NEXTera energy®
PARTNERS

ANNUAL REPORT **2022**

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2022**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission File Number	Exact name of registrant as specified in its charter, address of principal executive offices and registrant's telephone number	IRS Employer Identification Number
1-36518	**NEXTERA ENERGY PARTNERS, LP** 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	30-0818558

State or other jurisdiction of incorporation or organization: Delaware

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common units	NEP	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

Large Accelerated Filer ☑ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☑

Aggregate market value of the voting and non-voting common equity of NextEra Energy Partners, LP held by non-affiliates at June 30, 2022 (based on the closing market price on the Composite Tape on June 30, 2022) was $6,198,567,637.

Number of NextEra Energy Partners, LP common units outstanding at January 31, 2023: 86,535,284

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy Partners, LP's Proxy Statement for the 2023 Annual Meeting of Unitholders are incorporated by reference in Part III hereof.

DEFINITIONS

Acronyms and defined terms used in the text include the following:

Term	Meaning
ASA	administrative services agreement
Bcf	billion cubic feet
BLM	U.S. Bureau of Land Management
CITC	convertible investment tax credit
Code	U.S. Internal Revenue Code of 1986, as amended
CSCS agreement	cash sweep and credit support agreement
FCPA	Foreign Corrupt Practices Act of 1977, as amended
FERC	U.S. Federal Energy Regulatory Commission
IPP	independent power producer
ITC	investment tax credit
limited partner interest in NEP OpCo	limited partner interest in NEP OpCo's common units
management sub-contract	management services subcontract between NEE Management and NEER
Management's Discussion	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
MSA	amended and restated management services agreement among NEP, NEE Management, NEP OpCo and NEP OpCo GP
MW	megawatt(s)
NEE	NextEra Energy, Inc.
NEECH	NextEra Energy Capital Holdings, Inc.
NEE Equity	NextEra Energy Equity Partners, LP
NEE Management	NextEra Energy Management Partners, LP
NEER	NextEra Energy Resources, LLC
NEP	NextEra Energy Partners, LP
NEP GP	NextEra Energy Partners GP, Inc.
NEP OpCo	NextEra Energy Operating Partners, LP
NEP OpCo GP	NextEra Energy Operating Partners GP, LLC
NEP OpCo ROFR assets	all assets owned or hereafter acquired by NEP OpCo or its subsidiaries
NERC	North American Electric Reliability Corporation
Note __	Note __ to consolidated financial statements
NYSE	New York Stock Exchange
O&M	operations and maintenance
Pemex	Petróleos Mexicanos
PPA	power purchase agreement
PTC	production tax credit
RPS	renewable portfolio standards
SEC	U.S. Securities and Exchange Commission
Texas pipelines	natural gas pipeline assets located in Texas
Texas pipeline entities	the subsidiaries of NEP that directly own the Texas pipelines
the board	the board of directors of NEP
U.S.	United States of America

Each of NEP and NEP OpCo has subsidiaries and affiliates with names that may include NextEra Energy, NextEra Energy Partners and similar references. For convenience and simplicity, in this report, the terms NEP and NEP OpCo are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context. Discussions of NEP's ownership of subsidiaries and projects refers to its controlling interest in the general partner of NEP OpCo and NEP's indirect interest in and control over the subsidiaries of NEP OpCo. See Note 1 for a description of the noncontrolling interest in NEP OpCo. References to NEP's projects and NEP's pipelines generally includes NEP's consolidated subsidiaries and the projects and pipelines in which NEP has equity method investments.

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FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the federal securities laws. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, strategies, future events or performance (often, but not always, through the use of words or phrases such as may result, are expected to, will continue, anticipate, believe, will, could, should, would, estimated, may, plan, potential, future, projection, goals, target, outlook, predict and intend or words of similar meaning) are not statements of historical facts and may be forward looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, important factors included in Part I, Item 1A. Risk Factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on NEP's operations and financial results, and could cause NEP's actual results to differ materially from those contained or implied in forward-looking statements made by or on behalf of NEP in this Form 10-K, in presentations, on its website, in response to questions or otherwise.

Any forward-looking statement speaks only as of the date on which such statement is made, and NEP undertakes no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.

