, 2023 Fair Value [(a)] Level 2 [(b)] | As of December 31, 2023 Fair Value [(a)] Level 3 |
|---|---|---|---|---|
| **Derivative assets:** | | | | |
| Energy-related commodity contracts [(c)] | $ — | $ 3 | $ 2 | $ — |
| Interest rate contracts | 165 | — | 121 | — |
| **Other financial instruments [(d)]** | — | 10 | — | 13 |
| **Total assets** | $ 165 | $ 13 | $ 123 | $ 13 |
| **Derivative liabilities:** | | | | |
| Energy-related commodity contracts [(e)] | $ 1 | $ 394 | $ — | $ 330 |
| Interest rate contracts | — | — | 2 | — |
| **Total liabilities** | $ 1 | $ 394 | $ 2 | $ 330 |

[(a)] There were no derivative assets or liabilities classified as Level 1 as of June 30, 2024 and December 31, 2023.

[(b)] The Company's interest rate swaps are measured at fair value using an income approach, which uses readily observable inputs, such as forward interest rates (e.g., SOFR) and contractual terms to estimate fair value.

[(c)] Includes long-term backbone transportation service contracts classified as Level 2 and short-term heat rate call option contracts classified as Level 3.

[(d)] Includes SREC contract.

[(e)] Includes long-term backbone transportation contracts classified as Level 2 and long-term power commodity contracts and short-term heat rate call option contracts classified as Level 3. As of June 30, 2024 and December 31, 2023, Level 3 amounts include $394 million and $325 million related to long-term power commodity contracts and zero and $5 million related to short-term heat rate call option contracts, respectively.

The following table reconciles the beginning and ending balances for instruments that are recognized at fair value in the consolidated financial statements using significant unobservable inputs:

| (In millions) | Three months ended June 30, 2024 | Three months ended June 30, 2023 | Six months ended June 30, 2024 | Six months ended June 30, 2023 |
|---|---|---|---|---|
| | Fair Value Measurement Using Significant Unobservable Inputs (Level 3) | | Fair Value Measurement Using Significant Unobservable Inputs (Level 3) | |
| **Beginning balance** | $ (339) | $ (316) | $ (317) | $ (336) |
| Settlements | (3) | 5 | (6) | 9 |
| Total (losses) gains for the period included in earnings | (39) | 20 | (58) | 36 |
| **Ending balance** | $ (381) | $ (291) | $ (381) | $ (291) |
| Change in unrealized losses included in earnings for derivatives and other financial instruments held as of June 30, 2024 | $ (39) | | $ (58) | |

*Derivative and Financial Instruments Fair Value Measurements*

The Company's contracts are non-exchange-traded and valued using prices provided by external sources. The Company uses quoted observable forward prices to value its energy-related commodity contracts, which includes long-term power commodity contracts and heat rate call option contracts. To the extent that observable forward prices are not available, the quoted prices reflect the average of the forward prices from the prior year, adjusted for inflation. As of June 30, 2024, contracts valued with prices provided by models and other valuation techniques make up 2% of derivative assets and 100% of derivative liabilities and other financial instruments.

The Company's significant positions classified as Level 3 include physical and financial energy-related commodity contracts executed in illiquid markets. The significant unobservable inputs used in developing fair value include illiquid power tenors and location pricing, which is derived by extrapolating pricing as a basis to liquid locations. The tenor pricing and basis spread are based on observable market data when available or derived from historic prices and forward market prices from similar observable markets when not available.

The following table quantifies the significant unobservable inputs used in developing the fair value of the Company's Level 3 positions:

| | June 30, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fair Value | | | | Input/Range | | |
| | Assets | Liabilities | Valuation Technique | Significant Unobservable Input | Low | High | Weighted Average |
| | (In millions) | | | | | | |
| **Long-term Power Commodity Contracts** | $ — | $ 394 | Discounted Cash Flow | Forward Market Price (per MWh) | $ 24.76 | $ 95.06 | $ 47.19 |
| **Heat Rate Call Option Commodity Contracts** | 3 | — | Option Model | Forward Market Price (per MWh) | $ (12.97) | $ 1,127.48 | $ 60.73 |
| | | | Option Model | Forward Market Price (per MMBtu) | $ 1.66 | $ 13.71 | $ 6.03 |
| **Other Financial Instruments** | 10 | — | Discounted Cash Flow | Forecast annual generation levels of certain DG solar facilities | 59,425 MWh | 118,850 MWh | 111,091 MWh |

The following table provides the impact on the fair value measurements to increases/(decreases) in significant unobservable inputs as of June 30, 2024:

| Type | Significant Unobservable Input | Position | Change In Input | Impact on Fair Value Measurement |
|---|---|---|---|---|
| Energy-Related Commodity Contracts | Forward Market Price Power | Sell | Increase/(Decrease) | Lower/(Higher) |
| Energy-Related Commodity Contracts | Forward Market Price Gas | Sell | Increase/(Decrease) | Higher/(Lower) |
| Other Financial Instruments | Forecast Generation Levels | Sell | Increase/(Decrease) | Higher/(Lower) |

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, for interest rate swaps, calculated based on credit default swaps using the bilateral method. For commodities, to the extent that the Net Exposure under a specific master agreement is an asset, the Company uses the counterparty's default swap rate. If the Net Exposure under a specific master agreement is a liability, the Company uses a proxy of its own default swap rate. For interest rate swaps and commodities, 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. As of June 30, 2024, the non-performance reserve was a $14 million gain recorded primarily to total operating revenues in the consolidated statements of income. 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***

In addition to the credit risk discussion as disclosed under Item 15 — Note 2, *Summary of Significant Accounting Policies*, to the consolidated financial statements included in the Company's 2023 Form 10-K, the following item is a discussion of the concentration of credit risk for the Company's financial instruments. 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) monitoring of counterparties' credit limits on an as needed basis; (iii) as applicable, 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.

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. A significant portion of these energy-related commodity 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 or adverse financial conditions, which the Company is unable to predict. Certain subsidiaries of the Company sell the output of their facilities to PG&E, a significant counterparty of the Company, under long-term PPAs, and PG&E's credit rating is below investment-grade.

**Note 6 — *Derivative Instruments and Hedging Activities***

This footnote should be read in conjunction with the complete description under Item 15 — Note 7, *Accounting for Derivative Instruments and Hedging Activities,* to the consolidated financial statements included in the Company's 2023 Form 10-K.

***Interest Rate Swaps***

The Company enters into interest rate swap agreements in order to hedge the variability of expected future cash interest payments. As of June 30, 2024, the Company had interest rate derivative instruments on non-recourse debt extending through 2040, a portion of which were designated as cash flow hedges. Under the interest rate swap agreements, the Company pays a fixed rate and the counterparties to the agreements pay a variable interest rate.

***Energy-Related Commodity Contracts***

As of June 30, 2024, the Company had energy-related derivative instruments extending through 2033. At June 30, 2024, these contracts were not designated as cash flow or fair value 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:

| | | Total Volume | |
|---|---|---|---|
| | | June 30, 2024 | December 31, 2023 |
| Commodity | Units | (In millions) | |
| Power | MWh | (19) | (23) |
| Natural Gas | MMBtu | 17 | 17 |
| Interest | Dollars | $ 1,715 | $ 2,467 |

***Fair Value of Derivative Instruments***

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

| | Fair Value | | | |
|---|---|---|---|---|
| | Derivative Assets | | Derivative Liabilities | |
| | June 30, 2024 | December 31, 2023 | June 30, 2024 | December 31, 2023 |
| | (In millions) | | | |
| **Derivatives Designated as Cash Flow Hedges:** | | | | |
| Interest rate contracts current | $ 8 | $ 7 | $ — | $ — |
| Interest rate contracts long-term | 19 | 12 | — | 2 |
| **Total Derivatives Designated as Cash Flow Hedges** | $ 27 | $ 19 | $ — | $ 2 |
| **Derivatives Not Designated as Cash Flow Hedges:** | | | | |
| Interest rate contracts current | $ 40 | $ 33 | $ — | $ — |
| Interest rate contracts long-term | 98 | 69 | — | — |
| Energy-related commodity contracts current | 3 | 1 | 59 | 51 |
| Energy-related commodity contracts long-term | — | 1 | 336 | 279 |
| **Total Derivatives Not Designated as Cash Flow Hedges** | $ 141 | $ 104 | $ 395 | $ 330 |
| **Total Derivatives** | $ 168 | $ 123 | $ 395 | $ 332 |

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 level. As of June 30, 2024 and December 31, 2023, the amount of outstanding collateral paid or received was immaterial. The following tables summarize the offsetting of derivatives by counterparty:

| | Gross Amounts Not Offset in the Statement of Financial Position | | |
|---|---|---|---|
| **As of June 30, 2024** | Gross Amounts of Recognized Assets/Liabilities | Derivative Instruments | Net Amount |
| **Energy-related commodity contracts** | (In millions) | | |
| Derivative assets | $ 3 | $ — | $ 3 |
| Derivative liabilities | (395) | — | (395) |
| **Total energy-related commodity contracts** | $ (392) | $ — | $ (392) |
| **Interest rate contracts** | | | |
| Derivative assets | $ 165 | $ — | $ 165 |
| **Total interest rate contracts** | $ 165 | $ — | $ 165 |
| **Total derivative instruments** | $ (227) | $ — | $ (227) |

| | Gross Amounts Not Offset in the Statement of Financial Position | | |
|---|---|---|---|
| **As of December 31, 2023** | Gross Amounts of Recognized Assets/Liabilities | Derivative Instruments | Net Amount |
| **Energy-related commodity contracts** | (In millions) | | |
| Derivative assets | $ 2 | $ — | $ 2 |
| Derivative liabilities | (330) | — | (330) |
| **Total energy-related commodity contracts** | $ (328) | $ — | $ (328) |
| **Interest rate contracts** | | | |
| Derivative assets | $ 121 | $ (2) | $ 119 |
| Derivative liabilities | (2) | 2 | — |
| **Total interest rate contracts** | $ 119 | $ — | $ 119 |
| **Total derivative instruments** | $ (209) | $ — | $ (209) |

***Accumulated Other Comprehensive Income***

The following table summarizes the effects on the Company's accumulated OCI balance attributable to interest rate swaps designated as cash flow hedge derivatives:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **(In millions)** | | | |
| Accumulated OCI beginning balance | $ 19 | $ 23 | $ 20 | $ 27 |
| Reclassified from accumulated OCI to income due to realization of previously deferred amounts | (1) | (1) | (2) | (1) |
| Mark-to-market of cash flow hedge accounting contracts | 2 | 5 | 2 | 1 |
| Accumulated OCI ending balance | 20 | 27 | 20 | 27 |
| Accumulated OCI attributable to noncontrolling interests | 8 | 6 | 8 | 6 |
| Accumulated OCI attributable to Clearway Energy LLC | $ 12 | $ 21 | $ 12 | $ 21 |
| Gains expected to be realized from OCI during the next 12 months | $ 6 | | $ 6 | |

Amounts reclassified from accumulated OCI into income are recorded to interest expense.

