

Frontera Generation
P10 Case - Prepared for the Frontera Holdco Noteholder Group
January 17, 2021

Confidential
Subject to FRE 408 and its Equivalents
Preliminary and Subject to Material Change

This confidential presentation (this “Presentation”) has been prepared by Silver Foundry, LP (the “Company” and collectively with its affiliates and any investment vehicles and/or other entities managed, controlled, formed and/or operated, directly or indirectly, by the Company or any of its affiliates, currently or in the future, for the purpose of making investments, “Silver Foundry”) exclusively for informational and discussion purposes only, and may not be relied on in any manner as legal, tax, regulatory, or investment advice and shall not constitute an offer to sell or a solicitation of an offer to buy securities. A private offering of interests in any investment vehicle or entity managed, controlled, formed and/or operated by Silver Foundry (collectively, the “SFCP Vehicles”) will only be made pursuant to a confidential private placement memorandum and the applicable governing documents and subscription materials, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering.

Any descriptions contained herein are believed to be reliable, but Silver Foundry does not warrant to their completeness or accuracy and such descriptions are not intended to be complete descriptions. There can be no assurance that Silver Foundry will be able to implement its investment strategy or achieve its investment objectives in the manner indicated or consistent with this Presentation. All opinions, estimates and forecasts of future performance are provided for informational purposes only, and based on information available to Silver Foundry as of the date of this publication, and are subject to change. References to any company should not be considered a recommendation or solicitation for such company mentioned, nor should individual company performance be considered representative of any future investments made by Silver Foundry.

Recipients of this Presentation agree that Silver Foundry, and its respective partners, members, employees, officers, directors, agents, and representatives shall have no liability for any misstatement or omission of fact or any opinion expressed herein.

This Presentation is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. Prospective investors must make and rely on their own investigations and evaluations of the information contained herein. The information contained herein does not take into account the particular investment objectives or financial circumstances of any specific person or entity who may receive it. The information contained herein is not, and may not be relied on in any manner as legal, business, tax, U.S. Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder (“ERISA”), accounting, or other advice, and each prospective investor should consult its own advisers as to legal, business, tax, ERISA, accounting, and other related matters concerning an investment with Silver Foundry.

Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date of preparation.

Certain information contained in this Presentation constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “target,” “project,” “estimate,” “intend,” “continue” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Furthermore, any projections or other estimates in this Presentation, including estimates of returns or performance, are “forward-looking statements” and are based upon certain assumptions that may change. Due to various risks and uncertainties, actual events or results or the actual performance of any SFCP Vehicle may differ materially from those reflected or contemplated in such forward-looking statements. Moreover, actual events are difficult to project and often depend upon factors that are beyond the control of Silver Foundry. Prospective investors in any SFCP Vehicle should not rely on these forward-looking statements in deciding whether to invest in any SFCP Vehicle. In addition, unless the context otherwise requires, the words “include,” “includes,” “including” and other words of similar import are meant to be illustrative rather than restrictive.

Certain information contained herein, e.g., concerning economic trends and performance, is based on or derived from information provided by independent third-party sources. Silver Foundry believes that the sources from which such information has been obtained are reliable. Silver Foundry cannot guarantee the accuracy of such information, however, and has not independently verified the assumptions on which such information is based. To the best of its knowledge, Silver Foundry is not aware that any such information is subject to confidentiality provisions restricting its use. Silver Foundry does not make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any of the information contained herein, and it expressly disclaims any responsibility or liability therefor. Silver Foundry reserves the right to modify any of the terms of the offering and the interests described herein and to revise and reissue this document. Silver Foundry has no responsibility to update any of the information provided in this document.

The recipients of this Presentation acknowledge and agree that it may contain material, non-public information, and that the United States securities laws prohibit any person who has material, non-public information about an issuer or securities from purchasing or selling securities of such issuer or from communicating such information to any other person.