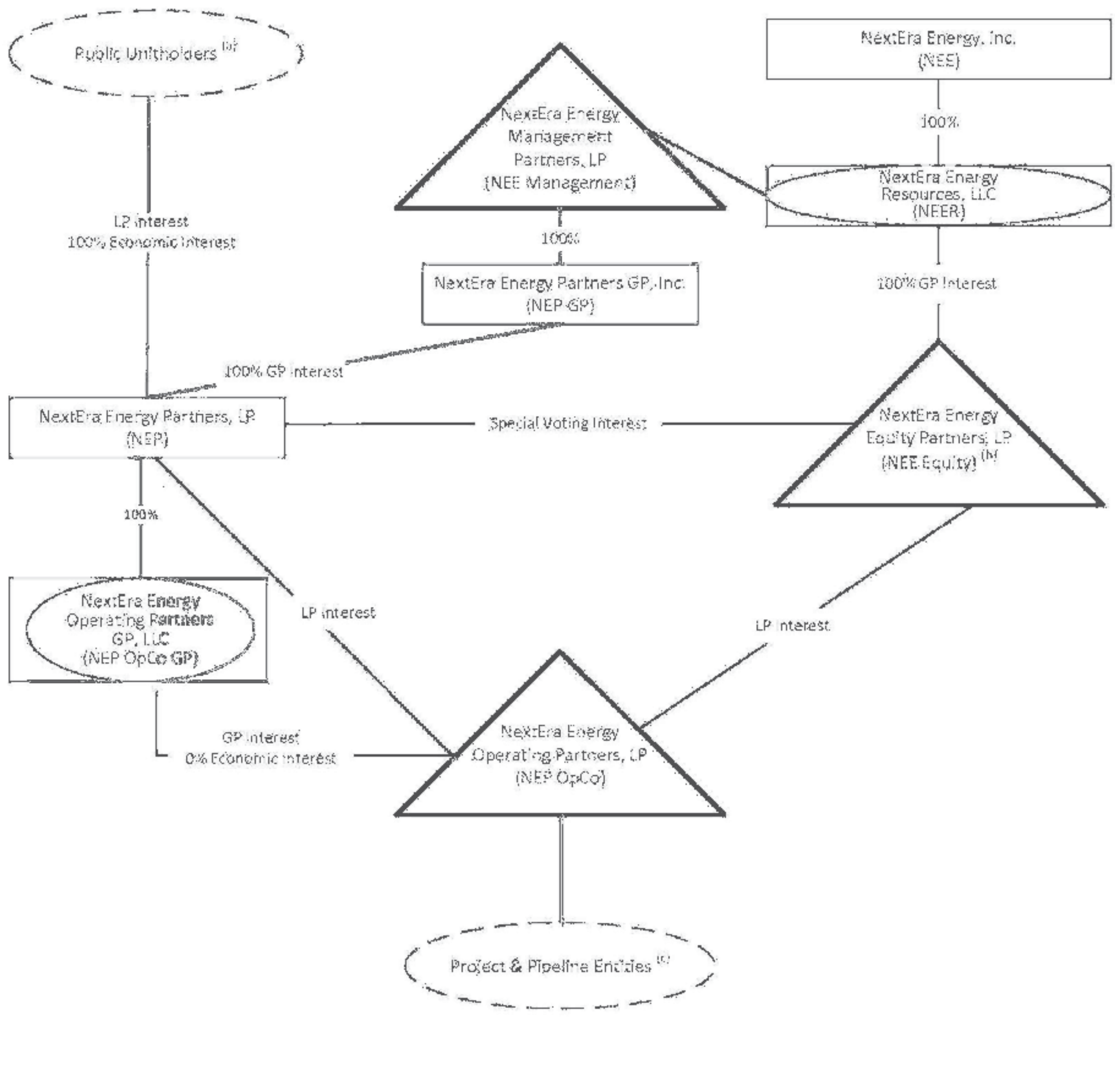
PART I

Item 1. Business

NEP is a growth-oriented limited partnership formed to acquire, manage and own contracted clean energy projects with stable long-term cash flows. At December 31, 2022, NEP owned a controlling, non-economic general partner interest and a 46.2% limited partner interest in NEP OpCo. Through NEP OpCo, NEP owns a portfolio of contracted renewable generation assets consisting of wind, solar and solar-plus-storage projects, as well as contracted natural gas pipeline assets.

NEP expects to take advantage of trends in the North American energy industry, including the addition of clean energy projects as aging or uneconomic generation facilities are phased out, increased demand from utilities for renewable energy to meet state RPS requirements and improving competitiveness of energy generated from wind and solar projects relative to energy generated using other fuels. NEP plans to focus on high-quality, long-lived projects operating under long-term contracts that are expected to produce stable long-term cash flows. NEP believes its cash flow profile, geographic, technological and resource diversity, operational excellence and cost-efficient business model provide NEP with a significant competitive advantage and enable NEP to execute its business strategy.

The following diagram depicts NEP's simplified ownership structure at December 31, 2022:



(a) At December 31, 2022, NEE owns 617,882 NEP common units.
(b) At December 31, 2022, NEE Equity owns approximately 53.8% of NEP OpCo's common units representing limited partnership interests and 100% of NEP OpCo's Class B partnership interests. NEE Equity may tender its NEP OpCo common units and in exchange receive NEP common units on a one-for-one basis, or the value of such common units in cash, subject to the terms of an exchange agreement. See Part II, Item 5 – Unregistered Sales of Equity Securities and Use of Proceeds.
(c) At December 31, 2022, certain project and pipeline entities are subject to noncontrolling interests. See Note 2 – Noncontrolling Interests.

At December 31, 2022, NEP owned interests in a portfolio of clean, contracted renewable energy projects located in 30 states as summarized below:

NEP Acquisition/Investment Date	Technology	Net MW[(a)]	Contract Expiration
2014	Solar Wind	250 492	2029 – 2039
2015	Solar Wind	20 913	2026 – 2041
2016	Solar Wind	132 584	2034 – 2039
2017	Solar Wind	143 798	2030 – 2046
2018	Solar Wind	20 1,368	2031 – 2042
2019	Solar Wind	191 420	2030 – 2042
2020	Battery Storage Solar Wind	30 219 280	2034 – 2045
2021	Battery Storage Solar Wind	58 558 1,784	2025 – 2052
2022	Battery Storage Solar Wind	186 61 931	2032 – 2042
		9,438[(b)(c)]	

(a) MWs reflect NEP's net ownership in the renewable energy project capacity based on respective ownership interests. NEP has indirect equity method investments in projects with a net generating capacity of approximately 862 MW with ownership interests ranging from 33.3% to 50%. Additionally, NEP has indirect controlling ownership interests ranging from 49% to 67% in projects with a net generation capacity of approximately 2,033 MW and battery storage capacity of 244 MW. See Note 2 – Investments in Unconsolidated Entities and – Noncontrolling Interests.

(b) Third-party investors own noncontrolling Class B interests in the NEP subsidiaries that own interests in projects with net generating capacity of approximately 5,568 MW and battery storage capacity of 120 MW. Third-party investors own differential membership interests in projects with net generating capacity of approximately 6,526 MW and battery storage capacity of 274 MW. In January 2023, NEP bought out differential membership interests in projects with net generating capacity of approximately 500 MW. See Note 2 – Noncontrolling Interests, Note 10 and Note 13 – Class B Noncontrolling Interests. Projects with net generating capacity of approximately 1,485 MW are encumbered by liens against their assets securing various financings.

