

Frontera Generation
Prepared for the Frontera Holdco Noteholder Group
January 17, 2021

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- Silver Foundry has completed its due diligence on Frontera Generation (Frontera)
- The scope of our work was to determine the financial situation of Frontera as described by the Company Management and its Sponsor
- As part of our diligence process we reviewed the materials in the data room, submitted detailed questions and engaged in several discussions with the Company management including Kindle Energy, Fistera Energy and Twin Eagle, and the Company's market consultant, PA Consulting
- As a result of this work, we have used PA Consulting's projections and determined our valuation range as Low, Base, and High
 - The Low case is based on curves with a P75 probability¹, Base case P50¹ and High Case P25¹
- In summary, Frontera's cash flow profile has materially degraded from the projections and assumptions used for the 2019 Holdco financing primarily on account of the following three factors:
 - Completion of delayed pipeline infrastructure in Mexico allowing import of greater volumes of cheap US Natural Gas offsetting other higher cost natural gas imports compressing spark spreads for Frontera
 - IMO 2020 (in addition to a material decline in oil prices) impacting the cost of fuel oil, lowering peak power pricing and spikes, in turn compressing spark spreads for Frontera
 - Completion of efficient CCGTs and renewable resources in the supply stack lowering capacity factors for Frontera

1. Per PA Consulting

Asset Description

Fully refurbished GE 7FA.04 combined cycle facility that buys U.S. natural gas as fuel and sells power into the Mexican merchant market.

GEOGRAPHIC OVERVIEW



ASSET OVERVIEW

COD	2000
Full Refurbishment	2016
Location	Mission, TX (1.8 miles from Mexico border)
1.8 Mile Transmission Line	100% Owned by Frontera ⁽¹⁾
Capacity Contract Counterparty	CFE Basic Supply
Grid Operator	CENACE (Mexico)
Technology	GE 7FA04 (2x1)
Nameplate Capacity (MW)	526
2019A Gross Capacity Factor	76.4%
2019A EBITDA (\$MM)	\$86.5
Power Hub	Reynosa (Mexico)
Natural Gas Hub	Houston Ship Channel (HSC)
Baseload Net Heat Rate (Btu/kWh)	6,960

PERMITS

Permit / License	Country	Issuing Entity	Permitted / Licensed Entity	Authority / Permissions Granted	Expiration
Presidential Permit	U.S.	DOE	Frontera Generation Limited Partnership	Construct, operate, and maintain its exclusive and dedicated cross border transmission facilities	Indefinite
Export Authorization	U.S.	DOE	Frontera Generation Limited Partnership (EA 206-B)	Export power from the U.S. to Mexican market on Frontera's dedicated cross-border transmission line	Indefinite
Export Authorization	U.S.	DOE	Frontera Marketing, LLC (EA-403-A)	Export power from the U.S. to Mexican market on Frontera's dedicated cross-border transmission line and other cross border transmission lines	April 24, 2025 ⁽²⁾
Interconnection Agreement	Mexico	CFE	Frontera Mexico Generacion	Connect to and deliver electricity to CFE facilities in Mexico	30 years ending Dec 2047 with renewal option ⁽³⁾
Import Permit	Mexico	CRE	Frontera Mexico Generacion	Import power into Mexico from the U.S.	30 years ending Oct 2046 with renewal option ⁽³⁾
Market Participant Agreement	Mexico	CENACE	Frontera Mexico Generacion	FMG eligible to participate in Mexico's electricity market as a generator	Indefinite
Title V Air Permit or Federal Operating Permit (Texas)	U.S.	TCEQ	Frontera Generation Limited Partnership	Governs the emission of air pollutants	October 24, 2024
Texas Pollutant Discharge Elimination System (TPDES) Permit	U.S.	TCEQ	Frontera Generation Limited Partnership	Governs the discharge of wastewater	July 27, 2025
Order Accepting EWG Self-Certification	U.S.	FERC	Frontera Generation Limited Partnership	Exemption from certain FERC filings, registration, and records- access requirements that may otherwise apply	Indefinite

