CREDIT OPINION
22 July 2024

Update

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RATINGS

NextEra Energy Partners, LP

Domicile	Juno Beach, Florida, United States
Long Term Rating	Ba1
Type	LT Corporate Family Ratings
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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NextEra Energy Partners, LP

Update to credit analysis

Summary

NextEra Energy Partners LP's (NEP, Ba1 stable) credit profile is underpinned by its generally stable cash flow generation from a diversified portfolio of primarily renewable power projects with an average contract life of approximately 14 years and predominantly mid-Baa, on average, investment grade counterparties. NEP is planning to sell its remaining natural gas investments (i.e. Meade Pipeline Co. (Meade)) in 2025, which would leave the company with a portfolio of 100% renewable energy and battery storage projets. These credit strengths are offset by a leveraged financial profile and the uncertainty associated with the company's long-term plans to finance its buy-out obligations, if exercised, related to its convertible equity portfolio financings (CEPFs) from 2026 through 2032, which constrains its credit quality.

Historically, NEP ha maintained a solid financial profile while pursuing a relatively aggressive growth strategy. For the three years ending 31 March 2024, NEP's ratio of cash flow from operations before changes in working capital (CFO pre-W/C) to debt averaged 13.3%, with a low of 11.1% in 2023 and a high of 16% in 2022. For the 12-months ended 31 March 2024, NEP's ratio of CFO pre-W/C to debt was 14.4%. At the same time, NEP's leverage as measured by consolidated Debt/EBITDA was about 6.1x for the 12-months ended 31 March 2024. Over the next two years, we expect the company's financial profile to remain relatively stable including a Debt/EBITDA in the 6x range and a ratio of CFO pre-W/C to debt in the low-to-mid-teens.

NEP benefits from its association with the NextEra Energy, Inc. (NEE, Baa1 stable) corporate family, particularly with access to assets available for sale within NextEra Energy Resources' (NEER) large renewable portfolio consisting of both operating assets and a growth backlog of about 21.5 GW.

NEP continues to have good access to the capital markets and has utilized diverse financing structures to fund its portfolio asset growth. However, due to NEP's depressed equity price compared to historical levels, new equity issuances are not as attractive as a financing alternative and would be very dilutive to shareholders. Historically, NEP's use of CEPF structures executed with BlackRock, KKR and other financial investors have added financial complexity to its credit profile, a credit negative. Nevertheless, to date, NEP has executed and financed the buy-out options associated with these CEPF structures in a manner that has not materially added leverage and has been able to maintain stable credit metrics.

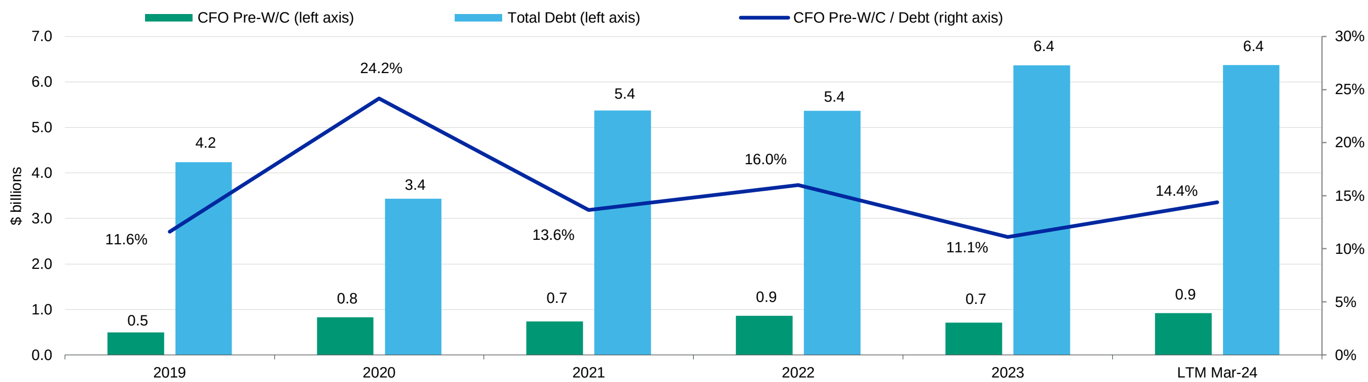
Recent developments

In December 2023, NEP completed the sale of its ownership interests in its Texas pipelines, collectively known as STX Midstream, to Kinder Morgan, Inc. (Baa2 stable). NEP received total cash consideration of approximately $1.8 billion, excluding post-closing working capital adjustments. NEP used a portion of the proceeds from the sale to pay off the South Texas Midstream Holdings, LLC outstanding debt of approximately $437 million.

The asset sale follows NEP's May and September 2023 announcements that it would lower its overall growth rate and transition to a 100% renewable energy company by 2025 while also reducing capital structure complexity. NEP will use the remaining proceeds from the asset sale to pay down a portion of its corporate revolving credit facility borrowings, and provide the funding needed to execute the company's CEPF buyout options through June 2025.