(c) At December 31, 2022, NEP's net MW includes 61 MW of solar generating capacity and 32 MW of battery storage capacity which are under construction and expected to be placed in service in the third quarter 2023. In addition, NEP owns an approximately 50% non-economic ownership interest in three NEER solar projects with a total generating capacity of 277 MW and battery storage capacity of 230 MW. All equity in earnings of these non-economic ownership interests is allocated to net income attributable to noncontrolling interests. See Note 2 – Investments in Unconsolidated Entities.

In January 2023, NEP sold its interest in a 62 MW wind project located in North Dakota as a result of a buyout option under the project's PPA. See Note 2 – Disposal of Wind Project.

At December 31, 2022, NEP owned interests in the following natural gas pipeline assets:

Pipeline[(a)]	Miles of Pipeline	Diameter (inches)	Net Capacity per day[(b)]	Contracted Capacity per day[(b)]	Contract Expiration	In-Service Date	Location	NEP Acquisition/ Investment Date
NET Mexico[(c)]	120	42" / 48"	2.07 Bcf	1.94 Bcf	2023 – 2035	December 2014	Texas	October 2015
Eagle Ford	158	16" / 24" – 30"	1.10 Bcf	0.65 Bcf	2023 – 2027	September 2011 / June 2013	Texas	October 2015
Other	108	8" – 16"	0.40 Bcf	0.28 Bcf	2029 – 2035	Built in the 1960s – 1980s; upgraded in 2001 / others placed in service in 2002 – 2015	Texas	October 2015
Investment in CPL[(d)]	191	30" / 42"	0.72 Bcf	0.72 Bcf	2033 – 2041	October 2018 / October 2021	Pennsylvania	November 2019

(a) NEP's ownership interests in the pipelines are pledged as collateral securing various financings. Additionally, third-party investors own noncontrolling Class B interests in the respective NEP subsidiaries that have ownership interests in these pipelines. See Note 2 – Noncontrolling Interests and Note 13 – Class B Noncontrolling Interests.

(b) Reflects NEP's net ownership interest in pipeline capacity based on respective ownership interests as discussed in (c) and (d).

(c) A subsidiary of Pemex owns a 10% interest in the NET Mexico pipeline.

(d) Through its ownership interest in Meade Pipeline Co, LLC, NEP has an indirect equity method investment in the Central Penn Line (CPL), which represents an approximately 39% aggregate ownership interest in the CPL.

At December 31, 2022, NEP's ownership interests in clean energy projects and pipelines in operation, excluding its non-economic ownership interests, are as follows:

Each of the renewable energy projects sells substantially all of its output and related renewable energy attributes pursuant to long-term, fixed price PPAs to various counterparties. The pipelines primarily operate under long-term firm transportation contracts under which counterparties pay for a fixed amount of capacity that is reserved by the counterparties and also generate revenues based on the volume of natural gas transported on the pipelines. In 2022, NEP derived approximately 14% and 13% of its consolidated revenues from its contracts with Pacific Gas and Electric Company and Mex Gas Supply S.L., respectively. See Item 1A for a discussion of risks related to NEP's counterparties and business relationship with Pemex.

NEP, NEP OpCo and NEP OpCo GP are parties to the MSA with an indirect wholly owned subsidiary of NEE, under which operational, management and administrative services are provided to NEP under the direction of the board, including managing NEP’s day-to-day affairs and providing individuals to act as NEP’s executive officers, in addition to those services that are provided under O&M agreements and ASAs between NEER subsidiaries and NEP subsidiaries. NEP OpCo pays NEE an annual management fee and makes certain payments to NEE based on the achievement by NEP OpCo of certain target quarterly distribution levels to its common unitholders (incentive distribution rights fees, or IDRs). See Note 14 – Management Services Agreement. In addition, certain subsidiaries of NEP are parties to transportation agreements and a fuel management agreement with a subsidiary of NEE. See Note 14 – Transportation and Fuel Management Agreements.

NEP and NEP OpCo are parties to a right of first refusal (ROFR) agreement with NEER granting NEER and its subsidiaries (other than NEP OpCo and its subsidiaries) a right of first refusal on any proposed sale of any NEP OpCo ROFR assets. Pursuant to the terms of the ROFR agreement, prior to engaging in any negotiation regarding any sale of a NEP OpCo ROFR asset, NEP OpCo must first negotiate for 30 days with NEER to attempt to reach an agreement on a sale of such asset to NEER or any of its subsidiaries. If an agreement is not reached within the initial 30-day period, NEP OpCo will be able to negotiate with any third party for the sale of such asset for a 30-day period. Prior to accepting any third-party offer, NEP OpCo will be required to restart negotiations with NEER for the next 30 days and will not be permitted to sell the applicable asset to the third party making the offer if NEER agrees to terms substantially consistent with those proposed by such third party. If, by the end of the 30-day period, NEER and NEP OpCo have not reached an agreement, NEP OpCo will have the right to sell such asset to such third party within 30 days.

INDUSTRY OVERVIEW

Renewable Energy Industry

Growth in renewable energy is largely attributable to the increasing cost competitiveness of renewable energy driven primarily by government incentives, RPS, improving technology and declining installation costs and the impact of environmental rules and regulations on other types of generation.

U.S. federal, state and local governments have established various incentives to support the development of renewable energy projects. These incentives make the development of renewable energy projects more competitive by providing accelerated depreciation, tax credits or grants for a portion of the development costs, decreasing the costs associated with developing such projects or creating demand for renewable energy assets through RPS programs. In addition, RPS provide incentives to utilities to contract for energy generated from renewable energy providers.

Renewable energy technology has improved in recent years. Wind and solar energy generation are becoming the lowest cost energy generation technologies in many regions in the U.S. which is expected to lead to significant growth in the renewable energy industry. Wind technology is improving as a result of taller towers, longer blades and more efficient energy conversion equipment, which allow wind projects to more efficiently capture wind resource and produce more energy. Solar technology is also improving as solar cell efficiencies improve and solar equipment costs decline.