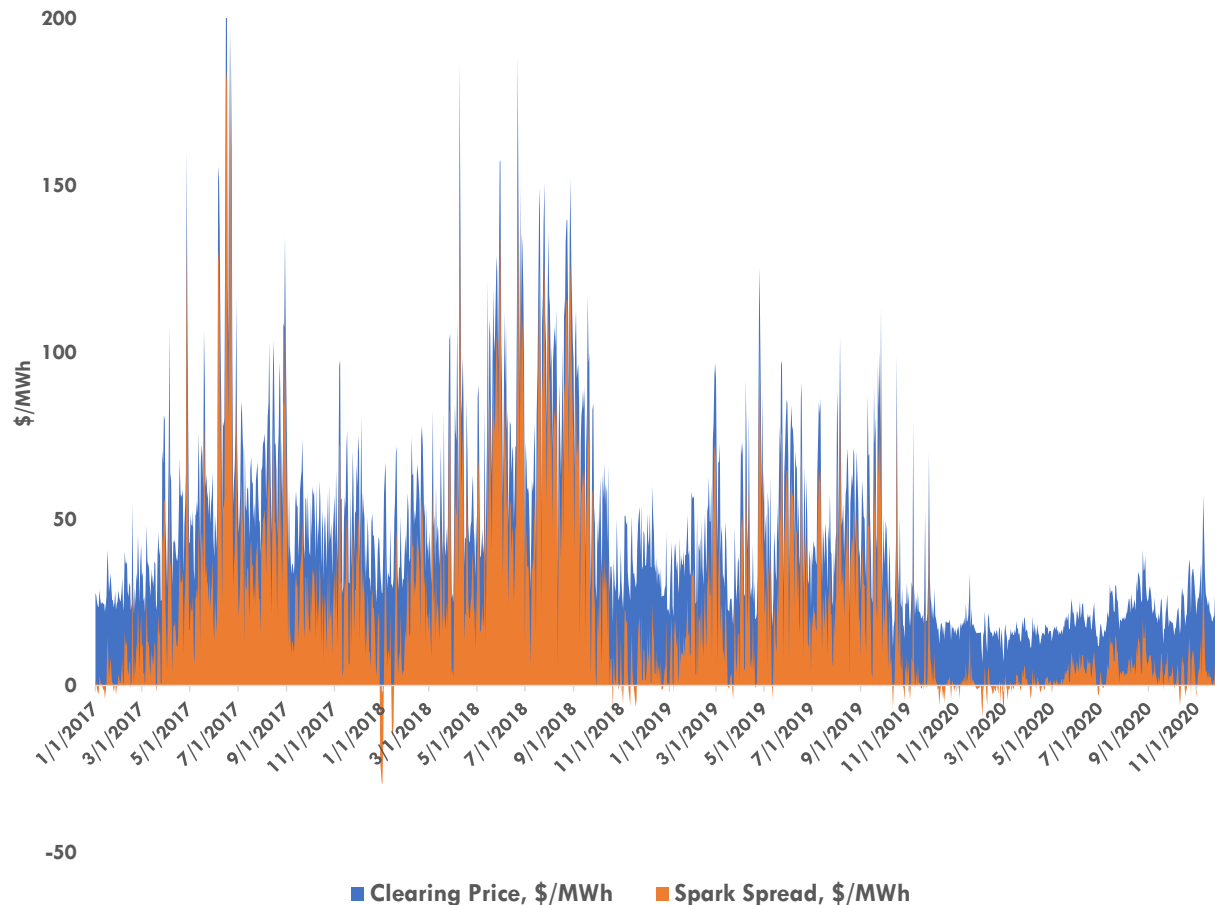
Source: PJT presentation made to Holdco lenders dated Nov 2020

Material Shift in Economics since end-2019

- Market prices and spark spreads in the Reynosa hub of the Noreste region, where Frontera sells energy, have been declining since 2018, and have materially deteriorated since end of 2019 (i.e. pre-COVID)
- Since the holdco loan was financed in 3/2019 and starting end 2019, (1) price spikes have been fewer and significantly smaller and (2) market clearing prices have collapsed, driven by:
 - a) Increasing gas pipeline flows from Permian into Mexico as delayed infrastructure completed
 - b) Oil-fired generation setting marginal prices less often, and when it does, the marginal prices set materially lower due to
 - a) Impact of IMO 2020 creating a glut of high sulfur fuel oil since end 2019, driving fuel cost materially lower for marginal oil-fired units and impacting clearing prices
 - c) New wind and solar installations (although solar has a smaller impact on peak pricing)
 - d) New efficient CCGT installations
 - e) COVID induced reduction in demand (temporary)

Trend in Energy Prices and Spark Spreads to date

- General downward trend in prices (Reynosa hub) since 2018 with a collapse end of 2019
- Price spikes returning, with modestly increasing prices, but not like 2017 - 2019
- Chart below shows clearing prices in Reynosa (blue), and spark spreads (orange) for a facility like Frontera, declining since 2018 and collapsing since end-2019



Assumes 7.00 heat rate, Houston Ship Channel Gas Price, VOM and CENACE transmission charges of ~\$3/MWh
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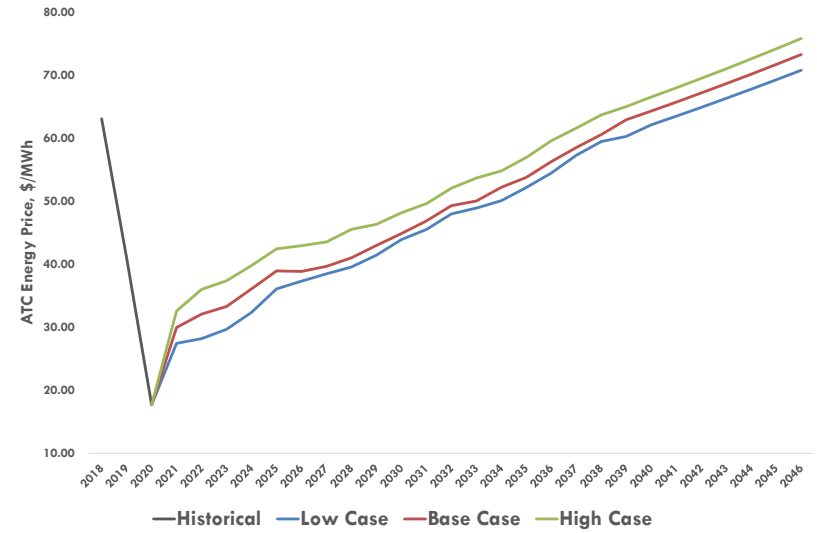
- We have presented the key financial forecasts under three cases
 - Low Case, which is based on PA Consulting's Base case (curves represent P75)
 - Peak demand growth (%) returns to pre Covid-19 levels in 2022 (3% per annum)
 - Base Case, which is based on PA Consulting's V-Recovery case (curves represent P50)
 - Assumes 2021 has the same peak demand (MW) as that estimated before Covid-19. Thereafter, peak demand growth (%) remains the same as pre Covid-19 levels (3% per annum)
 - High Case, which is based on PA Consulting's High case (curves represent P25)
 - Same as base case + all gas-fired resources are tied to interruptible transport (implying higher clearing prices than in the low and base case until the firm transport contracts expire)
- Silver Foundry has chosen PA Consulting's V-Recovery case as base case as it reflects a return to demand levels that were being projected by the Mexican Government pre-COVID as the economies in North America begin opening up
- Key assumptions across the cases
 - Realized Price, Market capacity price, spark spread, and capacity factor are the key drivers and summarized on the following slide
- Pages that follow show an illustrative range of enterprise values for each of the cases at January 31, 2021