Exhibit 1

Historical CFO Pre-W/C, Total Debt and CFO Pre-W/C to Debt



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporation.
Periods are fiscal year-end unless indicated. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Credit strengths

- » Diverse portfolio of renewable energy projects backed by long-term contracts with a broad group of predominantly investment grade counterparties
- » Renewable projects continue to benefit from a strong growth environment further bolstered by the Inflation Reduction Act (IRA)
- » Strong sponsor in NEE and access to NEER's large portfolio of renewable energy projects to foster growth
- » Simplification plan announced in 2023 will reduce balance sheet complexity and add to financial profile transparency
- » Good capital markets access with a diverse investor base which allows for the use of a broad array of financial products

Credit challenges

- » Convertible equity portfolio financing structures increase financial complexity and reduce transparency, although no new agreements planned for the future
- » Long-term CEPF buy-out options require significant financing needs
- » The yieldco business model and equity share price can be vulnerable to volatile capital market conditions causing its equity to be a less appealing financing tool
- » Growth strategy, although recently reduced, using debt financing will maintain leveraged financial profile
- » Having more long-term bullet maturity parent debt than amortizing project debt may limit financial flexibility

Rating outlook

NEP's stable outlook reflects our expectation that its portfolio of assets will continue to exhibit a steady operational performance with stable cash flow generation that will allow the company to generate consistent financial metrics including a Debt/EBITDA ratio in the 6x range and a ratio of CFO pre-W/C to debt in the mid-teens. The outlook also reflects our view that the company will execute its renewable energy focused plan including future CEPF buy-out options, if exercised, in a manner that maintains the company's financial profile and does not materially increase business risk.

Factors that could lead to upgrade

NEP could be upgraded if the company pursues a less aggressive growth by acquisition strategy; reduces financial complexity and increases transparency further; and commits to sustain a strong, investment grade financial profile including a consolidated ratio of Debt/EBITDA below 5x and a ratio of CFO pre-W/C to debt in the high teens for an extended period.

Factors that could lead to downgrade

NEP could be downgraded if there is a deterioration in the credit quality of its asset portfolio such that contracts have shorter tenors, weaker counterparties or increased merchant exposure. A downgrade could also occur if there is a deterioration in NEP's financial profile such that its ratio of consolidated Debt/EBITDA increases to over 7x or its ratio of CFO pre-W/C to debt declines to less than 11% on a sustained basis.

Key indicators

Exhibit 2
NextEra Energy Partners, LP

	2019	2020	2021	2022	2023	LTM Mar-24
CFO Pre-W/C + Interest / Interest	1.7x	2.3x	-15.2x	0.0x	2.8x	5.5x
CFO Pre-W/C / Debt	11.6%	24.2%	13.6%	16.0%	11.1%	14.4%
RCF / Debt	2.6%	11.2%	2.3%	4.2%	0.5%	3.6%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Profile

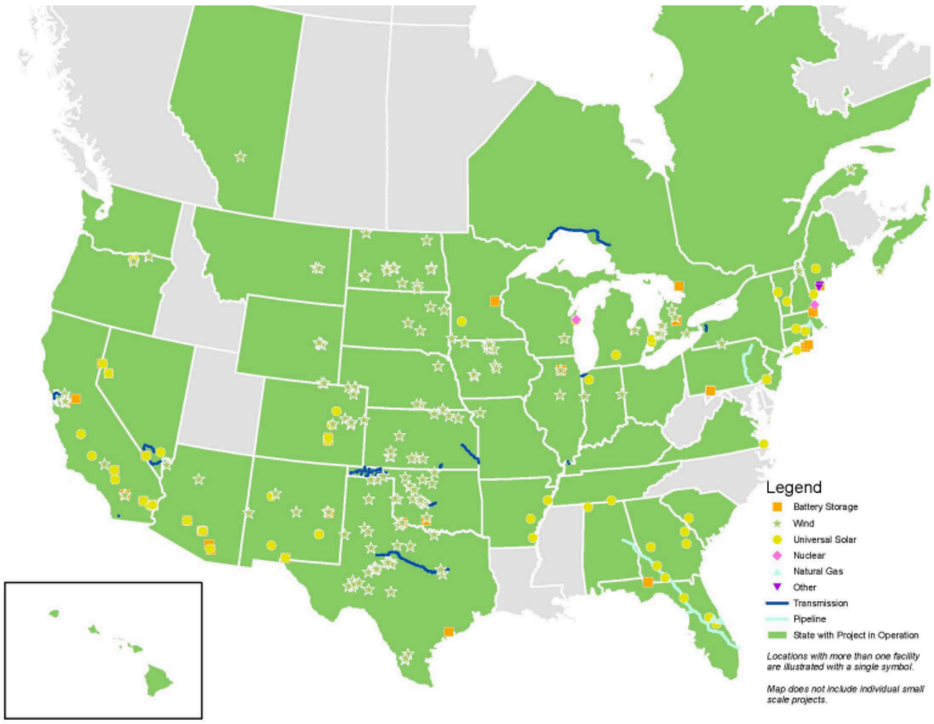
NEP is a growth oriented limited partnership, 51.4% owned by NextEra Energy, Inc. (NextEra or NEE, Baa1 stable), consisting of long-term contracted renewable energy projects and natural gas pipeline assets (which are in the process of being sold). At 31 March 2024, NEP owned a controlling, non-economic general partner interest and a 48.6% limited partner interest in NextEra Energy Operating Partners LP (NEP Opco, Ba1 stable). NEOP's debt obligations are absolutely and unconditionally guaranteed by NEP.

