FitchRatings

NextEra Energy Partners, LP

NextEra Energy Partners, LP's (NEP; BB+/Stable) Issuer-Default Ratings (IDRs) reflect the relatively stable cash flows generated by its portfolio of long-term contracted wind, solar and natural gas pipeline assets, and its sponsor affiliation with NextEra Energy, Inc. (NextEra; A-/Stable).

The ratings also consider the financial complexity and structural subordination of Holdco debt resulting from limited recourse project debt financings, tax equity and convertible equity portfolio financing (CEPF) structures deployed by the company across its project subsidiaries.

Key Rating Drivers

Capital Structure Under Review: The increased use of CEPFs has added financial complexity to the organizational structure and made NEP reliant on the stability of capital markets and the strength of its unit price to execute the buyouts in a timely and cost-effective manner. During the 3Q24 call, NEP indicated that it continues to evaluate options to address the remaining CEPFs buyouts and costs of capital. It plans to complete its review and to provide update on its distributions by no later than the 4Q24 call.

Following the dividend growth cut in 2023, NEP is expected to continue to grow, although at a slower pace than before. At the same time, Fitch Ratings believes increasing leverage and refinancing costs in the next couple of years could put pressure on maintaining the current 6% dividend growth target, as payout is expected to approach 100% over the forecast period.

CEPF Buyouts: Absent a material stock price improvement, Fitch expects NEP to find other equity-like sources of funding to buy out the remaining $3.7 billion outstanding under three CEPFs post-2025. Fitch assigns 100% equity credit to CEPFs, as it has assumed that NEP would complete its remaining CEPF buyouts post-2025 with a combination of equity issuance and non-recourse debt at the asset level to fund the cash buyout portions, with no issuance of Holdco-level debt.

While NEP has the ability to issue non-recourse project debt to fund the investor buyout in cash, since a significant amount of assets in the CEPFs are unencumbered, doing so will negatively affect parent funds from operations (FFO) and increase leverage. In the past several years NEP has been increasingly reliant upon CEPF to finance its growth and has, since 2018, entered into seven such transactions with large institutional investors to raise approximately $5.3 billion in total proceeds.

Asset Sales Resolve Near-term CEPF Financing: Natural gas pipelines sales eliminated equity issuances that would otherwise be required to complete CEPF buyouts planned through 2025, a credit positive. In Dec. 2023, NEP sold its Texas natural gas pipeline portfolio for $1.815 billion to Kinder Morgan, Inc. (BBB/Stable). The net proceeds will be used to buy out $1.1 billion remaining under the NEP Renewables II CEPF after 2023. Fitch expects the NEP Pipelines CEPF buyout to be completed by 2025 with the sale of the Meade natural gas pipeline

Leverage Headroom Reducing: Fitch expects the Holdco Debt to Parent Only FFO ratio to increase to around 4.9x through 2026, in line with the ratings, but higher than previously expected. Fitch currently assumes all wind repowering capital expenditure (capex) and acquisitions will be financed by holding company and non-recourse project debt, as management has committed to not issuing any growth equity through 2026. Management aims to maintain the Holdco debt to FFO ratio within the 4.0x to 5.0x range.

Ratings

NextEra Energy Partners, LP	
Long-Term IDR	BB+
Outlook	
Long-Term Foreign-Currency IDR	Stable
Nextera Energy Operating Partners, LP	
Long-Term IDR	BB+
Senior Unsecured Debt - Long-Term Rating	BB+
Outlook	
Long-Term Foreign-Currency IDR	Stable

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores

NextEra Energy Partners, LP	
Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal: 11

Applicable Criteria

Parent and Subsidiary Linkage Rating Criteria (June 2023)

Corporate Hybrids Treatment and Notching Criteria (November 2020)

Sector Navigators – Addendum to the Corporate Rating Criteria (June 2024)

Corporate Rating Criteria (November 2023)

Corporate Recovery Ratings and Instrument Ratings Criteria (August 2024)

Related Research

Global Corporates Macro and Sector Forecasts — September 2024 (September 2024)

North American Electricity Generation Companies – Relative Credit Analysis (November 2024)

North American Utilities, Power & Gas Outlook 2024 (December 2023)

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Upcoming Refinancing: Fitch projects NEP's cash flows to come under pressure due to a large portion of the capital structure being refinanced in the near term at materially higher interest rates compared to average fixed interest rates on the current long-term debt. NEP refinanced $750 million of $1.25 billion of holding company debt maturing in 2024 and repaid the remaining balance with available cash on hand. Additionally, $600 million of long-term HoldCo debt is to mature in 2025. In October 2023, NEP entered into $1.85 billion treasury rate locks at 4.3% to 4.5% intended to hedge $1.85 billion of HoldCo debt maturities in 2024 and 2025.