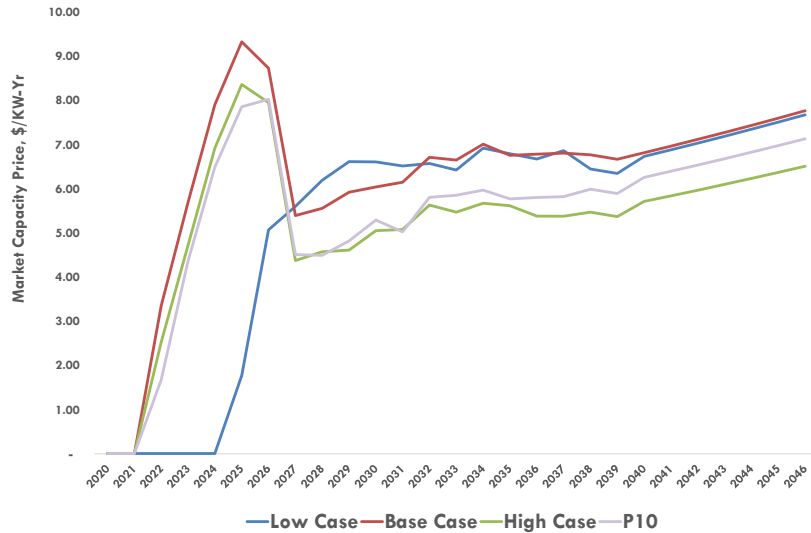
Each recipient further agrees that it will (a) not copy, reproduce, or distribute this Presentation, in whole or in part, to any person or entity (including any employee of the recipient other than an employee directly involved in evaluating an investment in any SFCP Vehicle) without the prior written consent of Silver Foundry; (b) keep permanently confidential all information contained herein that is not already public; and (c) use this Presentation solely for the purpose set forth in the first paragraph above. Except as otherwise provided in a written agreement between the recipient of this Presentation and Silver Foundry, if the recipient receives a request under any applicable public disclosure law to provide, copy or allow inspection of this Presentation or other information regarding or otherwise relating to Silver Foundry or any SFCP Vehicle, the recipient agrees to (i) provide prompt notice of the request to Silver Foundry, (ii) assert all applicable exemptions available under law and (iii) cooperate with Silver Foundry to seek to prevent disclosure or to obtain a protective order or other assurance that the information regarding or otherwise relating to Silver Foundry or any SFCP Vehicle will be accorded confidential treatment.

Case Assumptions

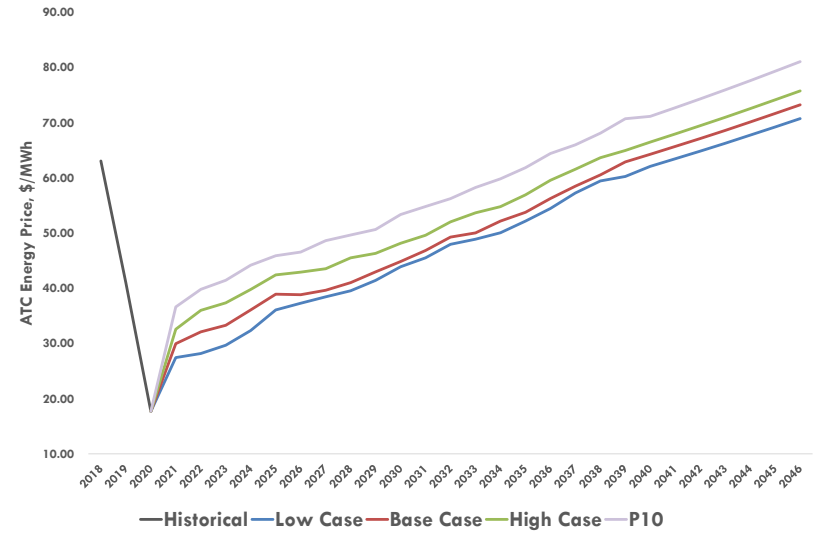
- We have presented the key financial forecasts under four cases
 - Low Case, which is based on PA Consulting's Base case (curves represent P75)
 - Peak demand growth (%) returns to pre Covid-19 levels in 2022 (3% per annum)
 - Base Case, which is based on PA Consulting's V-Recovery case (curves represent 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)
 - P-10 Case
 - High Case plus higher commodity prices. Specifically, natural gas, fuel oil and diesel prices are 16%, 50% and 19% higher, respectively, across 2020-2039 time period relative to the base case (fuel cost is the same across the low, base and high cases)
- 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, including a stronger rebound near term 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