Through NEP OpCo, NEP owns a portfolio of contracted renewable generation assets consisting of 8 gigawatts (GW) of wind generation and 1.8 GW of solar generation spread over 94 power projects. The projects are located in 30 states in four broadly diversified regions -- the Northeast, the West Coast, the southern Great Plains and the upper Midwest. All projects benefit from fixed price, long-term contracts, most with strong investment grade counterparties (average credit rating in the mid-Baa range), with an average remaining life of about 14 years. NEP expects to sell its ownership of Meade, which has a 39.2% ownership interest in the Central Penn Line, a 1.7 Bcf/day pipeline that transports Marcellus natural gas to the Mid-Atlantic region. The company expects to complete the asset sale in 2025.

Headquartered in Juno Beach, FL, NEE is one of the largest power and utility holding companies in our global rated universe. NEE's principal operating utility, Florida Power & Light Company (FPL, A1 stable) is one of the largest and financially strongest vertically integrated regulated utilities in the US serving approximately 5.9 million customer accounts or over 12 million people across nearly half of the state of Florida. FPL accounts for about 63% of NEE's consolidated EBITDA.

NEE is also the holding company of NextEra Energy Capital Holdings, Inc. (NEECH, Baa1 stable), which is the principal debt financing vehicle for the non-FPL businesses and the parent of NextEra Energy Resources (NEER), an intermediate holding company for NEE's independent power projects and ownership interest in NEP as well as other interests in natural gas pipelines. NEECH's other subsidiaries include NextEra Energy Transmission (NEET), which holds FERC regulated electric transmission assets, such as Trans Bay Cable LLC (Baa2 stable). NEE has no debt of its own but guarantees the debt issued at NEECH.

Exhibit 3
NEP's generation and gas pipeline portfolio



Source: Company Filings

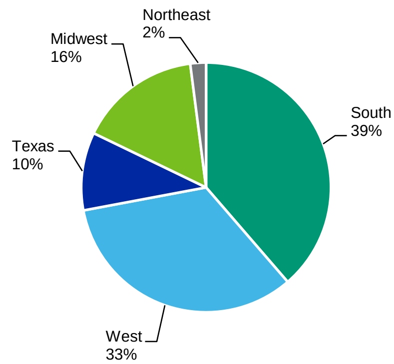
Detailed credit considerations

Credit quality underpinned by diverse portfolio of renewable projects backed by long-term contracts with primarily investment grade counterparties

NEP has a diversified portfolio of renewable energy projects – by geography, by number of projects as well as by fuel type - with 8.0 GW of wind and 1.8 GW of solar spread over 94 projects. The projects are located in 30 states in four broadly diversified regions -- the Northeast, the West Coast, the southern Great Plains and the upper Midwest. All projects benefit from fixed price, long-term contracts, with over 90 different counterparties, most considered investment grade (average Baa2 credit quality) and an average remaining life of about 14 years.

NEP is also in the process of selling its last remaining natural gas assets, Meade, which the company expects to be sold in 2025. Meade owns a 39.2% ownership interest in the Central Penn Line, a 1.7 Bcf/day pipeline that transports Marcellus natural gas to the Mid-Atlantic region.

Exhibit 4
Portfolio by geographic region based on net MWs



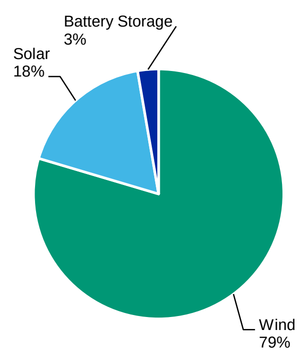
Source: Company filings

Exhibit 5
NEP's generation portfolio

Resource	Number of projects	Total Net MWs
Wind	58	8,050
Solar	30	1,791
Battery Storage	6	273
Total NEP Portfolio	94	10,081

As of March 31 2024
Source: Company filings

Exhibit 6
NEP's net MWs diversity by asset type



Source: Company filings

Renewable focused plan announced in 2023 will reduce capital structure complexity and increase financial transparency

On 28 December 2023, NEP announced that it had closed on the sale of its STX Midstream assets to Kinder Morgan, Inc. (Baa2 stable) for $1.815 billion. The asset sale follows NEP's May and September 2023 announcements that it would lower its overall growth rate and transition to a 100% renewable energy project owner by 2025 while also reducing capital structure complexity.