***Impact of Derivative Instruments on the Consolidated Statements of Income***

Mark-to-market gains/(losses) related to the Company's derivatives are recorded in the consolidated statements of income as follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **(In millions)** | | | |
| Interest Rate Contracts (Interest expense) | $ 1 | $ 22 | $ 24 | $ 1 |
| Energy-Related Commodity Contracts (Mark-to-market for economic hedging activities included in Total operating revenues) [(a)] | (38) | 32 | (61) | 50 |
| Energy-Related Commodity Contracts (Mark-to-market for economic hedging activities included in Cost of operations) [(b)] | (1) | — | (3) | — |

[(a)] Relates to long-term energy related commodity contracts at Elbow Creek, Mesquite Star, Mt. Storm, Langford and Mesquite Sky and short-term heat rate call option energy-related commodity contracts at El Segundo, Marsh Landing and Walnut Creek.

[(b)] Relates to long-term backbone transportation service energy-related commodity contracts at El Segundo and Walnut Creek.

See Note 5, *Fair Value of Financial Instruments*, for a discussion regarding concentration of credit risk.

## Note 7 — *Long-term Debt*

This note should be read in conjunction with the complete description under Item 15 — Note 10, *Long-term Debt,* to the consolidated financial statements included in the Company's 2023 Form 10-K. The Company's borrowings, including short-term and long-term portions, consisted of the following:

| (In millions, except rates) | June 30, 2024 | December 31, 2023 | June 30, 2024 interest rate % [(a)] | Letters of Credit Outstanding at June 30, 2024 |
|---|---|---|---|---|
| Intercompany Note with Clearway, Inc. | $ — | $ 1 | | |
| 2028 Senior Notes | 850 | 850 | 4.750 | |
| 2031 Senior Notes | 925 | 925 | 3.750 | |
| 2032 Senior Notes | 350 | 350 | 3.750 | |
| Clearway Energy LLC and Clearway Energy Operating LLC Revolving Credit Facility, due 2028 [(b)] | — | — | S+1.500 | $ 205 |
| **Non-recourse facility-level debt:** | | | | |
| Agua Caliente Solar LLC, due 2037 | 603 | 612 | 2.395-3.633 | 14 |
| Alta Wind Asset Management LLC, due 2031 | 10 | 11 | S+2.775 | — |
| Alta Wind I-V lease financing arrangements, due 2034 and 2035 | 628 | 660 | 5.696-7.015 | 67 |
| Alta Wind Realty Investments LLC, due 2031 | 19 | 20 | 7.000 | — |
| Borrego, due 2024 and 2038 | 47 | 48 | Various | 4 |
| Broken Bow, due 2031 | 38 | 41 | S+2.100 | 6 |
| Buckthorn Solar, due 2025 | 115 | 116 | S+2.100 | 22 |
| Carlsbad Energy Holdings LLC, due 2027 | 92 | 93 | S+1.900 | 82 |
| Carlsbad Energy Holdings LLC, due 2038 | 407 | 407 | 4.120 | — |
| Carlsbad Holdco, LLC, due 2038 | 194 | 195 | 4.210 | 6 |
| Cedar Creek, due 2029 | 110 | — | S+1.625 | 19 |
| Cedro Hill, due 2024 and 2029 | 169 | 165 | S+1.250-1.375 | — |
| Crofton Bluffs, due 2031 | 25 | 27 | S+2.100 | 3 |
| CVSR, due 2037 | 585 | 601 | 2.339-3.775 | 12 |
| CVSR Holdco Notes, due 2037 | 143 | 152 | 4.680 | — |
| Daggett 2, due 2028 | 156 | 156 | S+1.762 | 32 |
| Daggett 3, due 2028 | 217 | 217 | S+1.762 | 44 |
| DG-CS Master Borrower LLC, due 2040 | 378 | 385 | 3.510 | 29 |
| Mililani Class B Member Holdco LLC, due 2028 | 92 | 92 | S+1.600 | 18 |
| NIMH Solar, due 2031 and 2033 | 137 | 148 | S+2.000-2.125 | 17 |
| Oahu Solar Holdings LLC, due 2026 | 80 | 81 | S+1.525 | 11 |
| Rosie Class B LLC, due 2029 | 192 | 347 | S+1.750 | 31 |
| Texas Solar Nova 1, due 2028 [(c)] | — | 102 | | — |
| TSN1 Class B Member LLC, due 2029 [(c)] | 181 | — | S+1.750 | 53 |
| Utah Solar Holdings, due 2036 | 238 | 242 | 3.590 | 161 |
| Viento Funding II, LLC, due 2029 | 167 | 175 | S+1.475 | 29 |
| Victory Pass and Arica, due 2024 | — | 757 | | — |
| Other | 117 | 124 | Various | 77 |
| Subtotal non-recourse facility-level debt | 5,140 | 5,974 | | |
| Total debt | 7,265 | 8,100 | | |
| Less current maturities | (412) | (559) | | |
| Less net debt issuance costs | (59) | (65) | | |
| Add premiums [(d)] | 3 | 3 | | |
| Total long-term debt | $ 6,797 | $ 7,479 | | |

[(a)] As of June 30, 2024, S+ equals SOFR plus x%.

[(b)] Applicable rate is determined by the borrower leverage ratio, as defined in the credit agreement, and only applies to outstanding borrowings.

[(c)] On March 15, 2024, Texas Solar Nova 1's financing agreement was amended to merge the facility-level debt of Texas Solar Nova 1 and Texas Solar Nova 2 as a combined term loan under TSN1 Class B Member LLC.

[(d)] Premiums relate to the 2028 Senior Notes.

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 respective arrangement. As of June 30, 2024, the Company was in compliance with all of the required covenants.

The discussion below describes material changes to or additions of long-term debt for the six months ended June 30, 2024.

***Clearway Energy LLC and Clearway Energy Operating LLC Revolving Credit Facility***

As of June 30, 2024, the Company had no outstanding borrowings under the revolving credit facility and $205 million in letters of credit outstanding.

***Facility-level Debt***

*Natural Gas Holdco LC Facility*

On July 25, 2024, the Company, through its indirect subsidiary, Natural Gas Holdco, entered into a financing agreement that provides for a $200 million letter of credit facility, which will be utilized to support the collateral needs of the Company's merchant conventional facilities. The letter of credit facility has an initial term of three years and the option for two additional one-year extensions.

*Rosamond Central (Rosie Class B LLC)*

On June 13, 2024, when the Rosamond Central BESS facility reached substantial completion, the Company paid $279 million to Clearway Renew as additional purchase price to complete its acquisition of the facility, which occurred on December 1, 2023. The Company's entire additional purchase price was recorded as an adjustment to CEG's noncontrolling interest balance. The additional purchase price consisted of $64 million that was funded by the Company from existing sources of liquidity and $215 million funded through contributions from the cash equity investor in Rosie TargetCo LLC and the tax equity investor in Rosie TE Holdco LLC. Clearway Renew utilized the proceeds to repay the balance of $184 million on the loan previously issued to its consolidated subsidiary by Rosie Class B LLC and to redeem Rosie Class B LLC's entire equity investment in Rosie Central BESS of $28 million, as further discussed in Note 4, *Investments Accounted for by the Equity Method and Variable Interest Entities*. The Company utilized proceeds from Clearway Renew, along with $39 million held previously in escrow and $56 million of the Company's additional purchase price that was contributed back by CEG, to repay the $186 million tax equity bridge loan, to distribute $44 million to the cash equity investor, to fund $21 million in construction completion reserves, which is included in restricted cash on the Company's consolidated balance sheet, and to pay $11 million in associated fees.

Additionally, on June 13, 2024, the outstanding construction loans were converted to a term loan in the amount of $115 million.

*NIMH Solar*

On June 11, 2024, NIMH Solar LLC refinanced its amended and restated credit agreement, which was scheduled to mature in September 2024, resulting in the issuance of a $137 million term loan facility, as well as $17 million in letters of credit in support of debt service and facility obligations. The obligations under the new financing arrangement are supported by the Company's interests in the Alpine, Blythe and Roadrunner solar facilities. The Company utilized the proceeds from the term loan and existing sources of liquidity to pay off the existing debt in the amount of $146 million.

*Victory Pass and Arica*

On May 1, 2024, when the Victory Pass and Arica solar and BESS facilities reached substantial completion, the Company paid $165 million to Clearway Renew as additional purchase price, in connection with the Company's acquisition of the Class A membership interests in VP-Arica TargetCo LLC on October 31, 2023, which was funded with existing sources of liquidity. The Company's entire additional purchase price was recorded as an adjustment to CEG's noncontrolling interest balance. Also on May 1, 2024, the cash equity investor contributed an additional $347 million, the tax equity investor contributed an additional $410 million and CEG contributed $52 million, which were utilized, along with $103 million held previously in escrow, to repay the $351 million cash equity bridge loan, to repay the $468 million tax equity bridge loan, to fund $75 million in construction completion reserves, which is included in restricted cash on the Company's consolidated balance sheet, and to pay $18 million in associated fees. Prior to the repayment of the tax equity bridge loan, the Company borrowed an additional $62 million in 2024.

*Cedar Creek*

On April 16, 2024, as part of the acquisition of Cedar Creek, as further described in Note 3, *Acquisitions*, the Company assumed the facility's financing agreement, which included a $112 million construction loan, a $91 million cash equity bridge loan and a $109 million tax equity bridge loan, offset by $3 million in unamortized debt issuance costs. At acquisition date, the tax equity investor contributed $108 million, which was utilized, along with the Company's entire purchase price that was contributed back by CEG, to repay the tax equity bridge loan, to repay the cash equity bridge loan, to partially repay $2 million in construction loans, to fund $16 million in construction completion reserves, which is included in restricted cash on the Company's consolidated balance sheet, and to pay $6 million in associated fees. Also at acquisition date, the outstanding construction loans were converted to a term loan in the amount of $110 million.