Key Assumptions

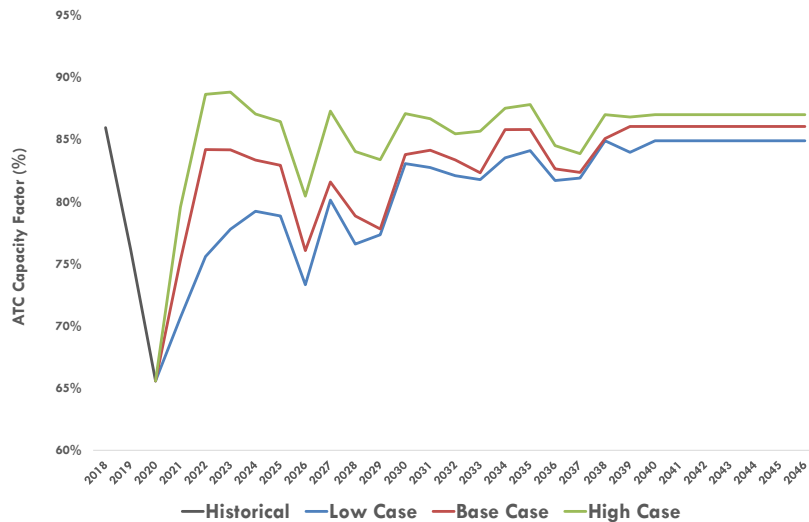
Market Capacity Price, \$/KW-Yr



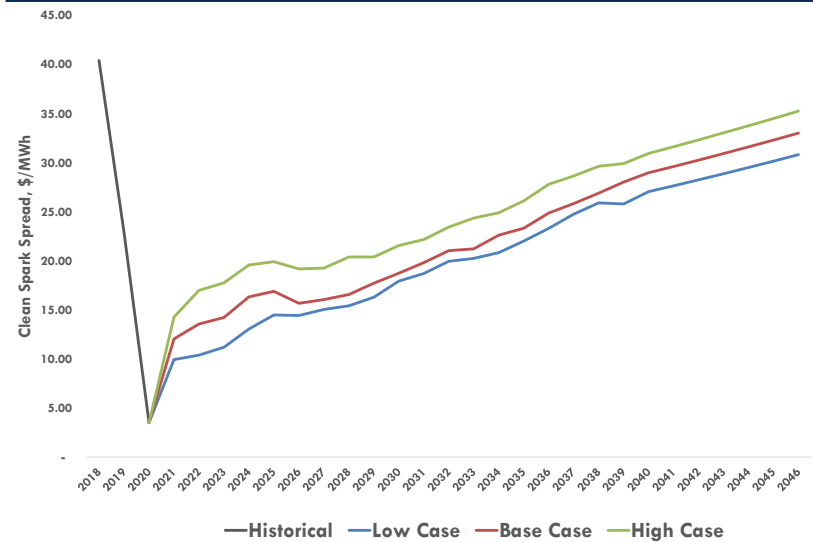
ATC Energy Price, \$/MWh



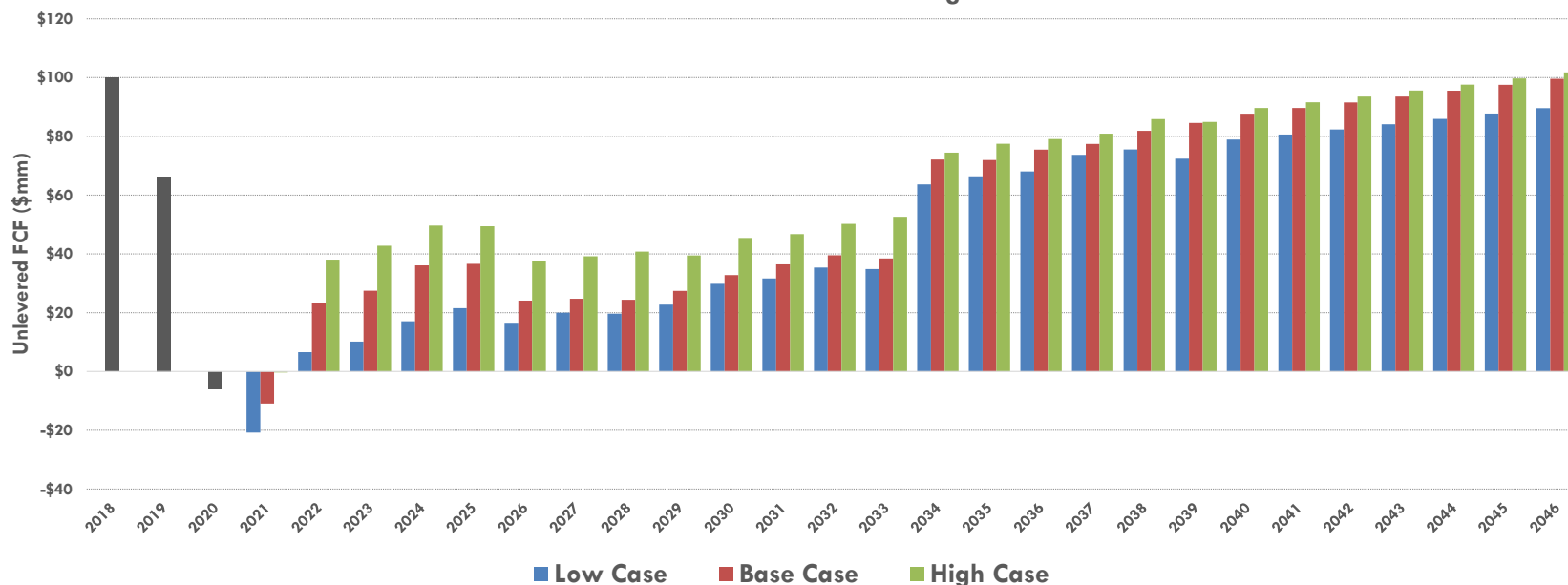
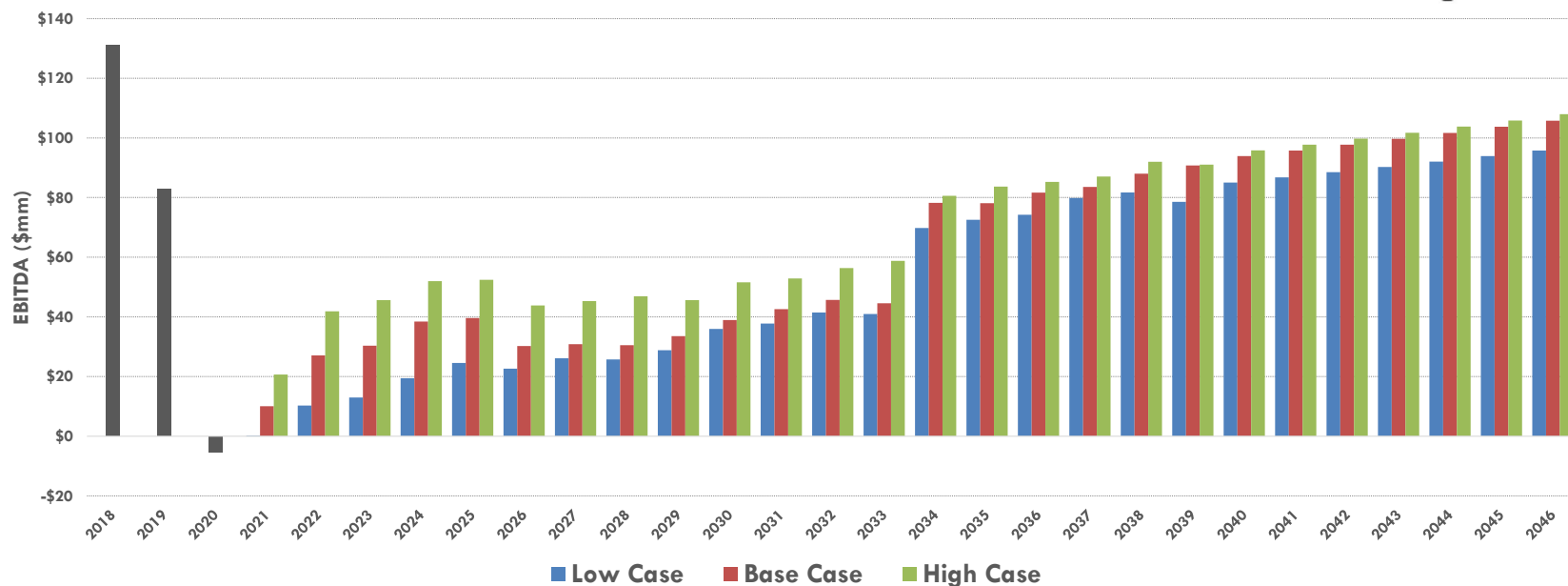
ATC Capacity Factor, %



Spark Spread, \$/MWh



Projections for EBITDA and Unlevered FCF



Enterprise Value Sensitivities

Low Case

		PV of Cash Flows	Ancillary Revenues	Potential Cost Savings	Total
WACC	6.5%	465,064	76,923	53,846	595,834
	8.5%	346,444	58,824	41,176	446,444
	10.5%	262,717	47,619	33,333	343,669
	12.5%	202,573	40,000	28,000	270,573

Base Case

		PV of Cash Flows	Ancillary Revenues	Potential Cost Savings	Total
WACC	6.5%	585,679	76,923	53,846	716,448
	8.5%	451,443	58,824	41,176	551,443
	10.5%	355,837	47,619	33,333	436,789
	12.5%	286,433	40,000	28,000	354,433

High Case

		PV of Cash Flows	Ancillary Revenues	Potential Cost Savings	Total
WACC	6.5%	713,363	76,923	53,846	844,132
	8.5%	564,850	58,824	41,176	664,850
	10.5%	457,558	47,619	33,333	538,510
	12.5%	378,458	40,000	28,000	446,458

Assumptions:

- Values as of 1/31/2021
- Underlying curves represent a P75 case (Low Case), P50 (Base Case) and P25 (High Case) per PA Consulting
- Does not take into account additional restructuring expenses than included in A&M 13-week cash flow sheet
- Does not include estimated \$12MM to be potentially paid to CENACE based on Company advisors' disclosure Jan 13, 2021 as this is not finalized and Company considering various options
- \$130MM residual value in 2046 (\$250/kW)
- Ancillary Revenues assumed to be \$5MM/ pa, but can vary depending on market need, pricing and plant availability etc.
- Cost savings assumed to be \$3.5MM/ pa