NEP will use the proceeds from the asset sale, which closed in early 2024, to pay off outstanding project-related debt, pay down a portion of its corporate revolving credit facility borrowings, and provide the funding needed to execute the company's CEPF buyout options through June 2025.

STX Midstream consisted of seven pipelines that provide natural gas to Mexico and power producers and municipalities in South Texas. The gas pipeline portfolio generated approximately $181 million of adjusted EBITDA in 2023. Although some of the proceeds will be used to pay off debt, we consider the sale to be credit neutral because of the loss of cash flow generation from these assets.

In NEP's May 2023 announcement, the company indicated that it planned to sell its STX Midstream and Meade natural gas assets, in 2023 and 2025, respectively. The sales are part of the company's plan to focus solely on growing its renewable energy portfolio. We expect the asset sales themselves to be credit neutral, however, the transactions will reduce capital structure complexity. The sale proceeds will be used to reduce NEP's future equity needs related to CEPF buyout options through much of 2026. Upon completion of the pipeline sales by 2025, NEP will become a 100% renewable energy company, eliminating carbon transition risk, a positive ESG consideration.

As part of the May announcement, NEP stated that it had entered into an agreement with majority owner and former parent, NEE, which currently owns 51.4% of the company, to suspend incentive distribution rights (IDR) fees through 2026. By suspending approximately $157 million of annual IDR fees, NEP will largely offset the loss of cash flow from the asset sales.

As was also indicated in the May announcement, NEP plans to sell its remaining natural gas assets in Pennsylvania in 2025 and use those proceeds to fund the CEPF buyout option remaining that year. Moreover, in the September announcement, NEP also disclosed that it will reduce its rate of growth and has no plans to enter into additional CEPF agreements. Although the company will still have three outstanding CEPF buy-out options once the asset sales are completed by the end of 2025, NEP's avoidance of these complex financial structures will reduce its capital structure complexity and improve the transparency of its financial profile. We expect the net result of these transactions to be credit neutral to NEP's financial profile and that NEP will continue to maintain a stable financial profile.

Convertible equity portfolio financing structures have added financial complexity and reduced transparency, with long-term buy-out options requiring significant financing

NEP maintains that the CEPF structures gave the company access to low cost capital as a means to finance portfolio asset acquisitions. NEP also believed that the CEPF structures provided the company with greater financial flexibility and demonstrated the company's ability to access new sources of capital. Despite the intended lower cost of financing, these structures constitute a form of financial engineering that adds uncertainty with regard to NEP's future financial performance and complicate the company's capital structure and financial profile.

The transactions include a holding period, during which time the joint sponsor receives a coupon payment on their investment, and a designated time period when NEP may exercise its right to buy some or all of the joint sponsor's ownership in the joint venture. The purchase price is calculated based on the joint sponsor's initial investment and a pre-specified rate of return. For further discussion on our analysis of NEP's CEPF structures, please refer to the report, Recent joint venture agreements increase financial complexity and reduce transparency, a credit negative.

Exhibit 7
Financing terms of NEP's CEPF structures outstanding

	NEP Renewables II	NEP Pipelines	Genesis Holdings	NEP Renewables III	NEP Renewables IV
Underlying projects/pipelines	Renewable energy projects with a combined net generating capacity of approximately 1,130 MW	Equity methodinterest in a natural gas pipeline located in Pennsylvania	Renewable energy projects with a combined net generating capacity of approximately 1,124 MW	Renewable energy projects with a combined net generating capacity of approximately 1,260 MW	Renewable energy projects with a combined net generating capacity of approximately 2,046 MW
Date of sale	June 11, 2019	November 13, 2019	December 18, 2020	December 28, 2021	December 15, 2022
Gross proceeds	$900 million	$168 million	$1,243 million	$816 million	$887 million
Initial allocation of distributable cash to Class B investors	5%	1%	25%	65%	17%
Period for initial allocation	6 years	6 years	10 years	10 years	10 years
Period for initial allocation if minimum buyouts have not occurred	4.5 years	5 years	6.75 years	6 years	6.5 years
Allocation of distributable cash to Class B investors after initial allocation period	99%	99%	80%	99%	99%
Date buyout period begins	December 11, 2022	May 13, 2023	December 18, 2025	December 28, 2026	December 15, 2027
Buyout right timing	Periodically, and for partial interests between years 3.5 and 6	Periodically, and for partial interests between years 3.5 and 6.5	Periodically, and for partial interests between years 5 and 10	Periodically, and for partial interests between years 5 and 10	Periodically, and for partial interests between years 5 and 10
Percentage of buyout price that can be paid in NEP non-voting common units at current market price	70%	100%	100%	100%	100%

Source: Company filings

Although the history of these complicated structures is limited, NEP successfully completed the early buyout of the company's first CEPF structure in November 2021. At that time, NEP exercised the buyout option and acquired 100% of the outstanding minority ownership interest in the portfolio of wind and solar assets included in the company's 2018 inaugural CEPF structure entered into with a Blackrock infrastructure fund. Blackrock elected to receive 30% of the buyout in cash, which NEP funded primarily with debt. The remaining 70% of the buyout was funded with new equity, which supported NEP's credit quality related to this financially complex and relatively new financing structure.