Natural Gas Pipeline Transportation Industry

The U.S. natural gas pipeline network is a highly integrated network that transports natural gas through approximately 3 million miles of mainline and other pipelines that link natural gas production areas and storage facilities with consumers. Based on data compiled through October 27, 2022 by the U.S. Energy Information Administration, U.S. natural gas pipeline capacity additions were approximately 14.9 Bcf/d in 2021 and are estimated to be 13.9 Bcf/d in 2022.

Policy Incentives

Policy incentives in the U.S. have the effect of making the development of renewable energy projects more competitive by providing credits for a portion of the development costs or by providing favorable contract prices. A loss of or reduction in such incentives could decrease the attractiveness of renewable energy projects to developers, including NEE, which could reduce NEP's future acquisition opportunities. Such a loss or reduction could also reduce NEP's willingness to pursue or develop certain renewable energy projects due to higher operating costs or decreased revenues.

U.S. federal, state and local governments have established various incentives to support the development of renewable energy projects. These incentives include accelerated tax depreciation, PTCs, ITCs, cash grants, tax abatements and RPS programs. Pursuant to the U.S. federal Modified Accelerated Cost Recovery System (MACRS), wind and solar facilities are depreciated for tax purposes over a five-year period even though the useful life of such facilities is generally much longer than five years.

Owners of wind and solar facilities are eligible to claim an income tax credit (the PTC, or an ITC in lieu of the PTC) upon initially achieving commercial operation. This incentive was created under the Energy Policy Act of 1992 and has been extended several times for wind (the previous PTC for solar expired in 2006). The Inflation Reduction Act (IRA) expanded the PTC to include solar generation facilities and extended the 100% PTC and the 30% ITC to wind and solar generation facilities that start construction before the later of 2034 or the end of the calendar year following the year in which greenhouse gas emissions from U.S. electric generation are reduced by 75% from 2022 levels. Accordingly, owners of wind and solar generation facilities placed in service in 2022 or later are eligible to claim a PTC (or an ITC in lieu of the PTC) upon initially achieving commercial operation. The PTC is determined based on the amount of electricity produced by the facility during the first ten years of commercial operation. Alternatively, an ITC equal to 30% of the cost of the facility may be claimed in lieu of the PTC. A facility must also meet certain labor requirements to qualify for the 100% PTC or 30% ITC rate or construction must have started on the facility before January 29, 2023. In addition, the PTC is increased by 10% and the ITC rate is increased by 10 percentage points for facilities that satisfy certain tax credit enhancement requirements. Retrofitted wind and solar generation facilities may qualify for a PTC or an ITC if the cost basis of the new investment is at least 80% of the retrofitted facility’s total fair value.

In addition, the IRA expanded the 30% ITC to include storage projects placed in service after 2022 (previously, such projects qualified only if they were connected to and charged by a renewable generation facility that claimed the ITC), subject to certain other requirements. In addition, storage projects claiming an ITC are eligible for a 10 percentage point increase in the ITC rate if the facilities satisfy certain tax credit enhancement requirements.

For taxable years beginning after 2022, renewable energy tax credits generated during the taxable year can be transferred to an unrelated transferee.

RPS, currently in place in certain states, require electricity providers in the state to meet a certain percentage of their retail sales with energy from renewable sources. Additionally, other states in the U.S. have set renewable energy goals to reduce greenhouse gas emissions from historic levels. NEP believes that these standards and goals will create incremental demand for renewable energy in the future.

BUSINESS STRATEGY

NEP's primary business objective is to acquire ownership interests in contracted clean energy projects from NEER or third parties that allow NEP to increase its cash distributions to the holders of its common units over time. To achieve this objective, NEP intends to execute the following business strategy:

- *Focus on contracted clean energy projects.* NEP intends to focus on long-term contracted clean energy projects with newer and more reliable technology, lower operating costs and relatively stable cash flows, subject to seasonal variances, consistent with the characteristics of its portfolio.
- *Focus on North America.* NEP intends to focus its investments in North America, where it believes industry trends present significant opportunities to acquire contracted clean energy projects in diverse regions and favorable locations. By focusing on North America, NEP believes it will be able to take advantage of NEE's long-standing industry relationships, knowledge and experience.
- *Maintain a sound capital structure and financial flexibility.* NEP and its subsidiaries have utilized various financing structures including limited-recourse project-level financings, the sale of differential membership interests and equity interests in certain subsidiaries, preferred units, convertible senior unsecured notes and senior unsecured notes, as well as revolving credit facilities and term loans. NEP believes its cash flow profile, its credit rating, the long-term nature of its contracts and its ability to raise capital provide flexibility for optimizing its capital structure and increasing distributions. NEP intends to continually evaluate opportunities to finance future acquisitions or refinance its existing debt and seeks to limit recourse, optimize leverage, hedge exposure, extend maturities and increase cash distributions to common unitholders over the long term.
- *Take advantage of NEER's operational excellence to maintain the value of the projects in NEP's portfolio.* NEER provides O&M, administrative and management services to NEP's projects pursuant to the MSA and other agreements. Through these agreements, NEP benefits from the operational expertise that NEER currently provides across its entire portfolio. NEP expects that these services will maximize the operational efficiencies of its portfolio.
- *Grow NEP's business and cash distributions through selective acquisitions of ownership interests in operating projects or projects under construction.* NEP intends to focus on acquiring ownership interests in clean energy projects in operation or under construction, maintaining a disciplined investment approach and taking advantage of opportunities to acquire ownership interests in additional projects from NEER and third parties in the future, which it believes will enable it to increase cash distributions to its common unitholders over the long term.

COMPETITION

Wholesale power generation is a capital-intensive, commodity-driven business with numerous industry participants. While NEP's renewable energy projects are currently contracted, NEP may compete in the future primarily on the bases of price and terms, but also believes the green attributes of NEP's renewable energy generation assets, among other strengths discussed below, are competitive advantages. Wholesale power generation is a regional business that is highly fragmented relative to many other commodity industries and diverse in terms of industry structure. As such, there is a wide variation in terms of the capabilities, resources, nature and identity of the companies NEP competes with depending on the market. In wholesale markets, customers' needs are met through a variety of means, including long-term bilateral contracts, standardized bilateral products such as full requirements service and customized supply and risk management services.