*Texas Solar Nova 1 and Texas Solar Nova 2*

On March 15, 2024, as part of the acquisition of Texas Solar Nova 2, as further described in Note 3, *Acquisitions*, the Company assumed the facility's financing agreement, which included an $80 million term loan and a $115 million tax equity bridge loan, offset by $1 million in unamortized debt issuance costs. At acquisition date, the tax equity investor contributed $130 million, which was utilized, along with $9 million of the Company's purchase price that was contributed back by CEG, to repay the $115 million tax equity bridge loan, to fund $19 million in construction completion reserves, which is included in restricted cash on the Company's consolidated balance sheet, and to pay $4 million in associated fees.

Additionally, on March 15, 2024, Texas Solar Nova 1's financing agreement was amended to merge the Texas Solar Nova 1 and Texas Solar Nova 2 term loans as a combined term loan under TSN1 Class B Member LLC.

**Note 8 — *Segment Reporting***

The Company's segment structure reflects how management currently operates and allocates resources. The Company's businesses are segregated based on conventional power generation and renewable businesses, which consist of solar, wind and battery energy storage system, or BESS, facilities. The Corporate segment reflects the Company's corporate costs and includes eliminating entries. The Company's chief operating decision maker, its Chief Executive Officer, evaluates the performance of its segments based on operational measures including adjusted earnings before interest, taxes, depreciation and amortization, or Adjusted EBITDA, and CAFD, as well as net income (loss).

| | Three months ended June 30, 2024 | | | |
|---|---|---|---|---|
| **(In millions)** | **Conventional Generation** | **Renewables** | **Corporate [a]** | **Total** |
| Operating revenues | $ 69 | $ 297 | $ — | $ 366 |
| Cost of operations, exclusive of depreciation, amortization and accretion shown separately below | 26 | 91 | — | 117 |
| Depreciation, amortization and accretion | 27 | 126 | — | 153 |
| General and administrative | — | — | 8 | 8 |
| Transaction and integration costs | — | — | 3 | 3 |
| Operating income (loss) | 16 | 80 | (11) | 85 |
| Equity in earnings of unconsolidated affiliates | — | 8 | — | 8 |
| Other income, net | 2 | 7 | 3 | 12 |
| Loss on debt extinguishment | — | (2) | — | (2) |
| Interest expense | (9) | (55) | (24) | (88) |
| **Net Income (Loss)** | $ 9 | $ 38 | $ (32) | $ 15 |
| **Total Assets** | $ 2,021 | $ 12,431 | $ 49 | $ 14,501 |

[a] Includes eliminations.

| (In millions) | Three months ended June 30, 2023 Conventional Generation | Renewables | Corporate [a] | Total |
|---|---|---|---|---|
| Operating revenues | $ 115 | $ 291 | $ — | $ 406 |
| Cost of operations, exclusive of depreciation, amortization and accretion shown separately below | 40 | 79 | (1) | 118 |
| Depreciation, amortization and accretion | 32 | 96 | — | 128 |
| General and administrative | — | — | 9 | 9 |
| Transaction and integration costs | — | — | 2 | 2 |
| Operating income (loss) | 43 | 116 | (10) | 149 |
| Equity in earnings of unconsolidated affiliates | 1 | 2 | — | 3 |
| Other income, net | 1 | 3 | 5 | 9 |
| Interest expense | (8) | (23) | (24) | (55) |
| **Net Income (Loss)** | $ 37 | $ 98 | $ (29) | $ 106 |

[a] Includes eliminations.

| (In millions) | Six months ended June 30, 2024 Conventional Generation | Renewables | Corporate [a] | Total |
|---|---|---|---|---|
| Operating revenues | $ 164 | $ 465 | $ — | $ 629 |
| Cost of operations, exclusive of depreciation, amortization and accretion shown separately below | 68 | 176 | (1) | 243 |
| Depreciation, amortization and accretion | 59 | 248 | — | 307 |
| General and administrative | — | — | 19 | 19 |
| Transaction and integration costs | — | — | 4 | 4 |
| Operating income (loss) | 37 | 41 | (22) | 56 |
| Equity in earnings of unconsolidated affiliates | 1 | 19 | — | 20 |
| Other income, net | 3 | 17 | 8 | 28 |
| Loss on debt extinguishment | — | (3) | — | (3) |
| Interest expense | (16) | (80) | (49) | (145) |
| **Net Income (Loss)** | $ 25 | $ (6) | $ (63) | $ (44) |

[a] Includes eliminations.

| (In millions) | Six months ended June 30, 2023 Conventional Generation | Renewables | Corporate [a] | Total |
|---|---|---|---|---|
| Operating revenues | $ 210 | $ 484 | $ — | $ 694 |
| Cost of operations, exclusive of depreciation, amortization and accretion shown separately below | 69 | 158 | (1) | 226 |
| Depreciation, amortization and accretion | 65 | 191 | — | 256 |
| General and administrative | — | — | 19 | 19 |
| Transaction and integration costs | — | — | 2 | 2 |
| Operating income (loss) | 76 | 135 | (20) | 191 |
| Equity in earnings (losses) of unconsolidated affiliates | 2 | (2) | — | — |
| Other income, net | 2 | 4 | 11 | 17 |
| Interest expense | (19) | (87) | (48) | (154) |
| **Net Income (Loss)** | $ 61 | $ 50 | $ (57) | $ 54 |

[a] Includes eliminations.

**Note 9 — *Related Party Transactions***

In addition to the transactions and relationships described elsewhere in the notes to the consolidated financial statements, certain subsidiaries of CEG provide services to the Company and its subsidiaries. Amounts due to CEG subsidiaries are recorded as accounts payable — affiliates and amounts due to the Company from CEG subsidiaries are recorded as accounts receivable — affiliates in the Company's consolidated balance sheets. The disclosures below summarize the Company's material related party transactions with CEG and its subsidiaries that are included in the Company's operating costs.

***O&M Services Agreements by and between the Company and Clearway Renewable Operation & Maintenance LLC***

Various subsidiaries of the Company in the Renewables segment are party to services agreements with Clearway Renewable Operation & Maintenance LLC, or RENOM, a wholly-owned subsidiary of CEG, which provides operation and maintenance, or O&M, services to these subsidiaries. The Company incurred total expenses for these services of $18 million and $19 million for the three months ended June 30, 2024 and 2023, respectively. The Company incurred total expenses for these services of $37 million and $36 million for the six months ended June 30, 2024 and 2023, respectively. There was a balance of $8 million and $13 million due to RENOM as of June 30, 2024 and December 31, 2023, respectively.

***Administrative Services Agreements by and between the Company and CEG***

Various subsidiaries of the Company are parties to services agreements with Clearway Asset Services LLC and Solar Asset Management LLC, two wholly-owned subsidiaries of CEG, which provide various administrative services to the Company's subsidiaries. The Company incurred expenses under these agreements of $6 million for each of the three months ended June 30, 2024 and 2023. The Company incurred expenses under these agreements of $12 million and $10 million for the six months ended June 30, 2024 and 2023, respectively. There was a balance of $3 million and $2 million due to CEG as of June 30, 2024 and December 31, 2023, respectively.

***CEG Master Services Agreement***

The Company is a party to the CEG Master Services Agreement, pursuant to which CEG and certain of its affiliates or third-party service providers provide certain services to the Company, including operational and administrative services, which include human resources, information systems, cybersecurity, external affairs, accounting, procurement and risk management services, and the Company provides certain services to CEG, including accounting, internal audit, tax and treasury services, in exchange for the payment of fees in respect of such services. The Company incurred net expenses under these agreements of $2 million for each of the three months ended June 30, 2024 and 2023. The Company incurred net expenses under these agreements of $3 million for each of the six months ended June 30, 2024 and 2023.

On April 30, 2024, the CEG Master Services Agreement was amended and restated as a result of a reorganization effected by the Company pursuant to which all of the employees and operations of the Company will transfer to CEG as of January 1, 2025. Under the amended and restated agreement, CEG and certain of its affiliates or third-party service providers will continue to provide the operational and administrative services outlined above, and, effective January 1, 2025, CEG will also provide accounting, internal audit, tax, legal and treasury services, in exchange for payment of fees in respect of such services. Certain independent functions will be directed by the Company's Governance, Conflicts and Nominating Committee and paid for by the Company, while being administered by CEG.

**ITEM 2 — Management’s Discussion and Analysis of Financial Condition and the Results of Operations**

The following discussion analyzes the Company’s historical financial condition and results of operations.

As you read this discussion and analysis, refer to the Company’s consolidated financial statements to this Form 10-Q, which present the results of operations for the three and six months ended June 30, 2024 and 2023. Also refer to the Company’s 2023 Form 10-K, which includes detailed discussions of various items impacting the Company’s business, results of operations and financial condition.

The discussion and analysis below has been organized as follows:

- Executive Summary, including a description of the business and significant events that are important to understanding the results of operations and financial condition;
- Results of operations, including an explanation of significant differences between the periods in the specific line items of the consolidated statements of income;
- Financial condition addressing liquidity position, sources and uses of cash, capital resources and requirements, commitments and off-balance sheet arrangements;
- Known trends that may affect the Company’s results of operations and financial condition in the future; and
- Critical accounting policies which are most important to both the portrayal of the Company’s financial condition and results of operations, and which require management's most difficult, subjective or complex judgment.

### Executive Summary

### Introduction and Overview

Clearway Energy LLC, together with its consolidated subsidiaries, or the Company, is an energy infrastructure investor with a focus on investments in clean energy and owner of modern, sustainable and long-term contracted assets across North America. The Company is sponsored by GIP and TotalEnergies through the portfolio company, Clearway Energy Group LLC, or CEG, which is equally owned by GIP and TotalEnergies. GIP is an independent infrastructure fund manager that makes equity and debt investments in infrastructure assets and businesses. TotalEnergies is a global multi-energy company. CEG is a leading developer of renewable energy infrastructure in the U.S. On January 12, 2024, BlackRock entered into a definitive agreement to acquire 100% of the business and assets of GIM, which is the investment manager of the GIP funds that own an interest in CEG. BlackRock has indicated that the transaction is expected to close in the third quarter of 2024, subject to regulatory approvals and other customary closing conditions. BlackRock is a publicly-traded global investment management firm.