NEP exercised the buyout option approximately one month earlier than the company originally expected through an early exercise agreement between NEP and the fund. NEP issued project level debt on a subset of the assets in the portfolio to repay the revolver borrowings used to fund the cash portion of the buyout as well as to support NEP's other previously announced growth investments. See further discussion in "Early buyout of inaugural convertible equity portfolio financing done in a credit supportive manner."

Since the inaugural CEPF in September 2018, NEP has executed five additional CEPF structures. The majority of the other CEPF structures allow NEP, at its sole election, to finance the buyouts entirely with new equity, if the company chooses to exercise the option, which is more credit supportive because of the absence of additional leverage.

In last year's announcements, NEP indicated that it has no plans to enter into additional CEPF agreements, a credit positive. The company will still have three CEPF buy-out options outstanding once the natural gas asset sales are completed by the end of 2025. The CEPF buy-out options, if exercised, would require approximately $3.7 billion of funding needs from 2026 through 2032. However, NEP's avoidance of these complex financial structures in the future will reduce the company's capital structure complexity and improve the transparency of its financial profile.

Owing to the discretion allowed under some of the buyout options, it is not certain how NEP will choose to finance them. We expect that the company will exercise and finance future buyout options in a manner that, all else being equal, will at least maintain its credit quality and current financial profile, including consolidated Debt/EBITDA ratio of about 6x and a ratio of CFO pre-W/C to debt in the low-to-mid teens.

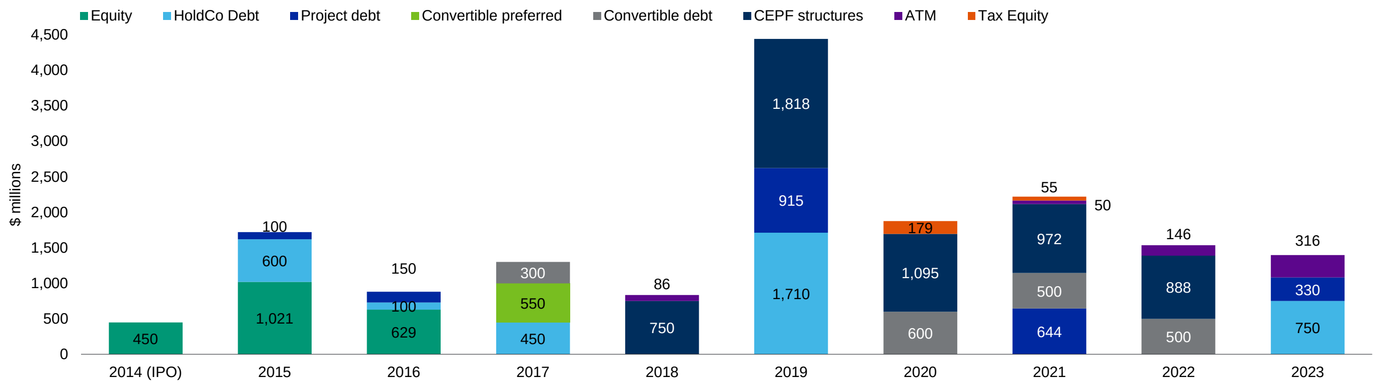
Financial profile expected to remain stable and support credit quality

While NEP has utilized a diverse set of capital market products to finance its growth, the company's leveraged financial profile constrains its credit quality. For the most part, NEP's key credit metrics have been relatively stable historically but can vary due the timing of debt issuance and the inclusion of run-rate EBITDA and cash flow of the assets acquired. In 2020, NEP's financial profile was unusually strong including a ratio of CFO pre-W/C to debt of 24.2% but reverted back to historical levels in 2021 including a ratio of CFO pre-W/C to debt of 13.6% as a result of increased debt issuances to fund portfolio asset acquisitions.

For the three years ending 31 March 2024, NEP's ratio of CFO pre-W/C to debt averaged 13.3%, with a low of 11.1% in 2023 and a high of 16% in 2022. For the 12-months ended 31 March 2024, NEP's ratio of CFO pre-W/C to debt was 14.4%. At the same time, NEP's leverage as measured by consolidated Debt/EBITDA was about 6.1x for the 12-months ended 31 March 2024. Over the next two years, we expect NEP's financial profile to remain relatively stable including a Debt/EBITDA in the 6x range and a ratio of CFO pre-W/C to debt in the low-to-mid-teens.