In addition, NEP competes with other companies to acquire well-developed projects with projected stable cash flows. NEP believes its primary competitors for opportunities in North America are regulated utility holding companies, developers, IPPs, pension funds and private equity funds.

NEP's pipeline projects face competition with respect to retaining and obtaining firm transportation contracts and compete with other pipeline companies based on location, capacity, price and reliability.

NEP believes that it is well-positioned to execute its strategy and increase cash distributions to its common unitholders over the long term based on the following competitive strengths:

NEE management and operational expertise. NEP believes it benefits from NEE's experience, operational excellence and cost-efficient operations. Through the MSA and other agreements with NEE and its subsidiaries, NEP's projects will receive the same benefits and expertise that NEE currently provides across its entire portfolio.

Contracted projects with stable cash flows. The contracted nature of NEP's portfolio of projects supports expected stable long-term cash flows. The renewable energy projects in NEP's portfolio are contracted under long-term contracts that generally provide for fixed price payments over the contract term. Revenues from the Texas pipeline projects are primarily generated from firm transportation contracts based on the fixed amount of capacity reserved by the counterparties. The renewable energy projects and pipeline projects have a total weighted average remaining contract term of approximately 14 years at December 31, 2022 based on expected contributions to cash available for distribution.

New, well-maintained portfolio. Approximately 89**%** of NEP's portfolio, based on expected contributions to cash available for distribution, of renewable energy projects and pipelines have been operating for fewer than nine years. Because NEP's portfolio of projects is relatively new and uses what NEP believes is industry-leading technology, NEP believes that it will achieve the expected levels of availability and performance without incurring unexpected operating and maintenance costs.

Geographic and resource diversification. NEP's portfolio is geographically diverse across the U.S. In addition, NEP's portfolio includes wind and solar generation facilities, solar-plus-storage projects and natural gas pipelines. A diverse portfolio tends to reduce the magnitude of individual project or regional deviations from historical resource conditions, providing a more stable stream of cash flows over the long term than a non-diversified portfolio. In addition, NEP believes the geographic diversity of its portfolio helps minimize the impact of adverse regulatory conditions in particular jurisdictions.

Competitiveness of renewable energy. Renewable energy technology has improved in recent years. Wind and solar energy generation are becoming the lowest cost energy generation technologies in many regions in the U.S. which is expected to lead to significant growth in the renewable energy industry. Wind technology is improving as a result of taller towers, longer blades and more efficient energy conversion equipment, which allow wind projects to more efficiently capture wind resource and produce more energy. Solar technology is also improving as solar cell efficiencies improve and installation costs are declining.

REGULATION

NEP's projects and pipelines are subject to regulation by a number of U.S. federal, state and other organizations, including, but not limited to, the following:

- the FERC, which oversees the acquisition and disposition of generation, transmission and other facilities, transmission of electricity and natural gas in interstate commerce and wholesale purchases and sales of electric energy, among other things;
- the NERC, which, through its regional entities, establishes and enforces mandatory reliability standards, subject to approval by the FERC, to ensure the reliability of the U.S. electric transmission and generation system and to prevent major system blackouts;
- the Environmental Protection Agency (EPA), which has the responsibility to maintain and enforce national standards under a variety of environmental laws. The EPA also works with industries and all levels of government, including federal and state governments, in a wide variety of voluntary pollution prevention programs and energy conservation efforts;
- various agencies in Texas and Pennsylvania, which oversee safety, environmental and certain aspects of rates and transportation related to the pipeline projects; and
- the Pipeline and Hazardous Materials Safety Administration and the Texas Railroad Commission's Pipeline Safety Division, which, among other things, oversee the safety of natural gas pipelines.

In addition, NEP is subject to environmental laws and regulations described in the Environmental Matters section below.

ENVIRONMENTAL MATTERS

NEP is subject to environmental laws and regulations, including extensive federal, state and local environmental statutes, rules and regulations relating to, among others, air quality, water quality and usage, waste management, wildlife protection and historical resources, for the ongoing operations, siting and construction of its facilities. The environmental laws in the U.S., including, among others, the Endangered Species Act, the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act (BGEPA), provide for the protection of numerous species, including endangered species and/or their habitats, migratory birds, bats and eagles. In 2022, the U.S. Fish and Wildlife Services proposed new rules that would add two bat species to the endangered species list. If such rules are enacted, certain of NEP's existing wind generating facilities would incur additional costs to comply with the proposed regulations. Complying with these environmental laws and regulations could result in, among other things, changes in the design and operation of existing facilities and changes or delays in the location, design, construction and operation of any new facilities and failure to comply could result in fines, penalties, criminal sanctions or injunctions.

In April 2022, a subsidiary of NEER entered into an agreement with the U.S. Department of Justice (DOJ) to implement an eagle management plan requiring, among other things, certain NEP wind sites to apply for eagle "take" permits under the BGEPA**.** Under the agreement, the DOJ will not prosecute NEP or its subsidiaries for any eagle fatalities that have previously occurred, or may occur, at NEP's wind facilities operated by NEER nationwide prior to the earlier of the date such facility obtains a permit or the date that is up to ten years following court approval of the agreement, provided that the NEER subsidiary remains in compliance with its commitments under the agreement. NEP voluntarily undertakes adaptive management practices designed to avoid and minimize eagle impacts and continues to believe that the criminal liability provisions of these laws were intended only to apply to hunting, poaching and other intentional activities, and do not apply to accidental collisions with wind turbines or other manufactured items, such as airplanes, locomotives, automobiles and buildings.

HUMAN CAPITAL

NEP does not have any employees and relies solely on employees of affiliates of the manager under the MSA, including employees of NEE and NEER, to serve as officers of NEP. See further discussion of the MSA and other payments to NEE in Note 14.