Appendix: Frontera Historical Financials

\$ in MM\$	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	12 mths 2018	12 mths 2019	12 mths 2020
Operational Statistics															
Operating Capacity, MW	503	501	500	503	520	515	505	520	520	519	511	522	502	515	518
ATC Generation, GWh	793	1,013	1,009	974	640	898	989	918	684	957	958	389	3,788	3,445	2,987
ATC Capacity Factor, %	72.1%	92.6%	91.3%	87.7%	56.1%	79.9%	88.7%	79.9%	60.3%	84.3%	84.0%	33.7%	86.0%	76.2%	65.6%
Heat Rate, MMBtu/ MWh	7.0	7.1	7.1	7.1	7.1	7.1	7.2	7.2	7.1	7.2	7.1	7.0	7.1	7.2	7.1
ATC Realized Price, \$/MWh	48.32	79.71	84.91	39.30	37.88	50.33	51.79	23.73	13.74	15.60	21.53	19.97	63.06	40.93	17.71
Spark Spread, \$/MWh	25.89	58.56	63.01	12.01	16.27	31.77	34.38	10.58	(0.18)	2.91	6.14	2.56	39.87	23.25	2.86
VOM, \$/MWh	0.62	0.54	0.54	0.50	0.73	0.59	0.56	0.52	0.77	0.77	0.64	0.48	0.55	0.60	0.66
Cash Flows															
Energy Revenue	37.1	80.7	85.7	38.3	23.5	45.4	51.1	21.8	9.5	15.0	20.7	7.8	241.8	141.8	53.0
Delivered Fuel	(18.3)	(20.9)	(21.5)	(26.2)	(13.6)	(16.1)	(16.7)	(14.9)	(8.8)	(11.4)	(14.2)	(6.6)	(86.8)	(61.2)	(41.0)
VOM Expense	(0.4)	(0.5)	(0.5)	(0.5)	(0.4)	(0.5)	(0.6)	(0.5)	(0.4)	(0.7)	(0.6)	(0.2)	(2.0)	(1.9)	(1.9)
Gross Energy Margin	18.4	59.2	63.6	11.7	9.5	28.8	33.9	6.4	0.3	2.8	5.9	1.0	152.9	78.7	10.0
Hedge P&L	-	-	-	-	-	-	-	3.3	-	-	-	-	-	3.3	-
Net Energy Margin	18.4	59.2	63.6	11.7	9.5	28.8	33.9	9.7	0.3	2.8	5.9	1.0	152.9	81.9	10.0
Less: Fixed Fuel Transport	(1.1)	(1.1)	(1.1)	(1.0)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(4.3)	(4.4)	(4.4)
Plus: Capacity Revenue	3.3	4.5	4.5	(10.7)	3.0	3.0	2.9	2.9	2.9	2.9	2.9	2.9	1.6	11.8	11.6
Plus: Ancillary Services Revenue	-	-	-	-	1.3	3.7	5.4	3.7	1.2	0.3	1.0	-	-	14.1	2.5
Plus: Misc. Income	0.2	0.1	0.3	1.9	0.2	0.7	(0.2)	(0.0)	0.1	0.0	0.0	-	2.5	0.7	0.1
Gross Margin	20.7	62.7	67.4	1.9	13.0	35.0	41.0	15.2	3.3	5.0	8.8	2.8	152.8	104.2	19.9
Less: Labor Expense	(1.1)	(1.0)	(1.0)	(1.0)	(1.3)	(1.1)	(1.0)	(1.1)	(1.2)	(1.7)	(1.1)	(1.1)	(4.2)	(4.4)	(5.1)
Less: Maintenance	(0.9)	(0.5)	(0.7)	(0.9)	(1.0)	(1.2)	(0.6)	(0.6)	(0.9)	(0.6)	(0.9)	(0.7)	(3.0)	(3.4)	(3.1)
Less: Environmental & Safety	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.1)	(0.3)	(0.3)	(0.2)
Less: Plant G&A	(0.6)	(2.4)	0.0	(3.4)	(0.3)	(0.3)	(0.4)	(0.5)	(0.3)	(0.5)	(0.3)	(0.4)	(6.4)	(1.6)	(1.4)
Less: Property Tax	(0.5)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(1.6)	(1.6)	(1.6)
Less: Insurance	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)	(1.1)	(1.5)	(1.9)
Less: G&A	-	(1.3)	(0.5)	(0.1)	(0.5)	(1.1)	(1.4)	(2.2)	(0.9)	(1.7)	(0.9)	(0.8)	(1.9)	(5.2)	(4.3)
Less: Maintenance	(2.2)	(0.2)	(0.1)	(0.7)	(2.4)	0.0	(0.0)	(0.8)	(6.0)	0.1	(0.7)	(0.8)	(3.2)	(3.3)	(7.4)
EBITDA	15.3	56.5	64.3	(5.1)	6.7	30.5	36.7	9.1	(6.8)	(0.4)	4.0	(2.0)	131.1	82.9	(5.2)
Less: Maintenance Capex	(3.6)	(0.0)	(0.2)	(0.2)	(1.9)	(0.4)	(0.0)	-	(0.0)	(0.3)	-	(0.1)	(4.1)	(2.3)	(0.5)
Less: LTSA Capex	(16.1)	(5.3)	(3.5)	(2.2)	(1.2)	(0.7)	(1.3)	(13.5)	(2.0)	(1.0)	-	-	(27.1)	(16.6)	(3.0)
EBITDA less Capex	(4.5)	51.2	60.5	(7.4)	3.6	29.5	35.3	(4.4)	(8.8)	(1.8)	4.0	(2.1)	99.9	64.0	(8.7)

Source: PA Consulting and PJT, extended outage case in 2020; Sep – Dec 2020 projections