Exhibit 8

NEP's financing history has demonstrated broad access to a diverse set of capital market products



Source: Company filings

An NPV analysis of contracted cash flows is another element of our credit analysis for yieldcos. The ratios of Debt/EBITDA and CFO pre-W/C to Debt typically only account for one year of EBITDA or cash flow relative to debt and do not fully capture the value of having many years of contracted EBITDA and cash flows. Specifically, for a given level of annual Debt/EBITDA, the ratio does not distinguish between a company with a few years of contracted cash flow from another company with 14 years of average contract life, although the latter typically has stronger credit quality, all else being equal. An NPV analysis allows us to better capture the full extent of contracted cash flows at NEP, in comparison with other rated yieldcos. We expect that the NPV of unlevered free cash flow to total consolidated debt for NEP will remain higher than other rated yieldcos and is among the factors that supports NEP's stronger credit profile compared to its peers. We estimate that the NPV of unlevered free cash flow to total consolidated debt for NEP is roughly 150% and is expected to remain in this range over the next few years.

Renewable energy market maintains high growth environment and opportunities for portfolio expansion and capital recycle opportunities

Market conditions continue to remain favorable for the growth of renewable energy in many countries and particularly in the US. This is largely driven by technological improvements that drive costs lower and continue to allow renewables to be economically competitive with fossil fuel generation as well as the focus on carbon emission reduction goals and renewable energy mandates in many states.

NEP benefits from its sponsorship by NEE and access to assets available for sale in NEER's large portfolio including growth backlog of over 21.5 GW of generation. Access to NEER's portfolio of renewable projects reduces the risk of identifying future asset acquisitions for growth compared to other yieldcos, although NEP is required to acquire these assets through an arm's length transaction at a negotiated fair market value.

Renewable growth opportunities in the US were further bolstered by the passage of the Inflation Reduction Act of 2022 (IRA) in August 2022. Among other things, the IRA included extensions of wind and solar tax credits on renewable projects; a new solar production tax credit (PTC); a stand alone battery investment tax credit (ITC); the ability to transfer renewable energy tax credits to a third party; and a 15% corporate minimum tax based on pre-tax income for years after 2022. We expect NEP's parent company, NEE, to benefit from the expansion of renewable tax credits given NEER's leading position and strong renewable energy growth and development opportunities. In turn, this will provide further opportunities for NEP to continue to acquire assets and broaden its renewable portfolio as well as cash flow.

At the same time, the strong renewable market provides an avenue for NEP to sell assets in its portfolio at attractive returns if the company needed to raise funds or recycle capital for future investment needs.

Higher parent level debt may limit financial flexibility

Over the last few years, NEP has increased parent level debt relative to project level debt within the company's capital structure. Parent debt issuances have bullet maturities compared to amortizing project debt, which typically amortizes ahead of or in line with the tenor of the project's cash flow. The increase in parent level bullet maturity debt versus amortizing project level debt within the capital structure reduces NEP's financial flexibility, particularly if the environment for recontracting assets becomes challenging.

As of 31 March 2024, we calculate NEP's parent level debt at about 66% of total debt. Several years ago, NEP's capital structure included a majority of project level debt such that NEP's parent level debt was less than 40% of total debt. Since debt at the project level amortizes, and all else equal, it naturally results in an improving financial profile over time. Amortizing project level debt is more credit supportive as it better addresses the longer-term recontracting risks associated with a yieldco's renewable project portfolio.

In our credit analysis of NEP, we assess the company's credit metrics on a consolidated basis, including project level debt, whether that debt is recourse or not. This consolidated approach reflects our view that project cash flows are a critical component of a yieldco's business model and, as a result, project level debt should be aligned with associated cash flows received from projects.

NEE remains majority owner but separation from the sponsor gradually continues

NEE's current ownership interest in NEP is approximately 51.4% which is down from 53.1% at the beginning of 2022. NEE's ownership interest will gradually decline through equity dilution as new NEP equity is potentially issued through the conversion of preferred units and convertible notes as well as from NEP's decision to exercise future CEPF buy-out options and NEE's periodic sales of its NEP units.

As mentioned above, NEE, through its subsidiary NEER, is a leading developer of renewable energy projects in the US. NEER currently owns approximately 34 GW of contracted and operating renewable assets and has signed power purchase agreements for over 21.5 GW of additional wind, solar and energy storage assets. NEP's access to NEER's portfolio provides NEP with an unparalleled pipeline of assets that it can potentially acquire over time. Corporate governance changes at NEP that became effective at the beginning of 2018 were designed to create greater separation between NEP and NEE gradually over time.

In May 2023, NEE and NEP announced a structural modification to IDR fees, whereby fees provided to NEE from NEP will be suspended. The IDR suspension will allow NEP to largely supplement the lost cash flow from the eventual sale of NEP's gas pipeline assets by 2025.