Sponsor Not Expected to Financially Support NEP: Although NEP has benefited from its affiliation with NextEra, which is the largest renewable developer in the U.S., Fitch does not expect NextEra to provide any equity support to NEP for future CEPFs buyouts nor buy into NEP. A buy-in of NEP would result in a material addition of debt on NextEra's balance sheet, as currently Fitch deconsolidates NEP from NextEra's balance sheet and only includes the upstream dividend distribution from NEP in NextEra's credit analysis. This off-credit treatment reflects Fitch's assumption that NextEra would walk away from NEP in the event of financial deterioration.

Long-term Contracted Cash Flows: Fitch views favorably NEP's portfolio of wind, solar and natural gas pipeline assets, which have long-term offtake arrangements with creditworthy counterparties and minimal exposure to either volumetric or commodity risks. The weighted average counterparty credit is 'BBB', based on ratings from Fitch and other rating agencies. As of Sept. 30, 2024, the renewable energy and pipeline projects had a total weighted average remaining contract term of approximately 13 years. The distributions that NEP receives from its project subsidiaries are well diversified by both fuel and geography.

Asset Diversity: The high proportion of wind in NEP's portfolio is of modest concern given the intermittency of the wind resource. However, a wide geographic footprint of its wind portfolio somewhat mitigates NEP's exposure. In addition, the project debt for renewable projects is typically sized to yield a debt service coverage ratio (DSCR) greater than 1.2x and generate a low 'BBB-'/'BBB' rating. The debt typically matures within the expiration date of the long-term contracts on any project. The most recent DSCRs provided to Fitch by NEP indicate that all projects with limited recourse project debt financings are performing well in excess of their DSCR thresholds.

Financial Summary

(USD Mil.)	2020	2021	2022	2023
Gross revenue	917	982	1,211	1,078
EBITDA	627	639	770	607
CFO (Fitch-defined)	658	677	776	731
Capital intensity (capex/revenue) (%)	36.4	11.5	111.6	117.7
Debt	3,438	5,378	5,339	6,342
FFO interest coverage (x)	2.0	-12.9	5.2	3.0
FFO leverage (x)	2.7	8.8	5.7	5.4
EBITDA leverage (x)	4.8	8.1	6.9	9.9

Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

Fitch views NEP's ratings to be positively positioned compared to those of Atlantica Sustainable Infrastructure Plc (BB-/Stable) due to favorable geographic exposure, long-term contractual cash flows with minimal regulatory risk and association with a strong sponsor. These factors are partially offset by NEP's higher distribution growth strategy and weaker asset composition due to a larger concentration of wind assets.

NEP, like its peer Terraform Power (TERPO; BB-/Stable), has parent support. Although NEP has been supported by NextEra in terms of asset dropdowns needed to drive aggressive growth targets and IDR suspension in 2023, Fitch does not expect NextEra to support any funding needs or CEPF buyouts. TERPO benefits from having Brookfield Corporation (A-/Stable) as a sponsor, while Atlantica is being taken private by Energy Capital Partners (ECP).

Atlantica's portfolio benefits from a large proportion of solar generation assets that exhibit less resource variability. In comparison, NEP's portfolio consists of a larger exposure to wind MWs. TERPO's utility-scale portfolio consists of 43% solar and 57% wind. NEP's concentration in wind is mitigated to a certain extent by its diverse geographic footprint. Fitch views NEP's geographic exposure in the U.S. (100%) favorably as compared to TERPO's (68%) and Atlantica's (30%). NEP's long-term contracted fleet has a remaining contracted life of 13 years, which is higher than Atlantica's 12 years and TERPO's 11 years.