WEBSITE ACCESS TO SEC FILINGS

NEP makes its SEC filings, including the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, available free of charge on NEP's internet website, www.nexteraenergypartners.com, as soon as reasonably practicable after those documents are electronically filed with or furnished to the SEC. The information and materials available on NEP's website (or any of its subsidiaries' or affiliates' websites) are not incorporated by reference into this Form 10-K.

Item 1A. Risk Factors

Limited partnerships and limited partnership interests are inherently different than corporations and shares of capital stock of a corporation, although many of the business risks to which NEP is subject are similar to those that would be faced by a corporation engaged in similar businesses and NEP has elected to be treated as a corporation for U.S. federal income tax purposes. If any of the following risks were to occur, NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders could be materially and adversely affected. In that case, NEP may not be able to pay distributions to its unitholders, the trading price of its common units could decline and investors could lose all or part of their investment in NEP.

Performance Risks

NEP's ability to make cash distributions to its unitholders is affected by the performance of its renewable energy projects which could be impacted by wind and solar conditions and in certain circumstances by market prices.

The output from NEP's wind projects can vary greatly as local wind speeds and other conditions vary. Similarly, the amount of energy that a solar project is able to produce depends on several factors, including the amount of solar energy that reaches its solar panels. Wind turbine or solar panel placement, interference from nearby wind projects or other structures and the effects of vegetation, snow, ice, land use and terrain also affect the amount of energy that NEP's wind and solar projects generate. In certain circumstances, NEP is exposed to the inherent market price risk created by the differences in pricing between commodity selling and purchasing locations known as basis risk. The failure of some or all of NEP's projects to perform according to NEP's expectations as well as basis risk could have a material adverse effect on its business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Operation and maintenance of renewable energy projects and pipelines involve significant risks that could result in unplanned power outages, reduced output or capacity, personal injury or loss of life.

There are risks associated with the operation of NEP's renewable energy projects and pipelines, including:

- breakdown or failure of, or damage to, turbines, blades, blade attachments, solar panels, mirrors, pipelines and other equipment, which could reduce a project’s energy output or a pipeline's ability to transport natural gas at expected levels or result in personal injury or loss of life;
- catastrophic events, such as fires, earthquakes, hurricanes, severe weather, tornadoes, ice or hail storms, other meteorological conditions, landslides and other similar events beyond NEP's control, which could severely damage or destroy all or a part of a project, pipeline or interconnection and transmission facilities, reduce its energy output or capacity, or result in personal injury or loss of life;
- technical performance below expected levels, including, but not limited to, the failure of wind turbines, solar panels, mirrors and other equipment to produce energy as expected due to incorrect measures of expected performance provided by equipment suppliers;
- interference from nearby wind projects or other structures;
- leaks, explosions or mechanical problems at a pipeline, which could reduce a pipeline's ability to transport natural gas at expected levels or result in significant damage to property, environmental pollution, personal injury or loss of life;
- increases in the cost of operating the projects;
- operator, contractor or supplier error or failure to perform or to fulfill any warranty obligations;
- serial design or manufacturing defects, which may not be covered by warranty;
- extended events, including, but not limited to, force majeure, under certain PPAs that may give rise to a termination right of the customer under such a PPA (renewable energy counterparty);
- failure to comply with permits and the inability to renew or replace permits that have expired or terminated;
- the inability to operate within limitations that may be imposed by current or future governmental permits;
- replacements for failed equipment, which may need to meet new interconnection standards or require system impact studies and compliance that may be difficult or expensive to achieve;
- land use, environmental or other regulatory requirements;
- disputes with the BLM, other owners of land on which NEP's projects are located or nearby landowners;
- changes in laws, regulations, policies and treaties;
- government or utility exercise of eminent domain power or similar events;
- existence of liens, encumbrances and other imperfections in title affecting real estate interests; and
- insufficient insurance, warranties or performance guarantees to cover any or all lost revenues or increased expenses from the foregoing.

These and other factors could require NEP to shut down its renewable energy projects or pipelines. For renewable energy projects or pipelines located near populated areas, including, but not limited to, residential areas, commercial business centers, industrial sites and other public gathering areas, the level of damage resulting from certain of these risks could be greater.

These factors could also degrade equipment, reduce the useful life of interconnection and transmission facilities and materially increase maintenance and other costs. Unanticipated capital expenditures associated with maintaining or repairing NEP's projects and pipelines may reduce profitability. In addition, replacement and spare parts for solar panels, wind turbines and other key equipment may be difficult or costly to acquire or may be unavailable. Furthermore, portions of NEP's pipelines have been in service for several decades, which could result in an increased need for maintenance and repair activities and expenditures.

Such events or actions could significantly decrease or eliminate the revenues of a project or pipeline, significantly increase its operating costs, cause a default under NEP's financing agreements or give rise to damages or penalties to a PPA or transportation agreement counterparty, another contractual counterparty, a governmental authority or other third parties or cause defaults under related contracts or permits. Any of these events could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP's business, financial condition, results of operations and prospects can be materially adversely affected by weather conditions, including, but not limited to, the impact of severe weather.

Weather conditions directly influence the demand for electricity, natural gas and other fuels and affect the price of energy and energy-related commodities. In addition, severe weather and natural disasters, such as hurricanes, floods, tornadoes, droughts, extreme temperatures, icing events and earthquakes, can be destructive and cause power outages and property damage, reduce revenue, affect the availability of fuel and water and require NEP to incur additional costs. Furthermore, NEP's physical plants could be placed at greater risk of damage should changes in the global climate produce unusual variations in temperature and weather patterns, resulting in more intense, frequent and extreme weather events and abnormal levels of precipitation. A disruption or failure of electric generation, transmission or distribution systems or natural gas production, transmission, storage or distribution systems in the event of a hurricane, tornado or other severe weather event, or otherwise, could prevent NEP from operating its business in the normal course and could result in any of the adverse consequences described above. Additionally, the actions taken to address the potential for severe weather such as additional winterizing of critical equipment and infrastructure, modifying or alternating plant operations and expanding load shedding options could result in significant increases in costs. Any of the foregoing could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Changes in weather can also affect the level of wind and solar resource available, and thus the production of electricity, at NEP's power generating facilities. Because the levels of wind and solar resources are variable and difficult to predict, NEP’s results of operations for individual wind and solar facilities specifically, and NEP's results of operations generally, may vary significantly from period to period, depending on the level of available resources. To the extent that resources are not available at planned levels, the financial results from these facilities may be less than expected.