Appendix: Frontera Projections – Low Case

\$ in MM\$	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operations:															
Operating Capacity	516	515	515	515	515	515	515	515	515	515	515	515	515	515	515
ATC Generation, GWh	3,190	3,430	3,532	3,598	3,582	3,331	3,648	3,482	3,517	3,782	3,768	3,736	3,721	3,802	3,828
On-Peak Capacity Factor, net	71.9%	77.3%	79.1%	80.6%	80.3%	75.4%	81.8%	77.9%	78.2%	83.5%	83.4%	83.0%	82.5%	84.2%	84.6%
Off-Peak Capacity Factor, net	69.5%	73.9%	76.5%	77.9%	77.4%	71.2%	78.5%	75.3%	76.5%	82.6%	82.1%	81.2%	81.1%	82.8%	83.6%
ATC Capacity Factor	70.7%	75.6%	77.8%	79.2%	78.8%	73.3%	80.1%	76.6%	77.3%	83.1%	82.7%	82.1%	81.8%	83.5%	84.1%
Heat Rate, Btu/ kwh	7,009	7,014	7,013	7,011	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012
Clean On-Peak Spread	10.34	10.46	11.32	13.74	15.37	14.92	14.65	14.74	15.57	16.92	17.64	19.08	19.14	19.58	20.72
Clean Off-Peak Spread	7.40	7.54	8.51	10.27	11.24	11.43	12.74	13.14	14.37	16.47	17.13	18.41	18.84	19.51	20.84
ATC Spark Spread	9.95	10.40	11.20	13.05	14.48	14.43	15.05	15.43	16.30	17.94	18.71	19.95	20.25	20.84	22.02
Cash Flows															
Energy Revenue	89.2	101.6	109.4	120.7	134.2	129.7	145.7	143.9	151.7	171.2	177.1	184.8	187.2	196.0	205.2
Delivered Fuel	(57.0)	(65.4)	(69.4)	(72.8)	(80.8)	(79.3)	(89.9)	(88.6)	(92.4)	(102.5)	(105.6)	(108.8)	(110.7)	(115.6)	(119.8)
CENACE Transmission Charge	(10.1)	(11.2)	(12.0)	(12.6)	(13.0)	(12.5)	(14.2)	(14.0)	(14.7)	(16.3)	(16.9)	(17.3)	(17.8)	(18.9)	(19.7)
Variable O&M	(1.6)	(1.7)	(1.8)	(1.9)	(1.9)	(1.8)	(2.0)	(2.0)	(2.0)	(2.2)	(2.3)	(2.3)	(2.3)	(2.5)	(2.5)
Hedge P&L	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Energy Margin	20.5	23.3	26.2	33.5	38.5	36.1	39.6	39.3	42.5	50.0	52.3	56.4	56.4	59.1	63.3
Less: Fixed fuel transport	(4.3)	(4.4)	(4.5)	(4.6)	(4.7)	(4.7)	(4.8)	(4.8)	(4.9)	(5.0)	(5.0)	(5.1)	(5.1)	(5.2)	(5.2)
Plus: Capacity Revenue	11.8	11.9	12.0	12.1	13.2	15.1	15.4	15.9	16.2	16.3	16.4	16.5	16.6	43.2	42.4
Plus: Ancillary Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Margin	28.0	30.8	33.7	41.0	47.0	46.4	50.3	50.3	53.9	61.4	63.7	67.9	67.9	97.2	100.4
(-) Labor Expense	(4.6)	(4.7)	(4.9)	(5.0)	(5.2)	(5.3)	(5.4)	(5.5)	(5.6)	(5.8)	(5.9)	(6.0)	(6.1)	(6.3)	(6.4)
(-) Maintenance	(4.1)	(3.2)	(3.3)	(3.8)	(3.5)	(3.6)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)	(4.1)	(4.1)	(4.2)	(4.3)
(-) Environmental & Safety	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
(-) Plant G&A	(1.4)	(1.4)	(1.4)	(1.5)	(1.5)	(1.6)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.8)	(1.8)	(1.9)	(1.9)
(-) Property Tax	(1.6)	(1.7)	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)	(2.0)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)	(2.2)
(-) Insurance	(2.1)	(2.1)	(2.2)	(2.2)	(2.3)	(2.3)	(2.4)	(2.4)	(2.5)	(2.5)	(2.6)	(2.6)	(2.7)	(2.8)	(2.8)
(-) General & Administrative	(4.0)	(4.1)	(4.2)	(4.3)	(4.4)	(4.5)	(4.6)	(4.7)	(4.8)	(4.9)	(5.0)	(5.1)	(5.2)	(5.3)	(5.5)
(-) Major Maintenance	(9.8)	(3.0)	(2.7)	(2.6)	(3.5)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)
EBITDA	0.2	10.3	13.0	19.5	24.6	22.7	26.2	25.8	28.9	36.0	37.8	41.5	41.0	69.8	72.6
(-) Maintenance Capex	(0.1)	(0.1)	(0.1)	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
(-) LTSA Capex	(15.4)	(4.5)	(4.1)	(3.8)	(4.3)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Adjusted EBITDA less Capex	(15.3)	5.7	8.8	15.5	20.2	16.5	20.0	19.6	22.7	29.8	31.7	35.3	34.8	63.6	66.4
(+/-) Change in NWC	(5.5)	0.9	1.3	1.6	1.3	-	-	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	(20.8)	6.5	10.1	17.1	21.5	16.5	20.0	19.6	22.7	29.8	31.7	35.3	34.8	63.6	66.4