NEP's forecasted credit metrics are stronger than TERPO's and Atlantica's. Fitch forecasts NEP's Holdco debt to Parent Only FFO ratio will increase to 4.9x through 2025, compared with around mid-5.0x for TERPO and below 6.0x for Atlantica after 2025. Fitch rates NEP, Atlantica and TERPO based on a deconsolidated approach since their portfolio comprises assets financed using non-recourse project debt or with tax equity. NEP's financing model is more complex as it also involves CEPF. Fitch defines Parent Only FFO as run rate project distributions less Holdco general and administrative (G&A) expenses, fee for management service agreement, credit fees and Holdco debt service costs.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- The structural subordination of the Holdco debt to the non-recourse project debt, tax equity and CEPFs, as well as management's 4.0x to 5.0x target Holdco leverage ratio caps the IDR at 'BB+'.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Higher than expected reliance on debt to fund the buyout of investors in CEPFs;
- Holdco FFO leverage ratio exceeding 5.0x on a sustainable basis;
- Distribution payout ratio approaching or exceeding 100%;
- Material underperformance in the underlying assets that lends variability or shortfall to expected cash flow for debt service;
- Growth strategy underpinned by aggressive acquisitions, addition of assets in the portfolio that bear material volumetric, commodity or interest rate risks.

Liquidity and Debt Structure

Adequate Liquidity: NEP has a $2.5 billion revolving credit facility that matures in February 2028. The credit facility provides for up to $400 million of LC borrowing capacity. NEP has an accordion feature in its revolving facility, allowing for a total commitment size of up to $2.0 billion. The facility provides flexibility for NEP to finance acquisitions partly through revolver borrowings. As of Sept. 30, 2024, NEP had $175 million outstanding under its revolving credit facility. The Holdco debt at NEP is subordinate to project debt, tax equity and CEPF structures. As of Sept. 30, 2024, there is approximately $2.2 billion of non-recourse project finance debt at NEP's owned projects.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

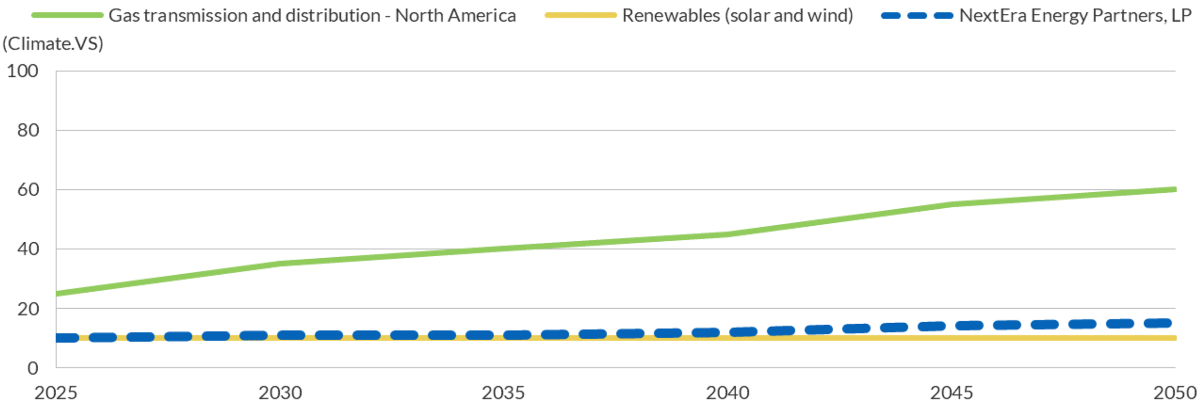
Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

The 2023 asset-weighted Climate.VS for NEP is 11 out of 100 in the long term, suggesting low exposure to climate-related risks in that year. The signal reflects the company's operations as a predominately renewable power generator in the U.S. with a limited exposure to fossil fuels through ownership of a gas pipeline business. We believe the Climate.VS do not have material influence on NEP's ratings.

Climate.VS Evolution

As of Dec. 31, 2023



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(USD Mil.)	December 31, 2022	December 31, 2023
Total cash and cash equivalents	235	274
Short-term investments	—	—
Less not readily available cash and cash equivalents	—	—
Fitch-defined readily available cash and cash equivalents	**235**	**274**
Availability under committed lines of credit	2,382	2,447
Total liquidity	2,617	2,721
LTM EBITDA after associates and minorities	773	639
LTM FCF	-1,211	-1,279

Source: Fitch Ratings, Fitch Solutions, NEP

Scheduled Debt Maturities

(USD Mil.)	September 30, 2024
2024	24
2025	705
2026	2,046
2027	627
2028	792
Thereafter	1,021
Total	**5,215**