The Company is one of the largest renewable energy owners in the U.S. with approximately 6,500 net MW of installed wind, solar and battery energy storage system, or BESS, facilities. The Company's approximately 9,000 net MW of assets also includes approximately 2,500 net MW of environmentally-sound, highly efficient natural gas-fired generation facilities. Through this environmentally-sound, diversified and primarily contracted portfolio, the Company endeavors to increase distributions to its unit holders. The majority of the Company's revenues are derived from long-term contractual arrangements for the output or capacity from these assets. The weighted average remaining contract duration of these offtake agreements was approximately 10 years as of June 30, 2024 based on CAFD.

As of June 30, 2024, the Company's operating assets are comprised of the following facilities:

| Facilities | Percentage Ownership | Net Capacity (MW) [(a)] | Counterparty | Expiration |
|---|---|---|---|---|
| ***Conventional*** | | | | |
| Carlsbad | 100 % | 527 | San Diego Gas & Electric | 2038 |
| El Segundo | 100 % | 550 | SCE | 2026 - 2027 |
| GenConn Devon | 50 % | 95 | Connecticut Light & Power | 2040 |
| GenConn Middletown | 50 % | 95 | Connecticut Light & Power | 2041 |
| Marsh Landing | 100 % | 720 | Various | 2026 - 2030 |
| Walnut Creek | 100 % | 502 | Various | 2026-2027 |
| ***Total Conventional*** | | 2,489 | | |
| ***Utility Scale Solar*** | | | | |
| Agua Caliente | 51 % | 148 | PG&E | 2039 |
| Alpine | 100 % | 66 | PG&E | 2033 |
| Arica [(b)] | 40 % | 105 | Various | 2039 |
| Avenal | 50 % | 23 | PG&E | 2031 |
| Avra Valley | 100 % | 27 | Tucson Electric Power | 2032 |
| Blythe | 100 % | 21 | SCE | 2029 |
| Borrego | 100 % | 26 | San Diego Gas and Electric | 2038 |
| Buckthorn Solar [(b)] | 100 % | 150 | City of Georgetown, TX | 2043 |
| CVSR | 100 % | 250 | PG&E | 2038 |
| Daggett 2 [(b)] | 25 % | 46 | Various | 2038 |
| Daggett 3 [(b)] | 25 % | 75 | Various | 2033 - 2038 |
| Desert Sunlight 250 | 25 % | 63 | SCE | 2034 |
| Desert Sunlight 300 | 25 % | 75 | PG&E | 2039 |
| Kansas South | 100 % | 20 | PG&E | 2033 |
| Mililani I [(b)] | 50 % | 20 | Hawaiian Electric Company | 2042 |
| Oahu Solar [(b)] | 100 % | 61 | Hawaiian Electric Company | 2041 |
| Roadrunner | 100 % | 20 | El Paso Electric | 2031 |
| Rosamond Central [(b)] | 50 % | 96 | Various | 2035 - 2047 |
| TA High Desert | 100 % | 20 | SCE | 2033 |

| Facilities | Percentage Ownership | Net Capacity (MW) [(a)] | Counterparty | Expiration |
|---|---|---|---|---|
| Texas Solar Nova 1 [(b)] | 50 % | 126 | Verizon | 2042 |
| Texas Solar Nova 2 [(b)] | 50 % | 100 | Verizon | 2042 |
| Utah Solar Portfolio | 100 % | 530 | PacifiCorp | 2036 |
| Victory Pass [(b)] | 40 % | 80 | Various | 2039 |
| Waiawa [(b)] | 50 % | 18 | Hawaiian Electric Company | 2043 |
| ***Total Utility Scale Solar*** | | 2,166 | | |
| ***BESS*** | | | | |
| Arica [(b)] | 40 % | 54 | Various | 2039 |
| Daggett 2 [(b)] | 25 % | 33 | Various | 2038 |
| Daggett 3 [(b)] | 25 % | 37 | Various | 2033 - 2038 |
| Mililani I [(b)] | 50 % | 20 | Hawaiian Electric Company | 2042 |
| Rosamond Central [(b)] | 50 % | 74 | SCE | 2039 |
| Victory Pass [(b)] | 40 % | 20 | Various | 2039 |
| Waiawa [(b)] | 50 % | 18 | Hawaiian Electric Company | 2043 |
| ***Total BESS*** | | 256 | | |
| ***Distributed Solar*** | | | | |
| DGPV Funds [(b)] | 100 % | 286 | Various | 2030 - 2044 |
| Solar Power Partners (SPP) | 100 % | 25 | Various | 2026 - 2037 |
| Other DG Facilities | 100 % | 21 | Various | 2025 - 2039 |
| ***Total Distributed Solar*** | | 332 | | |
| ***Wind*** | | | | |
| Alta I | 100 % | 150 | SCE | 2035 |
| Alta II | 100 % | 150 | SCE | 2035 |
| Alta III | 100 % | 150 | SCE | 2035 |
| Alta IV | 100 % | 102 | SCE | 2035 |
| Alta V | 100 % | 168 | SCE | 2035 |
| Alta X | 100 % | 137 | SCE | 2038 |
| Alta XI | 100 % | 90 | SCE | 2038 |
| Black Rock [(b)] | 50 % | 58 | Toyota and AEP | 2036 |
| Broken Bow | 100 % | 80 | Nebraska Public Power District | 2032 |
| Buffalo Bear | 100 % | 19 | Western Farmers Electric Co-operative | 2033 |
| Cedar Creek [(b)] | 100 % | 160 | PacifiCorp | 2049 |
| Cedro Hill | 100 % | 150 | CPS Energy | 2030 |
| Crofton Bluffs | 100 % | 42 | Nebraska Public Power District | 2032 |
| Elbow Creek [(b)] | 100 % | 122 | Various | 2029 |
| Elkhorn Ridge | 66.7 % | 54 | Nebraska Public Power District | 2029 |
| Forward | 100 % | 29 | Constellation NewEnergy, Inc. | 2025 |
| Goat Wind | 100 % | 150 | Dow Pipeline Company | 2025 |
| Langford [(b)] | 100 % | 160 | Goldman Sachs | 2033 |
| Laredo Ridge | 100 % | 81 | Nebraska Public Power District | 2031 |
| Lookout | 100 % | 38 | Southern Maryland Electric Cooperative | 2030 |
| Mesquite Sky [(b)] | 50 % | 170 | Various | 2033 - 2036 |
| Mesquite Star [(b)] | 50 % | 210 | Various | 2032 - 2035 |
| Mountain Wind 1 | 100 % | 61 | PacifiCorp | 2033 |
| Mountain Wind 2 | 100 % | 80 | PacifiCorp | 2033 |
| Mt. Storm | 100 % | 264 | Citigroup | 2031 |
| Ocotillo | 100 % | 55 | N/A | |

| Facilities | Percentage Ownership | Net Capacity (MW) [(a)] | Counterparty | Expiration |
|---|---|---|---|---|
| Pinnacle [(b)] | 100 % | 54 | Maryland Department of General Services and University System of Maryland | 2031 |
| Rattlesnake [(b)] [(c)] | 100 % | 160 | Avista Corporation | 2040 |
| San Juan Mesa | 75 % | 90 | Southwestern Public Service Company | 2025 |
| Sleeping Bear | 100 % | 95 | Public Service Company of Oklahoma | 2032 |
| South Trent | 100 % | 101 | AEP Energy Partners | 2029 |
| Spanish Fork | 100 % | 19 | PacifiCorp | 2028 |
| Spring Canyon II [(b)] | 90.1 % | 31 | Platte River Power Authority | 2039 |
| Spring Canyon III [(b)] | 90.1 % | 26 | Platte River Power Authority | 2039 |
| Taloga | 100 % | 130 | Oklahoma Gas & Electric | 2031 |
| Wildorado [(b)] | 100 % | 161 | Southwestern Public Service Company | 2027 |
| ***Total Wind*** | | 3,797 | | |
| **Total net generation capacity** | | 9,040 | | |

[(a)] Net capacity represents the maximum, or rated, generating or storage capacity of the facility multiplied by the Company's percentage ownership in the facility as of June 30, 2024.

[(b)] Facilities are part of tax equity arrangements, as further described in Note 4, *Investments Accounted for by the Equity Method and Variable Interest Entities*.

[(c)] Rattlesnake has a deliverable capacity of 144 MW.

**Significant Events**

*Drop Down Transactions*

- On June 27, 2024, the Company, through an indirect subsidiary, entered into an agreement with Clearway Renew to acquire the Class A membership interests in Luna Valley, a 200 MW solar facility currently under construction in Fresno County, California, and Daggett 1, a 114 MW BESS facility currently under construction in San Bernardino, California, for $143 million in cash consideration, subject to closing adjustments. The consummation of the transaction is subject to customary closing conditions and certain third-party approvals and is expected in the second half of 2025.

- On May 7, 2024, the Company, through an indirect subsidiary, entered into an agreement with Clearway Renew to acquire the Class A membership interests in Rosamond South I, a 140 MW solar facility that will be paired with a 117 MW BESS facility currently under construction in Rosamond, California, for $21 million in cash consideration, subject to closing adjustments. The consummation of the transaction is subject to customary closing conditions and certain third-party approvals and is expected in the first half of 2025.

- On May 3, 2024, the Company, through an indirect subsidiary, entered into an agreement with Clearway Renew to acquire the Class A membership interests in Dan's Mountain, a 55 MW wind facility currently under construction in Allegany County, Maryland, for $44 million in cash consideration, subject to closing adjustments. The consummation of the transaction is subject to customary closing conditions and certain third-party approvals and is expected in the first half of 2025.

- On April 16, 2024, the Company, through its indirect subsidiary, Cedar Creek Wind Holdco LLC, acquired Cedar Creek Holdco LLC, the indirect owner of Cedar Creek, a 160 MW wind facility that is located in Bingham County, Idaho, from Clearway Renew for cash consideration of $117 million. Cedar Creek Holdco LLC consolidates as primary beneficiary, Cedar Creek TE Holdco LLC, a tax equity fund that owns the Cedar Creek wind facility. See Note 3, *Acquisitions*, for further discussion of the transaction.