Source: PA Consulting and PJT, extended outage case in 2020 through March 2021

Confidential, Attorney Work Product, Prepared at the Direction of Counsel

Appendix: Frontera Projections – Base Case

\$ in MM\$	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operations:															
Operating Capacity	516	515	515	515	515	515	515	515	515	515	515	515	515	515	515
ATC Generation, GWh	3,399	3,824	3,824	3,786	3,767	3,453	3,714	3,585	3,540	3,815	3,832	3,794	3,747	3,905	3,906
On-Peak Capacity Factor, net	76.5%	85.5%	85.0%	84.5%	84.0%	77.8%	83.9%	80.3%	79.2%	85.1%	85.5%	84.5%	83.6%	86.7%	86.7%
Off-Peak Capacity Factor, net	74.1%	82.9%	83.4%	82.2%	81.9%	74.3%	79.3%	77.4%	76.4%	82.5%	82.8%	82.2%	81.0%	84.9%	84.9%
ATC Capacity Factor	75.3%	84.2%	84.2%	83.4%	82.9%	76.1%	81.6%	78.8%	77.8%	83.8%	84.1%	83.4%	82.3%	85.8%	85.8%
Heat Rate, Btu/ kwh	7,009	7,014	7,013	7,011	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012
Clean On-Peak Spread	13.70	15.13	15.40	18.11	18.38	16.71	16.63	16.64	17.98	18.83	20.26	20.90	21.10	22.33	23.23
Clean Off-Peak Spread	9.09	10.68	11.67	13.37	13.95	12.72	13.13	14.17	15.03	16.48	17.21	19.21	19.16	21.02	21.54
ATC Spark Spread	12.06	13.57	14.23	16.34	16.89	15.68	16.06	16.58	17.72	18.74	19.83	21.04	21.23	22.62	23.32
Cash Flows															
Energy Revenue	103.5	125.6	130.3	140.0	150.3	138.8	152.4	152.1	157.4	175.5	184.2	191.0	191.6	207.7	213.8
Delivered Fuel	(60.7)	(72.9)	(75.0)	(76.6)	(85.1)	(82.3)	(91.5)	(91.2)	(92.9)	(103.4)	(107.4)	(110.6)	(111.4)	(118.8)	(122.2)
CENACE Transmission Charge	(10.7)	(12.5)	(13.0)	(13.3)	(13.7)	(13.0)	(14.5)	(14.4)	(14.8)	(16.5)	(17.1)	(17.6)	(18.0)	(19.4)	(20.1)
Variable O&M	(1.7)	(1.9)	(1.9)	(2.0)	(2.0)	(1.9)	(2.1)	(2.0)	(2.0)	(2.3)	(2.3)	(2.3)	(2.4)	(2.5)	(2.6)
Hedge P&L	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Energy Margin	30.4	38.3	40.4	48.2	49.5	41.6	44.4	44.4	47.6	53.3	57.3	60.5	59.9	67.0	69.0
Less: Fixed fuel transport	(4.3)	(4.4)	(4.5)	(4.6)	(4.7)	(4.7)	(4.8)	(4.8)	(4.9)	(5.0)	(5.0)	(5.1)	(5.1)	(5.2)	(5.2)
Plus: Capacity Revenue	11.8	13.7	15.1	16.4	17.3	17.0	15.3	15.5	15.8	16.0	16.2	16.6	16.7	43.8	42.2
Plus: Ancillary Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Margin	37.9	47.7	51.0	60.0	62.1	53.9	55.0	55.1	58.6	64.4	68.5	72.1	71.5	105.6	106.0
(-) Labor Expense	(4.6)	(4.7)	(4.9)	(5.0)	(5.2)	(5.3)	(5.4)	(5.5)	(5.6)	(5.8)	(5.9)	(6.0)	(6.1)	(6.3)	(6.4)
(-) Maintenance	(4.1)	(3.2)	(3.3)	(3.8)	(3.5)	(3.6)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)	(4.1)	(4.1)	(4.2)	(4.3)
(-) Environmental & Safety	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
(-) Plant G&A	(1.4)	(1.4)	(1.4)	(1.5)	(1.5)	(1.6)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.8)	(1.8)	(1.9)	(1.9)
(-) Property Tax	(1.6)	(1.7)	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)	(2.0)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)	(2.2)
(-) Insurance	(2.1)	(2.1)	(2.2)	(2.2)	(2.3)	(2.3)	(2.4)	(2.4)	(2.5)	(2.5)	(2.6)	(2.6)	(2.7)	(2.8)	(2.8)
(-) General & Administrative	(4.0)	(4.1)	(4.2)	(4.3)	(4.4)	(4.5)	(4.6)	(4.7)	(4.8)	(4.9)	(5.0)	(5.1)	(5.2)	(5.3)	(5.5)
(-) Major Maintenance	(9.8)	(3.0)	(2.7)	(2.6)	(3.5)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)
EBITDA	10.1	27.1	30.4	38.5	39.6	30.3	30.9	30.6	33.6	38.9	42.6	45.7	44.6	78.3	78.1
(-) Maintenance Capex	(0.1)	(0.1)	(0.1)	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
(-) LTSA Capex	(15.4)	(4.5)	(4.1)	(3.8)	(4.3)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Adjusted EBITDA less Capex	(5.4)	22.5	26.2	34.5	35.3	24.1	24.7	24.4	27.4	32.8	36.5	39.6	38.5	72.1	72.0
(+/-) Change in NWC	(5.5)	0.9	1.3	1.6	1.3	-	-	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	(11.0)	23.3	27.5	36.1	36.6	24.1	24.7	24.4	27.4	32.8	36.5	39.6	38.5	72.1	72.0