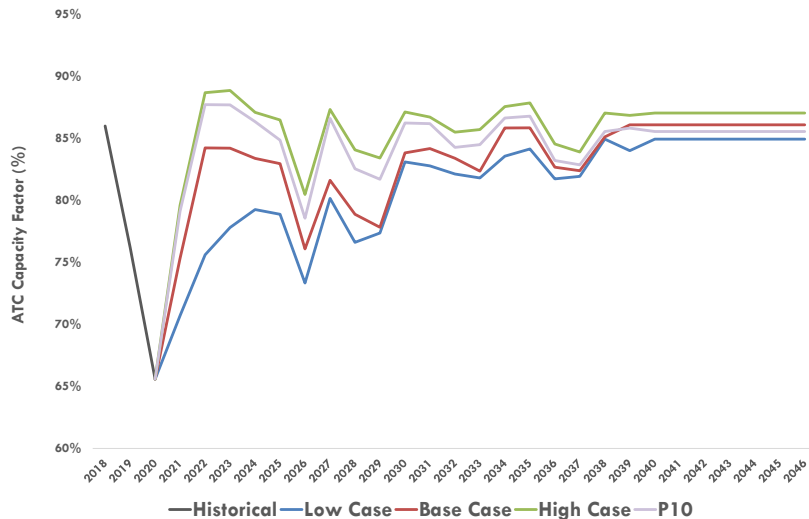
Market Capacity Price, \$/KW-Yr



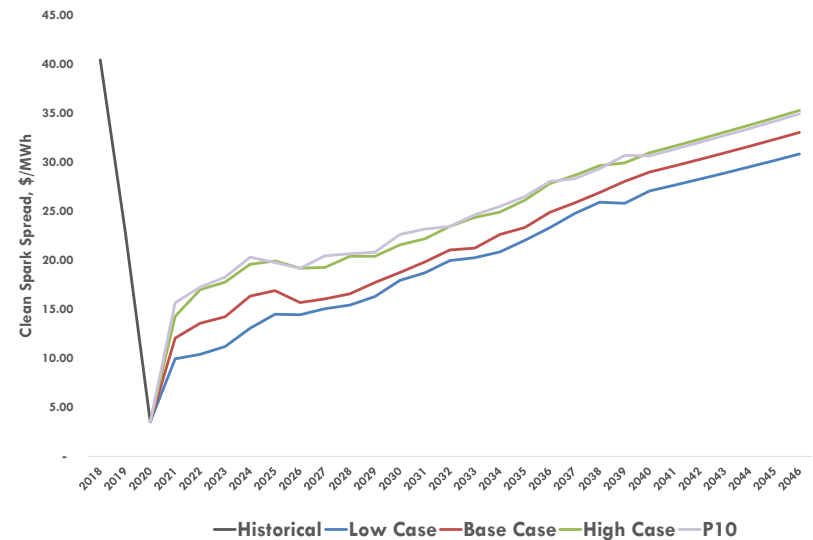