- On March 15, 2024, the Company, through its indirect subsidiary, TSN1 TE Holdco LLC, acquired Texas Solar Nova 2, a 200 MW solar facility that is located in Kent County, Texas, from Clearway Renew for cash consideration of $112 million, $17 million of which was funded by the Company with the remaining $95 million funded through a contribution from the cash equity investor in Lighthouse Renewable Holdco 2 LLC, which is a partnership. Lighthouse Renewable Holdco 2 LLC indirectly consolidates as primary beneficiary, TSN1 TE Holdco LLC, a tax equity fund that owns Texas Solar Nova 1 and Texas Solar Nova 2. See Note 3, *Acquisitions*, for further discussion of the transaction.

*RA Agreements*

- On May 6, 2024, the Company contracted with a load serving entity to sell approximately 97 MW of Walnut Creek's RA commencing in January 2027 and ending in December 2027. Walnut Creek is contracted for 100% of its capacity through 2026 and is now contracted for approximately 20% of its capacity through 2027.

- On March 28, 2024, the Company contracted with a load serving entity to sell approximately 90 MW of Marsh Landing's RA commencing in September 2026 and ending in December 2030. On July 31, 2024, the Company contracted with an additional load serving entity to sell approximately 195 MW of Marsh Landing's RA commencing in October 2026 and ending in December 2028. Marsh Landing is now contracted for approximately 99% of its capacity through 2027 and approximately 49% of its capacity through 2028.

*Facility-level Financing Activities*

- In connection with the 2024 Drop Downs of Texas Solar Nova 2 and Cedar Creek, the Company assumed non-recourse facility-level debt. See Note 7, *Long-term Debt*, for further discussion of the non-recourse facility-level debt associated with each facility.

- On July 25, 2024, the Company, through its indirect subsidiary, Natural Gas Holdco, entered into a financing agreement that provides for a $200 million letter of credit facility, which will be utilized to support the collateral needs of the Company's merchant conventional facilities and will free up capacity on the Company's corporate revolving credit facility. See Note 7, *Long-term Debt*, for further discussion of the letter of credit facility.

- On June 13, 2024, when the Rosamond Central BESS facility reached substantial completion, the Company paid $279 million to Clearway Renew as additional purchase price to complete its acquisition of the facility, which occurred on December 1, 2023. The additional purchase price consisted of $64 million that was funded by the Company from existing sources of liquidity and $215 million funded through contributions from third-party investors. Clearway Renew utilized the proceeds to repay the loan that was previously issued to its consolidated subsidiary by Rosie Class B LLC and to redeem Rosie Class B LLC's entire equity investment in Rosie Central BESS. The Company utilized proceeds from Clearway Renew, along with $39 million held previously in escrow and $56 million of the Company's additional purchase price contributed back by CEG, to repay the tax equity bridge loan, to make a distribution to the cash equity investor, to fund construction completion reserves and to pay associated fees. See Note 4, *Investments Accounted for by the Equity Method and Variable Interest Entities*, and Note 7, *Long-term Debt*, for further discussion of the transactions.

- On June 11, 2024, NIMH Solar LLC refinanced its amended and restated credit agreement, which was scheduled to mature in September 2024, resulting in the issuance of a $137 million term loan facility, as well as $17 million in letters of credit in support of debt service and facility obligations. The Company utilized the proceeds from the term loan and existing sources of liquidity to pay off the existing debt. See Note 7, *Long-term Debt*, for further discussion of the refinanced credit agreement.

- On May 1, 2024, when the Victory Pass and Arica solar and BESS facilities reached substantial completion, the Company paid $165 million to Clearway Renew as additional purchase price, in connection with the Company's acquisition of the Class A membership interests in VP-Arica TargetCo LLC on October 31, 2023. Also on May 1, 2024, the cash equity investor contributed an additional $347 million, the tax equity investor contributed an additional $410 million and CEG contributed $52 million, which were utilized, along with $103 million held previously in escrow, to repay the cash equity bridge loan, to repay the tax equity bridge loan, to fund construction completion reserves and to pay associated fees. See Note 7, *Long-term Debt*, for further discussion of the transactions.

**Environmental Matters**

The Company is subject to a wide range of environmental laws during the development, construction, ownership and operation of facilities. These existing and future laws generally require that governmental permits and approvals be obtained before construction and maintained during operation of facilities. The Company is obligated to comply with all environmental laws and regulations applicable within each jurisdiction and required to implement environmental programs and procedures to monitor and control risks associated with the construction, operation and decommissioning of regulated or permitted energy assets. Federal and state environmental laws have historically become more stringent over time, although this trend could change in the future.

The Company's environmental matters are further described in the Company's 2023 Form 10-K in Item 1, *Business — Environmental Matters* and Item 1A, *Risk Factors*.

**Regulatory Matters**

The following disclosures about the Company's regulatory matters provide an update to, and should be read in conjunction with, Item 1, *Business — Regulatory Matters* and Item 1A, *Risk Factors*, of the Company's 2023 Form 10-K.

On March 6, 2024, the SEC adopted a new set of rules that require a wide range of climate-related disclosures, including material climate-related risks, information on any climate-related targets or goals that are material to the registrant's business, results of operations or financial condition, Scope 1 and Scope 2 GHG emissions on a phased-in basis by certain larger registrants when those emissions are material and the filing of an attestation report covering the same, and disclosure of the financial statement effects of severe weather events and other natural conditions including costs and losses. Compliance dates under the final rule are phased in by registrant category. Multiple lawsuits have been filed challenging the SEC's new climate rules, which have been consolidated and will be heard in the U.S. Court of Appeals for the Eighth Circuit. On April 4, 2024, the SEC issued an order staying the final rules until judicial review is complete.

**Consolidated Results of Operations**

The following table provides selected financial information:

| (In millions) | Three months ended June 30, 2024 | Three months ended June 30, 2023 | Change | Six months ended June 30, 2024 | Six months ended June 30, 2023 | Change |
|---|---|---|---|---|---|---|
| **Operating Revenues** | | | | | | |
| Energy and capacity revenues | $ 424 | $ 379 | $ 45 | $ 739 | $ 683 | $ 56 |
| Other revenues | 30 | 48 | (18) | 46 | 60 | (14) |
| Contract amortization | (46) | (47) | 1 | (92) | (94) | 2 |
| Mark-to-market for economic hedges | (42) | 26 | (68) | (64) | 45 | (109) |
| Total operating revenues | 366 | 406 | (40) | 629 | 694 | (65) |
| **Operating Costs and Expenses** | | | | | | |
| Cost of fuels | 2 | 16 | (14) | 16 | 16 | — |
| Operations and maintenance | 86 | 76 | 10 | 169 | 159 | 10 |
| Mark-to-market for economic hedges | 1 | — | 1 | 3 | — | 3 |
| Other costs of operations | 28 | 26 | 2 | 55 | 51 | 4 |
| Depreciation, amortization and accretion | 153 | 128 | 25 | 307 | 256 | 51 |
| General and administrative | 8 | 9 | (1) | 19 | 19 | — |
| Transaction and integration costs | 3 | 2 | 1 | 4 | 2 | 2 |
| Total operating costs and expenses | 281 | 257 | 24 | 573 | 503 | 70 |
| **Operating Income** | 85 | 149 | (64) | 56 | 191 | (135) |
| **Other Income (Expense)** | | | | | | |
| Equity in earnings of unconsolidated affiliates | 8 | 3 | 5 | 20 | — | 20 |
| Other income, net | 12 | 9 | 3 | 28 | 17 | 11 |
| Loss on debt extinguishment | (2) | — | (2) | (3) | — | (3) |
| Derivative interest income | 1 | 22 | (21) | 24 | 1 | 23 |
| Other interest expense | (89) | (77) | (12) | (169) | (155) | (14) |
| Total other expense, net | (70) | (43) | (27) | (100) | (137) | 37 |
| **Net Income (Loss)** | 15 | 106 | (91) | (44) | 54 | (98) |
| Less: Net loss attributable to noncontrolling interests and redeemable noncontrolling interests | (92) | — | (92) | (125) | (30) | (95) |
| **Net Income Attributable to Clearway Energy LLC** | $ 107 | $ 106 | $ 1 | $ 81 | $ 84 | $ (3) |

| **Business metrics:** | Three months ended June 30, 2024 | Three months ended June 30, 2023 | Six months ended June 30, 2024 | Six months ended June 30, 2023 |
|---|---|---|---|---|
| Solar MWh generated/sold (in thousands) [(a)] | 2,613 | 1,544 | 4,056 | 2,410 |
| Wind MWh generated/sold (in thousands) [(a)] | 2,947 | 2,433 | 5,466 | 5,177 |
| Renewables MWh generated/sold (in thousands) [(a)] | 5,560 | 3,977 | 9,522 | 7,587 |
| Solar weighted-average capacity factor [(b)] | 36.1 % | 34.4 % | 28.6 % | 27.2 % |
| Wind weighted-average capacity factor [(c)] | 34.8 % | 29.0 % | 32.9 % | 31.3 % |
| Conventional MWh generated (in thousands) | 75 | 139 | 250 | 227 |
| Conventional equivalent availability factor | 97.1 % | 90.1 % | 91.7 % | 82.3 % |

[(a)] Volumes do not include the MWh generated/sold by the Company's equity method investments.
[(b)] Typical average capacity factors for solar facilities is 25%. The weighted-average capacity factors can vary based on seasonality and weather.
[(c)] Typical average capacity factors for wind facilities is 25-45%. The weighted-average capacity factors can vary based on seasonality and weather.