Source: PA Consulting and PJT, extended outage case in 2020 through March 2021

Confidential, Attorney Work Product, Prepared at the Direction of Counsel

Appendix: Frontera Projections – High Case

\$ in MM\$	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operations:															
Operating Capacity	516	515	515	515	515	515	515	515	515	515	515	515	515	515	515
ATC Generation, GWh	3,593	4,028	4,037	3,955	3,927	3,651	3,970	3,818	3,789	3,962	3,945	3,887	3,895	3,981	3,995
On-Peak Capacity Factor, net	79.8%	89.0%	89.1%	87.4%	86.9%	81.0%	88.1%	84.5%	83.9%	87.8%	87.6%	86.2%	86.2%	88.0%	88.4%
Off-Peak Capacity Factor, net	79.3%	88.3%	88.5%	86.7%	86.0%	79.9%	86.5%	83.6%	82.9%	86.4%	85.8%	84.7%	85.2%	87.0%	87.2%
ATC Capacity Factor	79.6%	88.6%	88.8%	87.1%	86.4%	80.4%	87.3%	84.0%	83.4%	87.1%	86.7%	85.5%	85.7%	87.5%	87.8%
Heat Rate, Btu/ kwh	7,009	7,014	7,013	7,011	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012
Clean On-Peak Spread	15.69	18.98	19.63	21.99	21.93	20.41	20.03	20.70	20.63	22.10	22.68	23.73	24.54	24.96	26.48
Clean Off-Peak Spread	12.33	14.64	15.58	16.88	17.40	17.17	17.50	19.13	19.07	19.81	20.29	21.90	23.00	23.60	24.62
ATC Spark Spread, \$/MWh	14.28	16.98	17.77	19.59	19.92	19.18	19.26	20.40	20.40	21.57	22.18	23.45	24.36	24.91	26.11
Cash Flows															
Energy Revenue	118.5	145.8	151.5	158.6	168.3	158.6	175.2	176.3	178.2	193.5	198.9	205.6	211.9	221.3	230.0
Delivered Fuel	(64.4)	(77.1)	(79.5)	(80.4)	(89.1)	(87.3)	(98.1)	(97.4)	(99.8)	(107.6)	(110.7)	(113.4)	(116.0)	(121.2)	(125.1)
CENACE Transmission Charge	(11.4)	(13.2)	(13.7)	(13.9)	(14.3)	(13.7)	(15.5)	(15.4)	(15.8)	(17.1)	(17.6)	(18.0)	(18.7)	(19.8)	(20.5)
Variable O&M	(1.8)	(2.0)	(2.0)	(2.1)	(2.1)	(2.0)	(2.2)	(2.2)	(2.2)	(2.3)	(2.4)	(2.4)	(2.5)	(2.6)	(2.6)
Hedge P&L	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Energy Margin	41.0	53.5	56.2	62.3	62.9	55.6	59.4	61.3	60.4	66.5	68.2	71.8	74.7	77.7	81.7
Less: Fixed fuel transport	(4.3)	(4.4)	(4.5)	(4.6)	(4.7)	(4.7)	(4.8)	(4.8)	(4.9)	(5.0)	(5.0)	(5.1)	(5.1)	(5.2)	(5.2)
Plus: Capacity Revenue	11.8	13.3	14.6	15.9	16.7	16.6	14.8	15.0	15.1	15.5	15.6	16.0	16.1	35.4	35.1
Plus: Ancillary Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Margin	48.5	62.4	66.3	73.6	74.9	67.5	69.4	71.5	70.6	77.0	78.8	82.8	85.7	108.0	111.5
(-) Labor Expense	(4.6)	(4.7)	(4.9)	(5.0)	(5.2)	(5.3)	(5.4)	(5.5)	(5.6)	(5.8)	(5.9)	(6.0)	(6.1)	(6.3)	(6.4)
(-) Maintenance	(4.1)	(3.2)	(3.3)	(3.8)	(3.5)	(3.6)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)	(4.1)	(4.1)	(4.2)	(4.3)
(-) Environmental & Safety	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
(-) Plant G&A	(1.4)	(1.4)	(1.4)	(1.5)	(1.5)	(1.6)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.8)	(1.8)	(1.9)	(1.9)
(-) Property Tax	(1.6)	(1.7)	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)	(2.0)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)	(2.2)
(-) Insurance	(2.1)	(2.1)	(2.2)	(2.2)	(2.3)	(2.3)	(2.4)	(2.4)	(2.5)	(2.5)	(2.6)	(2.6)	(2.7)	(2.8)	(2.8)
(-) General & Administrative	(4.0)	(4.1)	(4.2)	(4.3)	(4.4)	(4.5)	(4.6)	(4.7)	(4.8)	(4.9)	(5.0)	(5.1)	(5.2)	(5.3)	(5.5)
(-) Major Maintenance	(9.8)	(3.0)	(2.7)	(2.6)	(3.5)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)
EBITDA	20.7	41.9	45.7	52.0	52.5	43.8	45.3	46.9	45.6	51.6	52.9	56.4	58.8	80.6	83.7
(-) Maintenance Capex	(0.1)	(0.1)	(0.1)	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
(-) LTSA Capex	(15.4)	(4.5)	(4.1)	(3.8)	(4.3)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Adjusted EBITDA less Capex	5.2	37.2	41.5	48.1	48.1	37.7	39.2	40.8	39.5	45.5	46.8	50.2	52.6	74.5	77.5
(+/-) Change in NWC	(5.5)	0.9	1.3	1.6	1.3	-	-	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	(0.3)	38.1	42.8	49.6	49.4	37.7	39.2	40.8	39.5	45.5	46.8	50.2	52.6	74.5	77.5

Source: PA Consulting and PJT, extended outage case in 2020 through March 2021