Source: Fitch Ratings, Fitch Solutions, NEP

Key Assumptions

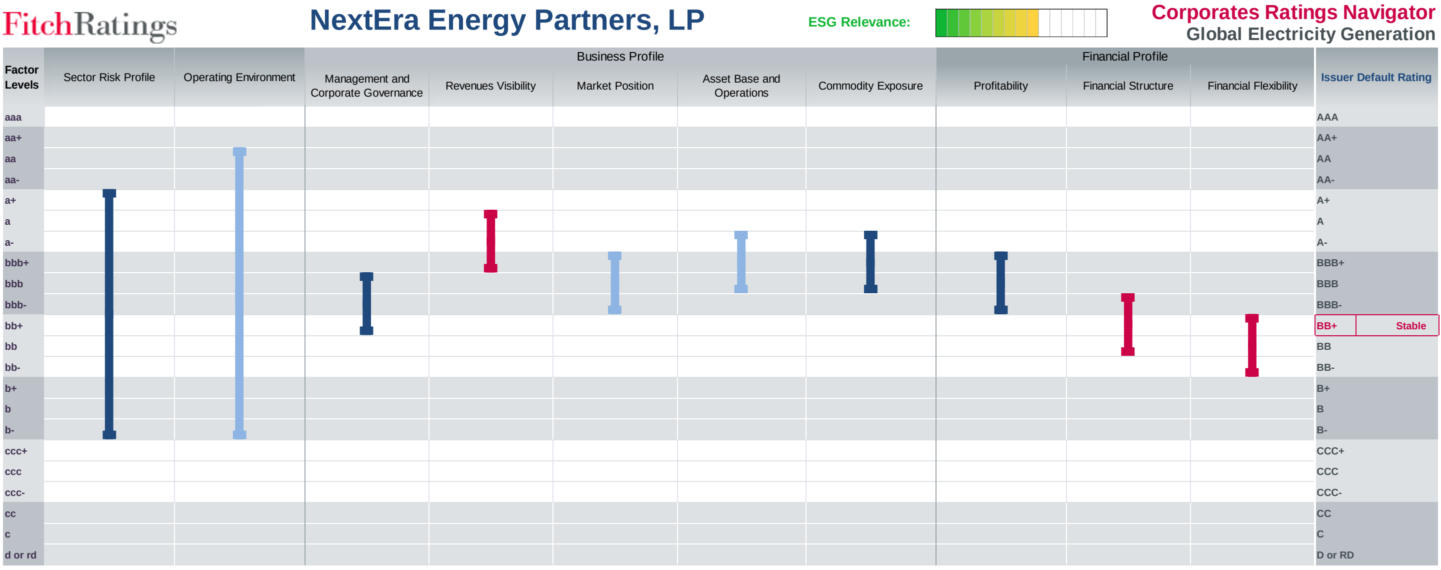
- Buyout of STX Midstream, NEP Renewables II and NEP Pipelines with proceeds from STX and Meade pipelines sales;
- Acquisition of operational and contracted assets to meet 6% distribution per unit growth;
- Acquisition cash available for distribution (CAFD) toward the lower end of the 8% to 10% range;
- Acquisitions and repowering funded with non-recourse and Holdco debt;
- Interest expense rate on new and refinanced Holdco debt around 7.0%;
- None of the project debt treated on-credit, which includes Fitch's assumption of future project debt issuances;
- No CEPF nor growth equity issuance beyond 2023 over the forecast period.