**Management's Discussion of the Results of Operations for the Three Months Ended June 30, 2024 and 2023**

***Operating Revenues***

Operating revenues decreased by $40 million during the three months ended June 30, 2024, compared to the same period in 2023, due to a combination of the drivers summarized in the table below:

| | | (In millions) |
|---|---|---|
| **Conventional Segment** | Decrease primarily driven by lower prices for capacity revenue due to the expiration of PPAs and commencement of RA capacity revenue at the Walnut Creek and Marsh Landing facilities during the second quarter of 2023 and the El Segundo facility during the third quarter of 2023. | $ (28) |
| | Decrease driven by the sales-type lease revenue recognition of the Marsh Landing Black Start addition recognized in the second quarter of 2023. | (21) |
| | Increase primarily driven by higher energy revenue due to the commencement of merchant operations following the expiration of PPAs at the Walnut Creek, Marsh Landing and El Segundo facilities during 2023. | 7 |
| **Renewables Segment** | Increase primarily driven by the Daggett 2, Daggett 3, Victory Pass and Arica solar and BESS acquisitions, which reached commercial operations in December 2023, July 2023, March 2024 and April 2024, respectively, and the acquisition of Texas Solar Nova 1 and Texas Solar Nova 2 in December 2023 and March 2024, respectively. | 38 |
| | Increase primarily driven by higher wind production at the Alta wind facilities. | 26 |
| | Increase driven by the acquisition of the Cedar Creek wind facility in April 2024. | 5 |
| **Contract amortization** | Driven by the Walnut Creek PPA, which was fully amortized during the second quarter of 2023. | 1 |
| **Mark-to-market economic hedging activities** | Decrease driven by increases in forward power prices in the ERCOT and PJM markets. | (63) |
| | Decrease due to heat rate call option contracts entered into by El Segundo, Marsh Landing and Walnut Creek during the fourth quarter of 2023. | (5) |
| | | $ (40) |

***Cost of Fuels***

Cost of fuels decreased by $14 million during the three months ended June 30, 2024, compared to the same period in 2023, primarily due to the associated costs of the sales-type lease recognition of the Marsh Landing Black Start addition during the second quarter of 2023.

***Operations and Maintenance***

Operations and maintenance expense increased by $10 million during the three months ended June 30, 2024, compared to the same period in 2023, primarily due to solar and BESS acquisitions.

***Interest Expense***

Interest expense increased by $33 million during the three months ended June 30, 2024, compared to the same period in 2023, primarily due to the following:

| | (In millions) |
|---|---|
| Change in fair value of interest rate swaps due to changes in interest rates | $ 21 |
| Increase in interest expense due to an increase in principal balances for the Renewables segment primarily due to solar and BESS acquisitions | 13 |
| Other | (1) |
| | $ 33 |

***Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests***

For the three months ended June 30, 2024, the Company had a net loss of $92 million attributable to noncontrolling interests and redeemable noncontrolling interests comprised of the following:

| | (In millions) |
|---|---|
| Losses attributable to tax equity financing arrangements and the application of the HLBV method (primarily due to VP-Arica TE Holdco LLC HLBV losses) | $ (153) |
| Income attributable to third-party partnerships (primarily due to VP-Arica TE Holdco LLC HLBV losses) | 61 |
| | $ (92) |

For the three months ended June 30, 2023, net income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests was comprised of the following:

| | (In millions) |
|---|---|
| Income attributable to third-party partnerships | $ 11 |
| Losses attributable to tax equity financing arrangements and the application of the HLBV method | (11) |
| | $ — |

**Management's Discussion of the Results of Operations for the Six Months Ended June 30, 2024 and 2023**

***Operating Revenues***

Operating revenues decreased by $65 million during the six months ended June 30, 2024, compared to the same period in 2023, due to a combination of the drivers summarized in the table below:

| | | | (In millions) |
|---|---|---|---|
| **Conventional Segment** | Decrease primarily driven by lower prices for capacity revenue due to the expiration of PPAs and commencement of RA capacity revenue at the Walnut Creek and Marsh Landing facilities during the second quarter of 2023 and the El Segundo facility during the third quarter of 2023. | $ | (66) |
| | Decrease driven by the sales-type lease revenue recognition of the Marsh Landing Black Start addition during the second quarter of 2023. | | (21) |
| | Increase primarily driven by higher energy revenue due to the commencement of merchant operations following the expiration of PPAs at the Walnut Creek, Marsh Landing and El Segundo facilities during 2023. | | 31 |
| **Renewables Segment** | Increase driven by the Daggett 2, Daggett 3, Victory Pass and Arica solar and BESS acquisitions, which reached commercial operations in December 2023, July 2023, March 2024 and April 2024, respectively, and the acquisition of Texas Solar Nova 1 and Texas Solar Nova 2 in December 2023 and March 2024, respectively. | | 54 |
| | Increase primarily driven by higher wind production at the Alta wind facilities. | | 39 |
| | Increase driven by the acquisition of the Cedar Creek wind facility in April 2024. | | 5 |
| **Contract amortization** | Driven by the Walnut Creek PPA, which was fully amortized during the second quarter of 2023. | | 2 |
| **Mark-to-market economic hedging activities** | Decrease driven by increases in forward power prices in the ERCOT and PJM markets. | | (117) |
| | Increase due to heat rate call option contracts entered into by El Segundo, Marsh Landing and Walnut Creek during the fourth quarter of 2023. | | 8 |
| | | $ | (65) |

***Operations and Maintenance***

Operations and maintenance expense increased by $10 million during the six months ended June 30, 2024, compared to the same period in 2023, primarily due to solar and BESS acquisitions.

***Depreciation, Amortization and Accretion***

Depreciation, amortization and accretion increased $51 million during the six months ended June 30, 2024, compared to the same period in 2023, primarily due to the acquisitions of the Daggett 2, Daggett 3, Victory Pass and Arica solar and BESS facilities, as well as Texas Solar Nova 1 and Texas Solar Nova 2.

***Equity in Earnings of Unconsolidated Affiliates***

Equity in earnings of unconsolidated affiliates increased by $20 million during six months ended June 30, 2024, compared to the same period in 2023, due to changes in the fair value of interest rate swaps, lower depreciation expense and higher wind production.

***Interest Expense***

Interest expense decreased by $9 million during the six months ended June 30, 2024, compared to the same period in 2023, primarily due to the following:

| | | (In millions) |
|---|---|---|
| Change in fair value of interest rate swaps due to changes in interest rates | $ | (23) |
| Increase in interest expense due to an increase in principal balances for the Renewables segment primarily due to solar and BESS acquisitions | | 16 |
| Other | | (2) |
| | $ | (9) |

***Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests***

For the six months ended June 30, 2024, the Company had a net loss of $125 million attributable to noncontrolling interests and redeemable noncontrolling interests comprised of the following:

| | | (In millions) |
|---|---|---|
| Losses attributable to tax equity financing arrangements and the application of the HLBV method (primarily due to VP-Arica TE Holdco LLC, Daggett TE Holdco LLC and Daggett 2 TE Holdco LLC HLBV losses) | $ | (195) |
| Income attributable to third-party partnerships (primarily due to VP-Arica TE Holdco LLC, Daggett TE Holdco LLC and Daggett 2 TE Holdco LLC HLBV losses) | | 70 |
| | $ | (125) |

For the six months ended June 30, 2023, the Company had a net loss of $30 million attributable to noncontrolling interests and redeemable noncontrolling interests comprised of the following:

| | | (In millions) |
|---|---|---|
| Losses attributable to tax equity financing arrangements and the application of the HLBV method | $ | (44) |
| Income attributable to third-party partnerships | | 14 |
| | $ | (30) |

**Liquidity and Capital Resources**

The Company's principal liquidity requirements are to meet its financial commitments, finance current operations, fund capital expenditures, including acquisitions from time to time, service debt and pay distributions. As a normal part of the Company's business, depending on market conditions, the Company will from time to time consider opportunities to repay, redeem, repurchase or refinance its indebtedness. Changes in the Company's operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause the Company to seek additional debt or equity financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations and additional covenants and operating restrictions.

***Current Liquidity Position***

As of June 30, 2024 and December 31, 2023, the Company's liquidity was approximately $1.07 billion and $1.51 billion, respectively, comprised of cash, restricted cash and availability under the Company's revolving credit facility.

| (In millions) | June 30, 2024 | December 31, 2023 |
|---|---|---|
| **Cash and cash equivalents:** | | |
| Clearway Energy LLC, excluding subsidiaries | $ 35 | $ 410 |
| Subsidiaries | 191 | 125 |
| **Restricted cash:** | | |
| Operating accounts | 169 | 176 |
| Reserves, including debt service, distributions, performance obligations and other reserves | 175 | 340 |
| Total cash, cash equivalents and restricted cash | 570 | 1,051 |
| Revolving credit facility availability | 495 | 454 |
| **Total liquidity** | $ 1,065 | $ 1,505 |

The Company's liquidity includes $344 million and $516 million of restricted cash balances as of June 30, 2024 and December 31, 2023, respectively. Restricted cash consists primarily of funds to satisfy the requirements of certain debt arrangements and funds held within the Company's facilities that are restricted in their use. As of June 30, 2024, these restricted funds were comprised of $169 million designated to fund operating expenses, approximately $42 million designated for current debt service payments and $89 million restricted for reserves including debt service, performance obligations and other reserves, as well as capital expenditures. The remaining $44 million is held in distribution reserve accounts.

*Clearway Energy LLC and Clearway Energy Operating LLC Revolving Credit Facility*

As of June 30, 2024, the Company had no outstanding borrowings under the revolving credit facility and $205 million in letters of credit outstanding. The facility will continue to be used for general corporate purposes including financing of future acquisitions and posting letters of credit.

Management believes that the Company's liquidity position, cash flows from operations and availability under its revolving credit facility will be adequate to meet the Company's financial commitments; debt service obligations; growth, operating and maintenance capital expenditures; and to fund distributions to Clearway, Inc. and CEG. Management continues to regularly monitor the Company's ability to finance the needs of its operating, financing and investing activity within the dictates of prudent balance sheet management.

***Credit Ratings***

Credit rating agencies rate a firm's public debt securities. These ratings are utilized by the debt markets in evaluating a firm's credit risk. Ratings influence the price paid to issue new debt securities by indicating to the market the Company's ability to pay principal, interest and preferred dividends. Rating agencies evaluate a firm's industry, cash flow, leverage, liquidity and hedge profile, among other factors, in their credit analysis of a firm's credit risk. As of June 30, 2024, the Company's 2028 Senior Notes, 2031 Senior Notes and 2032 Senior Notes were rated BB by S&P and Ba2 by Moody's.

***Sources of Liquidity***

The Company's principal sources of liquidity include cash on hand, cash generated from operations, proceeds from sales of assets, borrowings under new and existing financing arrangements and the issuance of additional equity and debt securities by Clearway, Inc. or the Company as appropriate given market conditions. As described in Note 7, *Long-term Debt*, to this Form 10-Q and Item 15 — Note 10, *Long-term Debt*, to the consolidated financial statements included in the Company's 2023 Form 10-K, the Company's financing arrangements consist of corporate level debt, which includes Senior Notes, intercompany borrowings with Clearway, Inc. and the revolving credit facility; the ATM Program; and facility-level financings for its various assets.