ATC Energy Price, \$/MWh



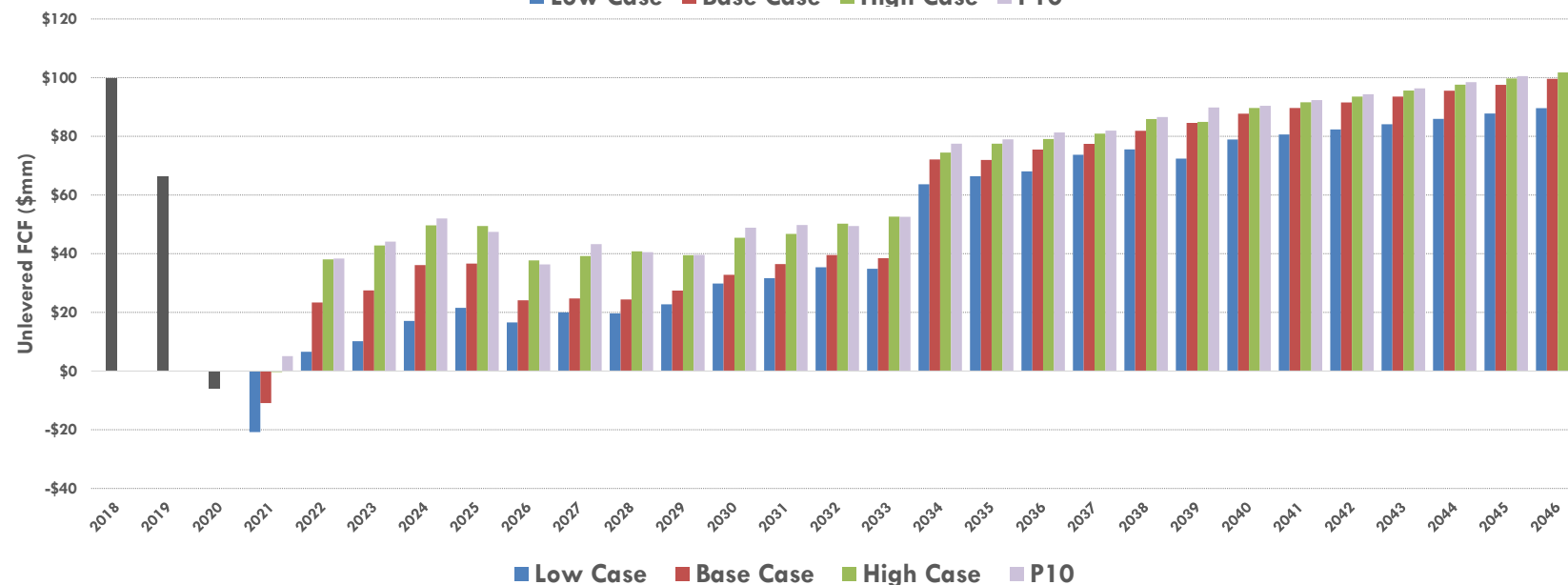
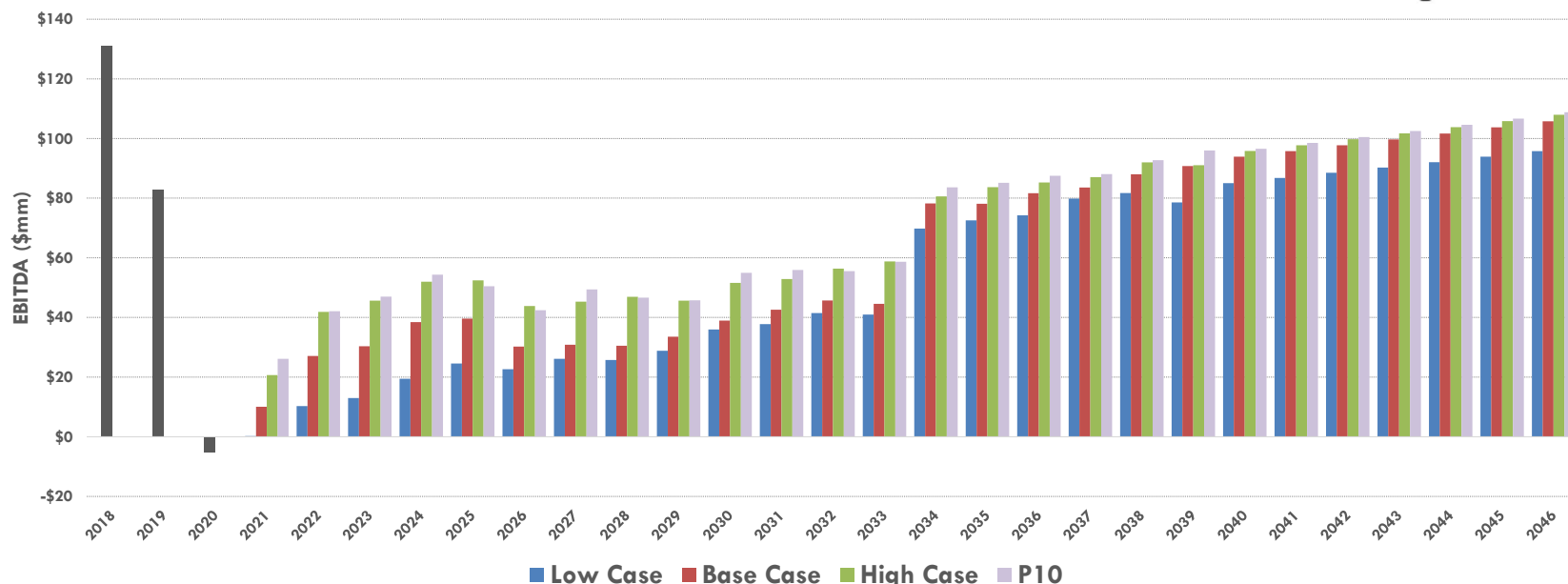
ATC Capacity Factor, %