NEP depends on certain of the renewable energy projects and pipelines in its portfolio for a substantial portion of its anticipated cash flows.

NEP depends on certain of the renewable energy projects and pipelines in its portfolio for a substantial portion of its anticipated cash flows. Consequently, the impairment or loss of any one or more of those projects or pipelines could materially and, depending on the relative size of the affected projects or pipelines, disproportionately reduce NEP’s cash flows and, as a result, have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP may pursue the repowering of renewable energy projects or the expansion of natural gas pipelines that would require up-front capital expenditures and could expose NEP to project development risks.

NEP may pursue the repowering of renewable energy projects or the expansion of natural gas pipelines. The development of renewable energy repowering projects and pipeline expansions involves numerous regulatory, environmental, construction, safety, political and legal uncertainties and may require the expenditure of significant amounts of capital. These projects may not be completed on schedule, at the budgeted cost or at all. There may be cost overruns and construction difficulties. In addition, NEP may agree to pay liquidated damages to committed shippers or counterparties if a project does not achieve commercial operations before a specified date that the parties may agree to in advance. Any cost overruns NEP experiences or liquidated damages NEP pays could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders. In addition, NEP may choose to finance all or a portion of the development costs of any expansion or repowering project through the sale of additional common units or securities convertible into, or settleable with, common units, which could result in dilution to NEP’s unitholders, or through other financings which could result in additional expense. The construction related to the expansion or repowering projects may occur over an extended period of time and NEP may not receive increases in revenues until the projects are placed in service, or at all. Accordingly, NEP's expansion and repowering efforts may not result in additional long-term contracted revenue streams that increase the amount of cash available to execute NEP's business plan and make cash distributions to its unitholders.

Geopolitical factors, terrorist acts, cyberattacks or other similar events could impact NEP's projects, pipelines or surrounding areas and adversely affect its business.

Terrorists have attacked energy assets such as substations and related infrastructure in the past and may attack them in the future. Any attacks on NEP’s projects, pipelines or the facilities of third parties on which its projects or pipelines rely could severely damage such projects or pipelines, disrupt business operations, result in loss of service to customers and require significant time and expense to repair. Projects and pipelines in NEP's portfolio, as well as projects or pipelines it may acquire and the transmission and other facilities of third parties on which NEP's projects rely, may also be targets of terrorist acts and affected by responses to terrorist acts, each of which could fully or partially disrupt the ability of NEP's projects or pipelines to operate.

Cyberattacks, including, but not limited to, those targeting information systems or electronic control systems used to operate NEP's energy projects (including, but not limited to, generation transmission tie lines) and the transmission and other facilities of third parties on which NEP's projects rely, could severely disrupt business operations and result in loss of service to customers and significant expense to repair security breaches or system damage. As cyber incidents continue to evolve, NEP may be required to expend additional resources to continue to modify or enhance NEP's protective measures or to investigate and remediate any vulnerability to cyber incidents.

To the extent geopolitical factors, terrorist acts, cyberattacks or other similar events equate to a force majeure event under NEP's PPAs, the renewable energy counterparty may terminate such PPAs if such a force majeure event continues for a period ranging from 12 months to 36 months, as specified in the applicable agreement. As a result, a terrorist act, cyberattack or other similar event could significantly decrease revenues or result in significant reconstruction or remediation costs, any of which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

The ability of NEP to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NEP's insurance coverage does not provide protection against all significant losses.

NEP shares insurance coverage with NEE and its affiliates, for which NEP reimburses NEE. NEE currently maintains liability insurance coverage for itself and its affiliates, including NEP, which covers legal and contractual liabilities arising out of bodily injury, personal injury or property damage to third parties. NEE also maintains coverage for itself and its affiliates, including NEP, for physical damage to assets and resulting business interruption, including, but not limited to, damage caused by terrorist acts. However, such policies do not cover all potential losses and coverage is not always available in the insurance market on commercially reasonable terms. To the extent NEE or any of its affiliates experience covered losses under the insurance policies, the limit of NEP's coverage for potential losses may be decreased. NEE may also reduce or eliminate such coverage at any time. NEP may not be able to maintain or obtain insurance of the type and amount NEP desires at reasonable rates and NEP may elect to self-insure some of its wind and solar projects and natural gas pipelines. The ability of NEE to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. If insurance coverage is not available or obtainable on acceptable terms, NEP may be required to pay costs associated with adverse future events. A loss for which NEP is not fully insured could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP relies on interconnection, transmission and other pipeline facilities of third parties to deliver energy from its renewable energy projects and to transport natural gas to and from its pipelines. If these facilities become unavailable, NEP's projects and pipelines may not be able to operate or deliver energy or may become partially or fully unavailable to transport natural gas.

NEP depends on interconnection and transmission facilities owned and operated by third parties to deliver energy from its wind and solar projects. In addition, some of the renewable energy projects in NEP's portfolio share essential facilities, including interconnection and transmission facilities, with projects that are owned by other affiliates of NEE. If the interconnection or transmission arrangement for a project is terminated, NEP may not be able to replace it on similar terms to the existing arrangement, or at all, or NEP may experience significant delays or costs in connection with such replacement.