*Natural Gas Holdco LC Facility*

On July 25, 2024, the Company, through its indirect subsidiary, Natural Gas Holdco, entered into a financing agreement that provides for a $200 million letter of credit facility, which will be utilized to support the collateral needs of the Company's merchant conventional facilities and will free up capacity on the Company's corporate revolving credit facility. The letter of credit facility has an initial term of three years and the option for two additional one-year extensions.

***Uses of Liquidity***

The Company's requirements for liquidity and capital resources, other than for operating its facilities, are categorized as: (i) debt service obligations, as described more fully in Note 7, *Long-term Debt*; (ii) capital expenditures; (iii) off-balance sheet arrangements; (iv) acquisitions and investments, as described more fully in Note 3, *Acquisitions* and Note 4, *Investments Accounted for by the Equity Method and Variable Interest Entities*; and (v) distributions.

*Capital Expenditures*

The Company's capital spending program is mainly focused on maintenance capital expenditures, consisting of costs to maintain the assets currently operating, such as costs to replace or refurbish assets during routine maintenance, and growth capital expenditures consisting of costs to construct new assets and costs to complete the construction of assets where construction is in process.

For the six months ended June 30, 2024, the Company used approximately $202 million to fund capital expenditures, including growth expenditures of $198 million, primarily in the Renewables segment, funded through construction-related financing. Growth capital expenditures included $103 million incurred in connection with the Victory Pass and Arica solar and BESS facilities, $37 million incurred in connection with the Rosamond Central BESS facility, $18 million incurred in connection with the Texas Solar Nova 1 and Texas Solar Nova 2 facilities, $14 million incurred in connection with the Daggett 2 solar and BESS facility, $11 million incurred in connection with the repowering of the Cedro Hill wind facility, $8 million incurred in connection with the Daggett 3 solar and BESS facility and $7 million incurred by other facilities. In addition, the Company incurred $4 million in maintenance capital expenditures.

**Off-Balance Sheet Arrangements**

***Obligations under Certain Guarantee Contracts***

The Company may enter into guarantee arrangements in the normal course of business to facilitate commercial transactions with third parties.

***Retained or Contingent Interests***

The Company does not have any material retained or contingent interests in assets transferred to an unconsolidated entity.

***Obligations Arising Out of a Variable Interest in an Unconsolidated Entity***

*Variable interest in equity investments* — As of June 30, 2024, the Company has several investments with an ownership interest percentage of 50% or less. GenConn is a VIE for which the Company is not the primary beneficiary. The Company's pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately $295 million as of June 30, 2024. This indebtedness may restrict the ability of these subsidiaries to issue dividends or distributions to the Company.

***Contractual Obligations and Commercial Commitments***

The Company has a variety of contractual obligations and other commercial commitments that represent prospective cash requirements in addition to the Company's capital expenditure programs, as disclosed in the Company's 2023 Form 10-K.

***Acquisitions and Investments***

The Company intends to acquire generation assets developed and constructed by CEG, as well as generation assets from third parties where the Company believes its knowledge of the market and operating expertise provides a competitive advantage, and to utilize such acquisitions as a means to grow its business.

*Rosamond Central BESS Drop Down and Financing Activities* — On June 13, 2024, when the Rosamond Central BESS facility reached substantial completion, the Company paid $279 million to Clearway Renew as additional purchase price to complete its acquisition of the facility, which occurred on December 1, 2023. The additional purchase price consisted of $64 million that was funded by the Company from existing sources of liquidity and $215 million funded through contributions from third-party investors. Including the additional purchase price, the Company's total purchase price was $349 million, $80 million of which was funded by the Company with the remaining $269 million funded through contributions from third-party investors. Clearway Renew utilized the additional proceeds to repay the balance of $184 million on the loan previously issued to its consolidated subsidiary by Rosie Class B LLC and to redeem Rosie Class B LLC's entire equity investment in Rosie Central BESS of $28 million. The Company utilized proceeds from Clearway Renew, along with $39 million held previously in escrow and $56 million of the Company's additional purchase price that was contributed back by CEG, to repay the tax equity bridge loan, to make a distribution to the cash equity investor, to fund construction completion reserves and to pay associated fees. Additionally, on June 13, 2024, the outstanding construction loans were converted to a term loan.

*Victory Pass and Arica Drop Down* — On May 1, 2024, when the Victory Pass and Arica solar and BESS facilities reached substantial completion, the Company paid $165 million to Clearway Renew as additional purchase price, in connection with the Company's acquisition of the Class A membership interests in VP-Arica TargetCo LLC on October 31, 2023, which was funded with existing sources of liquidity. Also on May 1, 2024, the cash equity investor contributed an additional $347 million, the tax equity investor contributed an additional $410 million and CEG contributed $52 million, which were utilized, along with $103 million held previously in escrow, to repay the cash equity bridge loan, to repay the tax equity bridge loan, to fund construction completion reserves and to pay associated fees. Prior to the repayment of the tax equity bridge loan, the Company borrowed an additional $62 million during 2024.

*Cedar Creek Drop Down* — On April 16, 2024, the Company, through its indirect subsidiary, Cedar Creek Wind Holdco LLC, acquired Cedar Creek Holdco LLC, the indirect owner of Cedar Creek, a 160 MW wind facility that is located in Bingham County, Idaho, from Clearway Renew for cash consideration of $117 million. Cedar Creek Holdco LLC consolidates as primary beneficiary, Cedar Creek TE Holdco LLC, a tax equity fund that owns the Cedar Creek wind facility. Cedar Creek has a 25-year PPA with an investment-grade utility that commenced in March 2024. The acquisition was funded with existing sources of liquidity. Additionally, the Company assumed the facility's financing agreement, which included a construction loan that converted to a term loan at acquisition date along with a cash equity bridge loan and tax equity bridge loan that were both repaid at acquisition date.

*Texas Solar Nova 2 Drop Down* — On March 15, 2024, the Company, through its indirect subsidiary, TSN1 TE Holdco LLC, acquired Texas Solar Nova 2, a 200 MW solar facility that is located in Kent County, Texas, from Clearway Renew for cash consideration of $112 million, $17 million of which was funded by the Company with the remaining $95 million funded through a contribution from the cash equity investor in Lighthouse Renewable Holdco 2 LLC, which is a partnership. Lighthouse Renewable Holdco 2 LLC indirectly consolidates as primary beneficiary, TSN1 TE Holdco LLC, a tax equity fund that owns Texas Solar Nova 1 and Texas Solar Nova 2. Texas Solar Nova 2 has an 18-year PPA with an investment-grade counterparty that commenced in February 2024. The Company's portion of the purchase price was funded with existing sources of liquidity. Additionally, the Company assumed the facility's financing agreement, which included a tax equity bridge loan that was repaid at acquisition date and a term loan.

***Cash Distributions to Clearway, Inc. and CEG***

The Company intends to distribute to its unit holders in the form of a quarterly distribution all of the CAFD it generates each quarter less reserves for the prudent conduct of the business, including among others, maintenance capital expenditures to maintain the operating capacity of the Company's assets. Distributions on the Company's units are subject to available capital, market conditions and compliance with associated laws, regulations and other contractual obligations. The Company expects that, based on current circumstances, comparable cash distributions will continue to be paid in the foreseeable future.

The following table lists the distributions paid on the Company's Class A, B, C and D units during the six months ended June 30, 2024:

| | Second Quarter 2024 | First Quarter 2024 |
|---|---|---|
| Distributions per Class A, B, C and D unit | $ 0.4102 | $ 0.4033 |

On August 1, 2024, the Company declared a distribution on its Class A, Class B, Class C and Class D units of $0.4171 per unit payable on September 16, 2024 to unit holders of record as of September 3, 2024.

**Cash Flow Discussion**

The following tables reflect the changes in cash flows for the comparative periods:

| | Six months ended June 30, 2024 | Six months ended June 30, 2023 | Change |
|---|---|---|---|
| | (In millions) | | |
| Net cash provided by operating activities | $ 279 | $ 235 | $ 44 |
| Net cash used in investing activities | (647) | (116) | (531) |
| Net cash used in financing activities | (113) | (197) | 84 |

***Net Cash Provided by Operating Activities***

| Changes to net cash provided by operating activities were driven by: | (In millions) |
|---|---|
| Increase in operating income after adjusting for non-cash items | $ 34 |
| Increase from changes in working capital primarily driven by the timing of accounts receivable collections and payments of accounts payable | 6 |
| Increase in distributions from unconsolidated affiliates | 4 |
| | $ 44 |

***Net Cash Used in Investing Activities***

| Changes to net cash used in investing activities were driven by: | (In millions) |
|---|---|
| Increase in cash paid for Drop Down Assets, net of cash acquired | $ (664) |
| Increase in capital expenditures | (93) |
| Decrease in note receivable – affiliate in 2024 | 184 |
| Increase in the return of investment from unconsolidated affiliates | 25 |
| Decrease in investments in unconsolidated affiliates | 10 |
| Other | 7 |
| | $ (531) |

***Net Cash Used in Financing Activities***

| Changes in net cash used in financing activities were driven by: | (In millions) |
|---|---|
| Increase in contributions from noncontrolling interests and CEG, net of distributions | $ 1,124 |
| Decrease in tax-related distributions | 44 |
| Decrease in payments of debt issuance costs | 4 |
| Increase in payments for long-term debt, net of an increase in proceeds from issuance of long-term debt | (1,078) |
| Increase in distributions paid to unit holders | (11) |
| Other | 1 |
| | $ 84 |

**Fair Value of Derivative Instruments**

The Company may enter into energy-related commodity contracts to mitigate variability in earnings due to fluctuations in spot market prices. In addition, in order to mitigate interest rate risk associated with the issuance of variable rate debt, the Company enters into interest rate swap agreements.