Financial Data

(USD Mil.)	2020	2021	2022	2023
Summary income statement				
Gross revenue	917	982	1,211	1,078
Revenue growth (%)	7.3	7.1	23.3	-11.0
EBITDA before income from associates	627	639	770	607
EBITDA margin (%)	68.4	65.1	63.6	56.3
EBITDA after associates and minorities	712	660	773	639
EBIT	253	234	197	-28
EBIT margin (%)	27.6	23.8	16.3	-2.6
Gross interest expense	-620	—	853	-394
Pretax income including associate income/loss	-257	472	1,292	-257
Summary balance sheet				
Readily available cash and equivalents	108	147	235	274
Debt	3,438	5,378	5,339	6,342
Net debt	3,330	5,231	5,104	6,068
Summary cash flow statement				
EBITDA	627	639	770	607
Cash interest paid	-620	47	-181	-394
Cash tax	-6	-2	—	-1
Dividends received less dividends paid to minorities (inflow/outflow)	85	21	3	32
Other items before FFO	574	-50	166	535
FFO	653	702	758	779
FFO margin (%)	71.2	71.5	62.6	72.3
Change in working capital	5	-25	18	-48
CFO (Fitch-defined)	658	677	776	731
Total non-operating/nonrecurring cash flow	—	—	—	—
Capex	-334	-113	-1,351	-1,269
Capital intensity (capex/revenue) (%)	36.4	11.5	111.6	117.7
Common dividends	-442	-619	-636	-741
FCF	-118	-55	-1,211	-1,279
FCF margin (%)	-12.9	-5.6	-100.0	-118.6
Net acquisitions and divestitures	-378	-2,352	-785	1,224
Other investing and financing cash flow items	936	673	1,974	-1,060
Net debt proceeds	-471	1,721	-39	839
Net equity proceeds	11	52	149	315
Total change in cash	-20	39	88	39
Calculations for forecast publication				
Capex, dividends, acquisitions and other items before FCF	-1,154	-3,084	-2,772	-786
FCF after acquisitions and divestitures	-496	-2,407	-1,996	-55
FCF margin after net acquisitions (%)	-54.1	-245.1	-164.8	-5.1
Gross Leverage ratios (x)				
EBITDA leverage	4.8	8.1	6.9	9.9
FFO leverage	2.7	8.8	5.7	5.4
CFO-capex/debt	9.4	10.5	-10.8	-8.5
Net Leverage ratios (x)				
EBITDA net leverage	4.7	7.9	6.6	9.5
FFO net leverage	2.6	8.6	5.4	5.2
CFO-capex/net debt	9.7	10.8	-11.3	-8.9
Coverage ratios (x)				
EBITDA interest coverage	1.1	-14.0	4.3	1.6
FFO interest coverage	2.0	-12.9	5.2	3.0
FFO fixed-charge coverage	2.0	-12.9	5.2	3.0

CFO – Cash flow from operations.
Source: Fitch Ratings, Fitch Solutions

Ratings Navigator



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	□ Stable

FitchRatings

NextEra Energy Partners, LP

Corporates Ratings Navigator
Global Electricity Generation

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

bbb+	Management Strategy	bb	Strategy generally coherent but some evidence of weak implementation.
bbb	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb-	Group Structure	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
bb+	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bb			

Revenues Visibility

a+	Contracted Position	a	Balanced position under long term PPAs or incentives (typically more than 7 year average remaining life).
a	Contract Renewal Risk	bbb	Likely re-contracting prospects with similar to potentially moderately worse contractual terms.
a-	System / Capacity Payments	a	Well established and transparent market pricing structure with minimal political interference providing long-term price visibility for power generators.
bbb+	Degree of Supply Integration		n.a.
bbb	Resource Predictability	a	Highly stable and predictable capacity factor.

Market Position

a-	Supply/Demand Dynamics	bbb	Moderately favorable outlook for prices. Balanced reserve margin with capacity addition pace matching demand growth. Supply/Demand balance aided by regulatory system mechanism.
bbb+	Competitive Position	bbb	Efficient generation with recurrent merit dispatch.
bbb	Relative Size and Scale	bbb	Large scale operations with diverse generation asset base or company supplies more than 20% of electricity to the systems where it operates or strong competitive position in a localized market.
bbb-			
bb+			

Asset Base and Operations

a	Asset Quality and Diversity	bbb	Good single asset quality or partial diversification by geography and/or generation source.
a-	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations. Balanced generation between clean and thermal sources; medium carbon exposure.
bbb+	Capital and Technological Intensity of Capex	a	Low levels of reinvestment requirements.
bbb			
bbb-			

Commodity Exposure

a	Counterparty Risk	bbb	Diversified, medium counterparty risk or weighted average credit quality of actual and potential off-takers is in line with 'BBB' rating. Single 'BBB' rated off-taker under well-structured PPA.
a-	Costs Pass-Through and Supply Mix	bbb	Limited exposure to changes in commodity costs with ability to pass cost changes to end users. Low variable costs and moderate flexibility/certain of supply.
bbb+	Hedging Strategy	a	Strong portfolio/cash flow smoothing effects from extensive contractual hedge.
bbb			
bbb-			

Profitability

a-	Free Cash Flow	a	Structurally neutral to positive FCF across the investment cycle.
bbb+	Cash Flow Predictability	bbb	Stability and predictability cash flow in line with peers.
bbb			
bbb-			
bb+			