Yieldco business model and equity share price can be vulnerable to volatile capital market conditions

The yieldco sector can sometimes face challenging capital market conditions, especially volatile equity prices, which can make issuing equity on an accretive basis difficult. Since its IPO in 2014, NEP has seen significant volatility in its equity price. NEP's equity price is well off its high reached in November 2021 and is currently trading below its IPO price. Since the beginning of January 2023, NEP's share price is down roughly 60%, mostly due to volatility in the market with regard to interest rate sensitivity, the macro-economic environment and the company's reduced growth plans. NEP's announcements last year regarding the company's simplification plan along with the suspension of NEP's IDR fees reflect an effort to sustain its historically strong access to the capital markets, which has been maintained.

ESG considerations

NextEra Energy Partners, LP's ESG credit impact score is CIS-3

Exhibit 9
ESG credit impact score

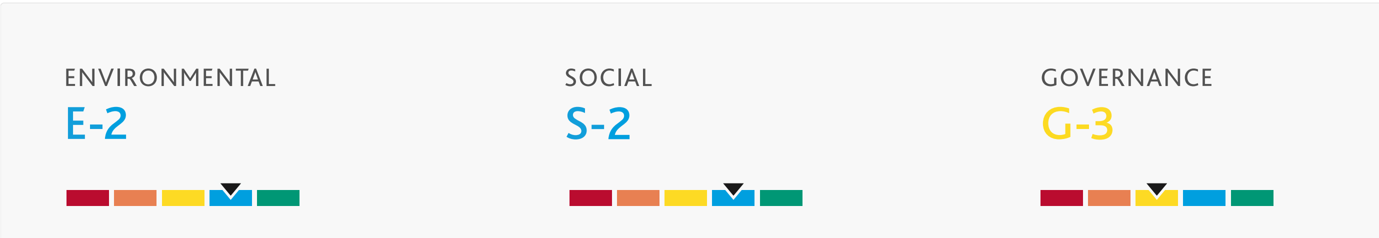
CIS-3

ESG considerations have a limited impact on the current rating, with potential for greater negative impact over time.

Source: Moody's Ratings

NEP's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. The **CIS-3** reflects the higher leverage, financial policy complexities and relatively aggressive growth strategy within governance considerations and the limited impact of environmental and social risks.

Exhibit 10
ESG issuer profile scores



Source: Moody's Ratings

Environmental

NEP's environmental risk (**E-2** issuer profile score) is not a material driver of credit quality because its exposure to physical climate risks is mitigated by a portfolio that is geographically diversified across several regions and a number of states in the US. The company is eliminating its carbon transition risk with the announced sale of its gas pipeline assets by 2025 which would leave NEP with a portfolio of 100% renewable energy assets.

Social

NEP's **S-2** issuer profile score considers its long-term contracted assets in the US that reduce its exposure to regulatory or political intervention.

Governance

NEP's **G-3** issuer profile score largely reflects exposure related to the company's higher leverage, relatively aggressive growth strategy, complexity around the convertible equity portfolio financing structures and the majority, albeit declining, ownership by NEE.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

NEP's SGL-2 speculative grade liquidity rating reflects a good liquidity profile primarily due to stable cash flow generation from long-term contracted assets and cash and cash equivalents on its balance sheet of $245 million as of 31 March 2024.

We expect operating cash flow to largely cover all capital expenditures as well as a portion of dividend distributions. NEP expects to have run rate CAFD of $730 - $820 million annually for the next few years. We expect the company to primarily need to access the capital markets only to finance new project acquisitions or to refinance debt maturities at the holding company.

NEP has a $2.5 billion senior unsecured revolving credit facility that expires in February 2029. NEP was in compliance with all financial debt covenants related to the revolver as of 31 March 2024. The credit facility allows for same-day borrowing and there is no material adverse change clause on each borrowing. As of 31 March 2024, there was $50 million of borrowings on the credit facility. Historically, NEP typically has had minimal borrowings on its revolver because it generally raises long-term capital prior to significant new asset acquisitions, which allows the company to maintain liquidity strength.

NEP's near term debt maturities include the $750 million of senior unsecured notes due in September 2024 and $600 million of convertible notes due in 2025.