The tables below disclose the activities of non-exchange traded contracts accounted for at fair value in accordance with ASC 820. Specifically, these tables disaggregate realized and unrealized changes in fair value; disaggregate estimated fair values at June 30, 2024, based on their level within the fair value hierarchy defined in ASC 820; and indicate the maturities of contracts at June 30, 2024. For a full discussion of the Company's valuation methodology of its contracts, see *Derivative Fair Value Measurements* in Note 5, *Fair Value of Financial Instruments*.

| Derivative Activity (Losses) Gains | (In millions) |
|---|---|
| **Fair value of contracts as of December 31, 2023** | $ (209) |
| Contracts realized or otherwise settled during the period | (16) |
| Changes in fair value | (2) |
| **Fair value of contracts as of June 30, 2024** | $ (227) |

| | Fair value of contracts as of June 30, 2024 | | | | |
|---|---|---|---|---|---|
| | Maturity | | | | |
| Fair Value Hierarchy (Losses) Gains | 1 Year or Less | Greater Than 1 Year to 3 Years | Greater Than 3 Years to 5 Years | Greater Than 5 Years | Total Fair Value |
| | (In millions) | | | | |
| Level 2 | $ 47 | $ 35 | $ 74 | $ 7 | $ 163 |
| Level 3 | (55) | (117) | (102) | (116) | (390) |
| Total | $ (8) | $ (82) | $ (28) | $ (109) | $ (227) |

The Company has elected to disclose derivative assets and liabilities on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level.

**Critical Accounting Policies and Estimates**

The Company's discussion and analysis of the financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements and related disclosures in compliance with GAAP requires the application of appropriate technical accounting rules and guidance, as well as the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. The application of these policies necessarily involves judgments regarding future events, including the likelihood of success of particular facilities, legal and regulatory challenges and the fair value of certain assets and liabilities. These judgments, in and of themselves, could materially affect the financial statements and disclosures based on varying assumptions, which may be appropriate to use. In addition, the financial and operating environment may also have a significant effect, not only on the operation of the business, but on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting policies has not changed.

On an ongoing basis, the Company evaluates these estimates, utilizing historic experience, consultation with experts and other methods the Company considers reasonable. Actual results may differ substantially from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the information that gives rise to the revision becomes known.

The Company identifies its most critical accounting policies as those that are the most pervasive and important to the portrayal of the Company's financial position and results of operations, and that require the most difficult, subjective and/or complex judgments by management regarding estimates about matters that are inherently uncertain. The Company's critical accounting policies include income taxes and valuation allowance for deferred tax assets, accounting utilizing HLBV, acquisition accounting and determining the fair value of financial instruments.

***Recent Accounting Developments***

See Note 2, *Summary of Significant Accounting Policies*, for a discussion of recent accounting developments.

**ITEM 3 — Quantitative and Qualitative Disclosures About Market Risk**

The Company is exposed to several market risks in its normal business activities. Market risk is the potential loss that may result from market changes associated with the Company's power generation or with an existing or forecasted financial or commodity transaction. The types of market risks the Company is exposed to are commodity price risk, interest rate risk, liquidity risk and credit risk. The following disclosures about market risk provide an update to, and should be read in conjunction with, Item 7A — *Quantitative and Qualitative Disclosures About Market Risk,* of the Company's 2023 Form 10-K.

***Commodity Price Risk***

Commodity price risks result from exposures to changes in spot prices, forward prices, volatilities and correlations between various commodities, such as electricity, natural gas and emissions credits. The Company manages the commodity price risk of certain of its merchant generation operations by entering into derivative or non-derivative instruments to hedge the variability in future cash flows from forecasted power sales. The portion of forecasted transactions hedged may vary based upon management's assessment of market, weather, operation and other factors.

Based on a sensitivity analysis using simplified assumptions, the impact of a $0.50 per MWh increase or decrease in power prices across the term of the long-term power commodity contracts would cause a change of approximately $6 million to the net value of the related derivatives as of June 30, 2024.

***Interest Rate Risk***

The Company is exposed to fluctuations in interest rates through its issuance of variable rate debt. Exposures to interest rate fluctuations may be mitigated by entering into derivative instruments known as interest rate swaps, caps, collars and put or call options. These contracts reduce exposure to interest rate volatility and result in primarily fixed rate debt obligations when taking into account the combination of the variable rate debt and the interest rate derivative instrument. See Note 6, *Derivative Instruments and Hedging Activities*, for more information.

Most of the Company's subsidiaries enter into interest rate swaps intended to hedge the risks associated with interest rates on non-recourse facility-level debt. See Item 15 — Note 10, *Long-term Debt,* to the Company's audited consolidated financial statements for the year ended December 31, 2023 included in the 2023 Form 10-K for more information about interest rate swaps of the Company's subsidiaries.

If all of the interest rate swaps had been discontinued on June 30, 2024, the counterparties would have owed the Company $166 million. Based on the credit ratings of the counterparties, the Company believes its exposure to credit risk due to nonperformance by counterparties to its hedge contracts to be insignificant.

The Company has long-term debt instruments that subject it to the risk of loss associated with movements in market interest rates. As of June 30, 2024, a change of 1%, or 100 basis points, in interest rates would result in an approximately $1 million change in market interest expense on a rolling twelve-month basis.

As of June 30, 2024, the fair value of the Company's debt was $6.70 billion and the carrying value was $7.27 billion. The Company estimates that a decrease of 1%, or 100 basis points, in market interest rates would have increased the fair value of its long-term debt by approximately $321 million.

***Liquidity Risk***

Liquidity risk arises from the general funding needs of the Company's activities and in the management of the Company's assets and liabilities.

***Counterparty 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; and (ii) the use of credit mitigation measures such as prepayment arrangements or volumetric limits. 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. See Note 5, *Fair Value of Financial Instruments*, to the consolidated financial statements for more information about concentration of credit risk.

**ITEM 4 — Controls and Procedures**

*Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures*

Under the supervision and with the participation of the Company’s management, including its principal executive officer, principal financial officer and principal accounting officer, the Company conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act. Based on this evaluation, the Company’s principal executive officer, principal financial officer and principal accounting officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

*Changes in Internal Control over Financial Reporting*

There were no changes in the Company’s internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended June 30, 2024 that materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

## PART II — OTHER INFORMATION

### ITEM 1 — LEGAL PROCEEDINGS

None.

### ITEM 1A — RISK FACTORS

Information regarding risk factors appears in Part I, Item 1A, *Risk Factors,* in the Company's 2023 Form 10-K. There have been no material changes in the Company's risk factors since those reported in its 2023 Form 10-K.

### ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

### ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5 — OTHER INFORMATION

During the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## ITEM 6 — EXHIBITS

| Number | Description | Method of Filing |
|---|---|---|
| 10.1 | Second Amended and Restated Master Services Agreement, dated as of April 30, 2024, by and among Clearway Energy Group LLC, Clearway Energy, Inc., Clearway Energy LLC and Clearway Energy Operating LLC | Incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2024. |
| 10.2 | Separation Agreement and General Release, dated as of April 30, 2024, by and between Clearway Energy, Inc. and Christopher Sotos. | Incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 30, 2024. |
| 10.3 | Amended and Restated Employment Agreement, dated as of April 30, 2024, by and between Clearway Energy Group LLC, Clearway Energy, Inc., GIP III Zephyr Management Partners, L.P., GIP III Zephyr Midco Holdings, L.P. and Craig Cornelius. | Incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 30, 2024. |
| 10.4†* | Membership Interest Purchase Agreement, dated as of June 27, 2024, by and between D1-LV CE Seller LLC and LV-Daggett Parent Holdco LLC. | Incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 30, 2024. |
| 10.5 | Consulting Agreement, dated as of June 20, 2024, by and between Clearway Energy, Inc. and Christopher Sotos. | Incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 30, 2024. |
| 31.1 | Rule 13a-14(a)/15d-14(a) certification of Craig Cornelius. | Filed herewith. |
| 31.2 | Rule 13a-14(a)/15d-14(a) certification of Sarah Rubenstein. | Filed herewith. |
| 32 | Section 1350 Certification. | Furnished herewith. |
| 101 INS | Inline XBRL Instance Document. | Filed herewith. |
| 101 SCH | Inline XBRL Taxonomy Extension Schema. | Filed herewith. |
| 101 CAL | Inline XBRL Taxonomy Extension Calculation Linkbase. | Filed herewith. |
| 101 DEF | Inline XBRL Taxonomy Extension Definition Linkbase. | Filed herewith. |
| 101 LAB | Inline XBRL Taxonomy Extension Label Linkbase. | Filed herewith. |
| 101 PRE | Inline XBRL Taxonomy Extension Presentation Linkbase. | Filed herewith. |
| 104 | Cover Page Interactive Data File (the cover page interactive data file does not appear in Exhibit 104 because its Inline XBRL tags are embedded within the Inline XBRL document). | Filed herewith. |

† Schedules and similar attachments to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission upon request.
* Certain portions of this Exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K. The omitted information (i) is not material and (ii) would likely cause competitive harm to the Company if publicly disclosed. The Company agrees to furnish supplementally an unredacted copy of this Exhibit to the SEC upon request.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLEARWAY ENERGY LLC
(Registrant)

/s/ CRAIG CORNELIUS
Craig Cornelius
*President and Chief Executive Officer*
*(Principal Executive Officer)*

/s/ SARAH RUBENSTEIN
Sarah Rubenstein
*Executive Vice President and Chief Financial Officer*
*(Principal Financial Officer and Principal Accounting Officer)*

Date: August 1, 2024

**EXHIBIT 31.1**

**CERTIFICATION**

I, Craig Cornelius, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Clearway Energy LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CRAIG CORNELIUS

Craig Cornelius
*President and Chief Executive Officer*
*(Principal Executive Officer)*

Date: August 1, 2024

**EXHIBIT 31.2**

**CERTIFICATION**

I, Sarah Rubenstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Clearway Energy LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ SARAH RUBENSTEIN

Sarah Rubenstein
*Executive Vice President and Chief Financial Officer*
*(Principal Financial Officer and Principal Accounting Officer)*

Date: August 1, 2024

**EXHIBIT 32**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Clearway Energy LLC on Form 10-Q for the quarter ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-Q.

Date: August 1, 2024

/s/ CRAIG CORNELIUS
Craig Cornelius
*President and Chief Executive Officer*
*(Principal Executive Officer)*

/s/ SARAH RUBENSTEIN
Sarah Rubenstein
*Executive Vice President and Chief Financial Officer*
*(Principal Financial Officer and Principal Accounting Officer*)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this Form 10-Q or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Clearway Energy LLC and will be retained by Clearway Energy LLC and furnished to the Securities and Exchange Commission or its staff upon request.