Financial Structure

bbb	EBITDA Leverage		n.a.
bbb-	FFO Leverage	bb	5.0x
bb+	FFO Net Leverage	bb	4.5x
bb			
bb-			

Financial Flexibility

bbb-	Financial Discipline	bb	Financial policies in place but flexibility in applying them could lead to temporarily exceeding downgrade guidelines.
bb+	Liquidity	bb	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
bb	FFO Interest Coverage	bb	3.5x
bb-	DSCR		
b+	FX Exposure		

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

NextEra Energy Partners, LP has 11 ESG potential rating drivers

- Fuel use to generate energy and serve load
- Impact of waste from operations
- Plants' and networks' exposure to extreme weather
- Product affordability and access
- Quality and safety of products and services; data security
- Impact of labor negotiations and employee (dis)satisfaction

Showing top 6 issues

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	11	issues	3
not a rating driver	1	issues	2
	2	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

NextEra Energy Partners, LP

Corporates Ratings Navigator
Global Electricity Generation

Credit-Relevant ESG Derivation

NextEra Energy Partners, LP has 11 ESG potential rating drivers

- NextEra Energy Partners, LP has exposure to energy productivity risk but this has very low impact on the rating.
- NextEra Energy Partners, LP has exposure to waste & impact management risk but this has very low impact on the rating.
- NextEra Energy Partners, LP has exposure to extreme weather events but this has very low impact on the rating.
- NextEra Energy Partners, LP has exposure to access/affordability risk but this has very low impact on the rating.
- NextEra Energy Partners, LP has exposure to customer accountability risk but this has very low impact on the rating.
- NextEra Energy Partners, LP has exposure to labor relations & practices risk but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	11	issues	3
not a rating driver	1	issues	2
	2	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	Emissions from operations	Asset Base and Operations	5
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Counterparty and Commodity Exposure; Profitability	4
Water & Wastewater Management	1	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Profitability	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Profitability	2
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Profitability	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Revenues Predictability; Profitability	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Asset Base and Operations	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability	3
Employee Wellbeing	2	Worker safety and accident prevention	Asset Base and Operations	2
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Revenues Predictability; Profitability; Financial Structure	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance; Financial Structure	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance; Counterparty and Commodity Exposure	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

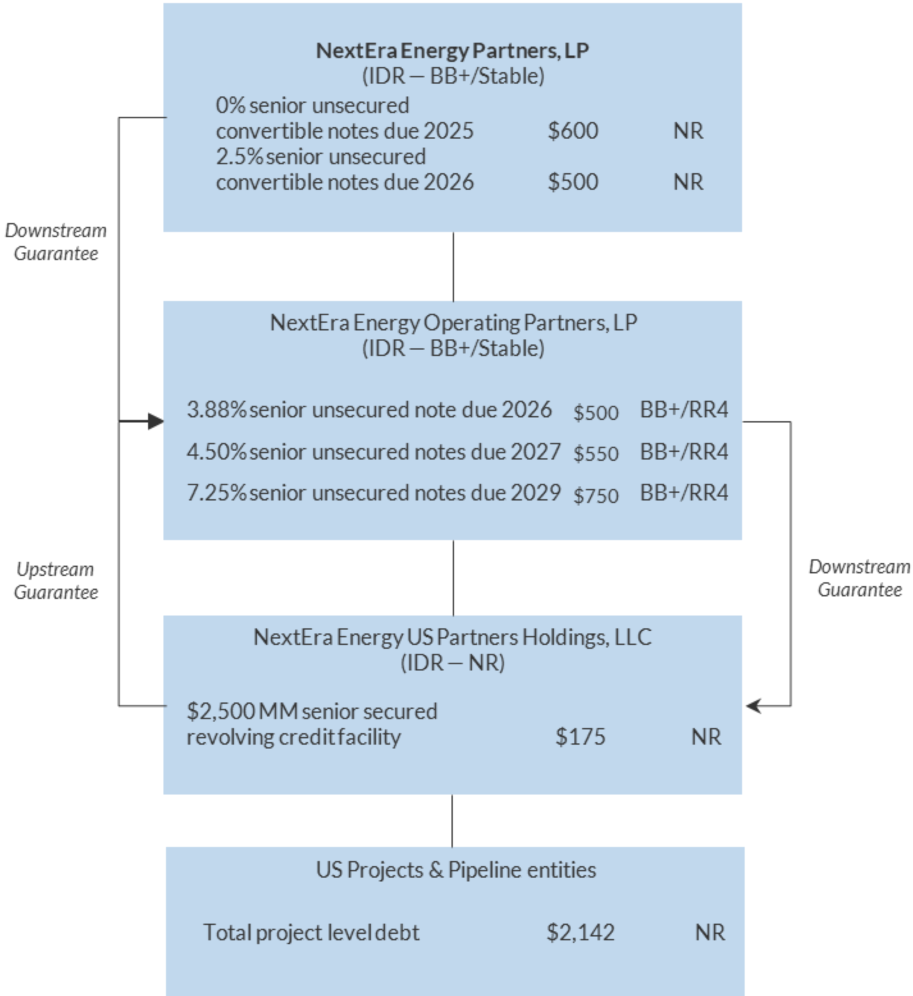
CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Simplified Group and Debt Structure Diagram — NextEra Energy Partners L.P.
($ mil., As of September 30, 2024)