Rating methodology and scorecard factors

We use our global Unregulated Utilities and Unregulated Power Companies rating methodology as the primary methodology for analyzing NextEra Energy Partners, LP

Exhibit 11
Methodology scorecard factors
NextEra Energy Partners, LP

Unregulated Utilities and Unregulated Power Companies Industry Scorecard	Current LTM Mar-24		Moody's 12-18 month forward view	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Scale (USD Billion)	Baa	Baa	Baa	Baa
Factor 2 : Business Profile (35%)				
a) Market Diversification	A	A	A	A
b) Hedging and Integration Impact on Cash Flow Predictability	Aa	Aa	Aa	Aa
c) Market Framework & Positioning	Ba	Ba	Ba	Ba
d) Capital Requirements and Operational Performance	A	A	A	A
e) Business Mix Impact on Cash Flow Predictability	na	na	na	na
Factor 3 : Financial Policy (15%)				
a) Financial Policy	Ba	Ba	Ba	Ba
Factor 4 : Leverage and Coverage (40%)				
a) (CFO Pre-W/C + Interest) / Interest (3 Year Avg)	4.6x	Baa	3.8x - 4.2x	Ba
b) (CFO Pre-W/C) / Debt (3 Year Avg)	13.3%	Ba	13% - 15%	Ba
c) RCF / Debt (3 Year Avg)	1.9%	Caa	1% - 4%	Ca
Rating:				
a) Scorecard-Indicated Outcome		Ba1		Ba1
b) Actual Rating Assigned		Ba1		Ba1

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. LTM = Last 12 months.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 12
Peer comparison
NextEra Energy Partners, LP

	NextEra Energy Partners, LP Ba1 Stable			Clearway Energy, Inc. Ba2 Stable			Pattern Energy Operations LP Ba3 Stable		
(in $ millions)	FY Dec-22	FY Dec-23	LTM Mar-24	FY Dec-21	FY Dec-22	FY Dec-23	FY Dec-21	FY Dec-22	LTM Sep-23
Revenue	1,171	1,098	1,223	1,286	1,190	1,314	521	809	881
CFO Pre-W/C	858	708	917	717	782	749	167	401	393
Total Debt	5,365	6,369	6,371	8,280	7,367	8,671	3,142	2,817	2,831
CFO Pre-W/C + Interest / Interest	0.0x	2.8x	5.5x	3.2x	4.1x	2.9x	2.3x	3.8x	3.6x
CFO Pre-W/C / Debt	16.0%	11.1%	14.4%	8.7%	10.6%	8.6%	5.3%	14.2%	13.9%
RCF / Debt	4.2%	0.5%	3.6%	5.3%	6.5%	4.9%	4.1%	10.2%	13.2%
Debt / Capitalization	26.6%	31.2%	31.3%	71.4%	64.0%	63.0%	58.8%	40.9%	40.7%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 13

Moody's-adjusted cash flow metrics

NextEra Energy Partners, LP

(in $ millions)	2019	2020	2021	2022	2023	LTM Mar-24
FFO	**493.1**	**833.1**	**742.2**	**859.9**	**772.7**	**986.7**
+/- Other	(1.0)	(4.0)	(9.0)	(2.0)	(65.0)	(70.0)
CFO Pre-WC	**492.1**	**829.1**	**733.2**	**857.9**	**707.7**	**916.7**
+/- ΔWC	(23.0)	5.0	(16.0)	20.0	(48.0)	(56.0)
CFO	**469.1**	**834.1**	**717.2**	**877.9**	**659.7**	**860.7**
- Div	383.0	449.0	619.0	636.0	741.0	760.0
- Capex	94.1	335.1	114.2	1,351.9	1,269.7	932.7
FCF	**(8.0)**	**50.0**	**(16.0)**	**(1,110.0)**	**(1,351.0)**	**(832.0)**
(CFO Pre-W/C) / Debt	11.6%	24.2%	13.6%	16.0%	11.1%	14.4%
(CFO Pre-W/C - Dividends) / Debt	2.6%	11.1%	2.1%	4.1%	-0.5%	2.5%
FFO / Debt	11.6%	24.3%	13.8%	16.0%	12.1%	15.5%
RCF / Debt	2.6%	11.2%	2.3%	4.2%	0.5%	3.6%
Revenue	891.0	1,160.0	1,069.0	1,171.0	1,098.0	1,223.0
Interest Expense	703.9	621.9	(45.2)	(846.9)	395.3	202.3
Net Income	25.4	224.1	331.4	750.5	246.6	419.9
Total Assets	12,256.0	12,562.0	18,976.0	23,052.0	22,511.0	22,336.0
Total Liabilities	10,128.0	10,208.0	15,999.0	19,727.0	18,942.0	18,779.0
Total Equity	2,128.0	2,354.0	2,977.0	3,325.0	3,569.0	3,557.0

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Ratings

Exhibit 14

Category	Moody's Rating
NEXTERA ENERGY PARTNERS, LP	
Outlook	Stable
Corporate Family Rating	Ba1
Speculative Grade Liquidity	SGL-2
ULT PARENT: NEXTERA ENERGY, INC.	
Outlook	Stable
Issuer Rating	Baa1
PARENT: NEXTERA ENERGY CAPITAL HOLDINGS, INC.	
Outlook	Stable
Senior Unsecured	Baa1
Bkd Jr Subordinate	Baa2
Bkd Commercial Paper	P-2
NEXTERA ENERGY OPERATING PARTNERS, LP	
Outlook	Stable
Bkd Senior Unsecured	Ba1/LGD4

Source: Moody's Ratings

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Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454