Frontera Management Discussion of Operating Performance

Second Quarter Highlights

Frontera Generation generated second quarter 2020 Consolidated EBITDA of $0.6 million. Second quarter results were $34.4 million unfavorable to Budget of $35.1 million primarily due to unfavorable energy margin influenced by the impact of Mexico's COVID-19 shutdown on demand and prices since March 31. Frontera's net energy margin of $2.8 million was $34.5 million unfavorable to Budget primarily due to realized spark spreads of $2.94/MWh which were unfavorable to Budget of $34.87/MWh. Operating expenses were $4.4 million and mostly in line with Budget of $4.1 million.

Net Energy Margin

Frontera's availability was 97.3% and in-line with Budget. Net energy margin variance was due to:

- $34.2 million due to realized spark spreads of $2.94/MWh being $31.93/MWh below Budget primarily due to unfavorable energy margin influenced by the impact of Mexico's COVID-19 shutdown on demand and prices since March 31

Capital Expenditures

Capital Expenditures of $1.3 million were $0.7 million favorable to Budget due to deferrals and cancellations of non-essential projects.