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

P10 Case

		PV of Cash Flows	Ancillary Revenues	Potential Cost Savings	Total
WACC	6.5%	731,507	76,923	53,846	862,276
	8.5%	580,515	58,824	41,176	680,515
	10.5%	471,347	47,619	33,333	552,300
	12.5%	390,807	40,000	28,000	458,807

Assumptions:

- Values as of 1/31/2021
- Underlying curves represent a P75 case (Low Case), P50 (Base Case), P25 (High Case) and P10 case, as defined by 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
- Total term loan \$761.5MM and \$23MM revolving credit facility

Appendix: Frontera Projections – P10 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	3,571	3,984	3,983	3,920	3,852	3,562	3,937	3,749	3,711	3,922	3,922	3,831	3,840	3,940	3,946
On-Peak Capacity Factor, net	79.5%	88.2%	88.2%	86.9%	85.5%	79.5%	87.4%	83.1%	82.3%	86.9%	86.8%	84.8%	85.0%	87.1%	87.3%
Off-Peak Capacity Factor, net	78.7%	87.1%	87.1%	85.8%	84.1%	77.6%	85.7%	81.9%	81.0%	85.5%	85.5%	83.7%	84.0%	86.1%	86.2%
ATC Capacity Factor	79.1%	87.7%	87.7%	86.3%	84.8%	78.5%	86.6%	82.5%	81.7%	86.2%	86.1%	84.2%	84.5%	86.6%	86.7%
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	17.47	19.19	20.20	22.82	21.60	20.29	21.21	20.89	20.71	23.14	22.87	22.83	24.02	24.71	26.01
Clean Off-Peak Spread	13.17	14.64	15.62	17.18	16.78	16.56	18.32	18.81	19.08	20.40	21.59	22.03	23.35	24.39	25.15
ATC Spark Spread, \$/MWh	15.67	17.26	18.27	20.31	19.76	19.17	20.45	20.66	20.81	22.63	23.16	23.45	24.62	25.48	26.49
Cash Flows															
Energy Revenue	134.6	160.2	166.8	175.4	179.6	169.0	194.4	189.7	191.7	212.7	218.8	220.3	227.6	239.7	248.0
Delivered Fuel	(75.2)	(91.0)	(93.5)	(94.7)	(102.4)	(99.4)	(113.5)	(111.4)	(113.7)	(123.7)	(127.7)	(129.3)	(132.3)	(138.8)	(142.9)
CENACE Transmission Charge	(11.3)	(13.0)	(13.5)	(13.8)	(14.0)	(13.4)	(15.3)	(15.1)	(15.5)	(16.9)	(17.5)	(17.7)	(18.4)	(19.5)	(20.3)
Variable O&M	(1.7)	(2.0)	(2.0)	(2.0)	(2.0)	(1.9)	(2.2)	(2.1)	(2.1)	(2.3)	(2.4)	(2.4)	(2.4)	(2.5)	(2.6)
Hedge P&L	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Energy Margin	46.4	54.2	57.8	64.9	61.1	54.2	63.5	61.1	60.4	69.8	71.3	70.9	74.4	78.9	82.2
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	12.8	14.4	15.6	16.5	16.7	14.9	15.0	15.2	15.6	15.6	16.1	16.3	37.3	36.0
Plus: Ancillary Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Margin	53.9	62.6	67.7	75.9	72.9	66.1	73.5	71.2	70.7	80.4	81.9	81.9	85.6	111.0	113.0
(-) 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	26.1	42.1	47.0	54.4	50.5	42.5	49.4	46.6	45.7	55.0	55.9	55.6	58.7	83.6	85.1
(-) 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	10.6	37.5	42.8	50.4	46.2	36.3	43.3	40.5	39.6	48.9	49.8	49.4	52.5	77.5	79.0
(+/-) Change in NWC	(5.5)	0.9	1.3	1.6	1.3	-	-	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	5.1	38.3	44.1	52.0	47.4	36.3	43.3	40.5	39.6	48.9	49.8	49.4	52.5	77.5	79.0

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