IDR – Issuer Default Rating. NR – Not rated.
Source: Fitch Ratings, Fitch Solutions, NextEra Energy Partners, LP

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USD Mil.)	FFO (USD Mil.)	FFO interest coverage (x)	FFO leverage (x)	EBITDA leverage (x)
NextEra Energy Partners, LP	BB+						
	BB+	2023	1,078	779	3.0	5.4	9.9
	BB+	2022	1,211	758	5.2	5.7	6.9
	BB+	2021	982	702	-12.9	8.8	8.1
Atlantica Sustainable Infrastructure Plc	BB-						
	BB+	2023	1,100	452	2.6	7.7	7.4
	BB+	2022	1,102	475	2.7	7.6	7.8
	BB+	2021	1,212	450	2.5	8.2	7.9

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(USD Mil., as of December 31, 2023)	Notes and formulas	Standardised values	Fair value and other debt adjustments	Preferred dividends, associates and minorities cash adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary							
Revenue		1,078	—	—	—	—	1,078
EBITDA	(a)	607	—	—	—	—	607
Depreciation and amortization		-635	—	—	—	—	-635
EBIT		-28	—	—	—	—	-28
Balance sheet summary							
Debt	(b)	6,289	53	—	—	—	6,342
Of which other off-balance-sheet debt		—	—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—	—
Lease-adjusted debt		6,289	53	—	—	—	6,342
Readily available cash and equivalents	(c)	274	—	—	—	—	274
Not readily available cash and equivalents		—	—	—	—	—	—
Cash flow summary							
EBITDA	(a)	607	—	—	—	—	607
Dividends received from associates less dividends paid to minorities	(d)	-1,118	—	—	—	1,150	32
Interest paid	(e)	-250	—	—	—	-144	-394
Interest received	(f)	—	—	—	—	—	—
Preferred dividends paid	(g)	—	—	—	—	—	—
Cash tax paid		-1	—	—	—	—	-1
Other items before FFO		375	—	—	—	160	535
FFO	(h)	-387	—	1,150	—	16	779
Change in working capital		—	—	—	—	-48	-48
CFO	(i)	-387	—	1,150	—	-32	731
Non-operating/nonrecurring cash flow		—	—	—	—	—	—
Capex	(j)	-1,269	—	—	—	—	-1,269
Common dividends paid		-741	—	—	—	—	-741
FCF		-2,397	—	1,150	—	-32	-1,279
Gross leverage (x)							
EBITDA leverage	b/(a+d)	-12.4	—	—	—	—	9.9
FFO leverage	b/(h-e-f-g)	-46.3	—	—	—	—	5.4
(CFO-capex)/debt (%)	(i+j)/b	-26.1	—	—	—	—	-8.5
Net leverage (x)							
EBITDA net leverage	(b-c)/(a+d)	-11.9	—	—	—	—	9.5
FFO net leverage	(b-c)/(h-e-f-g)	-44.3	—	—	—	—	5.2
(CFO-capex)/net debt (%)	(i+j)/(b-c)	-27.3	—	—	—	—	-8.9
Coverage (x)							
EBITDA interest coverage	(a+d)/(-e)	-2.0	—	—	—	—	1.6
FFO interest coverage	(h-e-f-g)/(-e-g)	-0.5	—	—	—	—	3.0

CFO – Cash flow from operations
Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region. Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Source: Fitch Ratings, Fitch Solutions, NEP

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