NEP also depends upon third-party pipelines and other facilities that transport natural gas to and from its pipelines. Because NEP does not own these third-party pipelines or facilities, their continuing operation are not within its control. The unavailability of interconnection, transmission, pipeline or shared facilities could adversely affect the operation of NEP's projects and pipelines and the revenues received, which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP's business is subject to liabilities and operating restrictions arising from environmental, health and safety laws and regulations, compliance with which may require significant capital expenditures, increase NEP's cost of operations and affect or limit its business plans.

NEP's projects and pipelines are subject to numerous environmental, health and safety laws, regulations, guidelines, policies, directives and other requirements governing or relating to the protection of avian and other wildlife; the storage, handling, use and transportation of natural gas as well as other hazardous or toxic substances and other regulated substances, materials, and/or chemicals; air emissions, water quality, releases of hazardous materials into the environment and the prevention of and responses to releases of hazardous materials into soil and groundwater; federal, state or local land use, zoning, building and transportation laws and requirements; the presence or discovery of archaeological, religious or cultural resources at or near NEP's projects or pipelines; and the protection of workers' health and safety, among other things. If NEP's projects or pipelines do not comply with such laws, regulations, environmental licenses, permits, inspections or other requirements, NEP may be required to incur significant expenditures, pay penalties or fines, or curtail or cease operations of the affected projects or pipelines and may also be subject to criminal sanctions or injunctions, such as restrictions on how it operates its facilities. NEP's projects and pipelines also carry inherent environmental, health and safety risks, including, without limitation, the potential for related civil litigation, regulatory compliance actions, remediation orders, fines and other penalties. Proceedings related to any such litigation or actions could result in significant expenditures as well as the restriction or elimination of the ability to operate any affected project. For example, if NEP fails to obtain eagle "take" permits under the BGEPA for certain of its wind facilities and eagles perish in collisions with facility turbines, NEP or its subsidiaries may face criminal prosecution under these laws.

Environmental, health and safety laws and regulations have generally become more stringent over time, and NEP expects this trend to continue. Significant capital and operating costs may be incurred at any time to keep NEP's projects or pipelines in compliance with environmental, health and safety laws and regulations, including in response to any addition of species to the endangered species list. If it is not economical to make those expenditures, or if NEP's projects or pipelines violate any of these laws and regulations, it may be necessary to retire the affected project or pipeline or restrict or modify its operations, which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP's renewable energy projects or pipelines may be adversely affected by legislative changes or a failure to comply with applicable energy and pipeline regulations.

NEP's renewable energy projects, pipelines and PPA/transportation agreement counterparties are subject to regulation by U.S. federal, state and local authorities. The wholesale sale of electric energy in the continental U.S., other than portions of Texas, is subject to the jurisdiction of the FERC and the ability of a project to charge the negotiated rates contained in its PPA is subject to that project's maintenance of its general authorization from the FERC to sell electricity at market-based rates. The FERC may revoke a project's market-based rate authorization if it determines that the project entity can exercise market power in transmission or generation, creates barriers to entry, has engaged in abusive affiliate transactions or fails to meet compliance requirements associated with such rates. The negotiated rates entered into under PPAs could be changed by the FERC if it determines such change is in the public interest or just and reasonable, depending on the standard in the respective PPA. If the FERC decreases the prices paid to NEP for energy delivered under any of its PPAs, NEP's revenues could be below its projections and its business, financial condition, results of operations and ability to make cash distributions to its unitholders could be materially adversely affected.

The Texas pipelines are intrastate natural gas transportation pipelines and natural gas-gathering facilities which are exempt from the jurisdiction of the FERC under the Natural Gas Act of 1938 (NGA). The rates, terms and conditions of some of the transportation services provided by the Texas pipelines are subject to FERC regulation under the Natural Gas Policy Act of 1978 (NGPA), which requires that rates charged for transportation must be fair and equitable, and amounts collected in excess of fair and equitable rates are subject to refund with interest. In addition, NEP's investment in CPL, including the related expansion project, is subject to FERC regulation as the CPL is a segment of a larger, interstate pipeline. Further, state regulation of transportation facilities generally includes various safety, environmental and, in some cases, non-discriminatory take requirements and complaint-based rate regulation. If any of NEP's pipelines were found to have provided services or otherwise operated in violation of the NGA or NGPA, that could result in the imposition of civil penalties, as well as a requirement to disgorge charges collected for such services in excess of the rate established by the FERC.

NEP's renewable energy projects are subject to the mandatory reliability standards of the NERC. The NERC reliability standards are a series of requirements that relate to maintaining the reliability of the North American bulk electric system and cover a wide variety of topics, including, but not limited to, physical and cybersecurity of critical assets, information protocols, frequency response and voltage standards, testing, documentation and outage management. If NEP fails to comply with these standards, NEP could be subject to sanctions, including, but not limited to, substantial monetary penalties. Although the renewable energy projects are not subject to state utility rate regulation because they sell energy exclusively on a wholesale basis, NEP is subject to other state regulations that may affect NEP's projects' sale of energy and operations. Changes in state regulatory treatment are unpredictable and could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

The structure of the energy industry and regulation in the U.S. is currently, and may continue to be, subject to challenges and restructuring proposals. Additional regulatory approvals may be required due to changes in law or for other reasons. NEP expects the laws and regulation applicable to its business and the energy industry generally to be in a state of transition for the foreseeable future. Changes in the structure of the industry or in such laws and regulations could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Pemex may claim certain immunities under the Foreign Sovereign Immunities Act and Mexican law, and the Texas pipeline entities' ability to sue or recover from Pemex for breach of contract may be limited and may be exacerbated if there is a deterioration in the economic relationship between the U.S. and Mexico.

Pemex is an autonomous state enterprise controlled by the Mexican government. Accordingly, Pemex may claim sovereign immunity and it may not be possible to obtain a judgment in a U.S. court against Pemex unless the U.S. court determines that Pemex is not entitled to sovereign immunity with respect to that action. In addition, Mexican law does not allow attachment prior to judgment or attachment in aid of execution upon a judgment by Mexican courts upon the assets of Pemex or its subsidiary entities. As a result, the Texas pipeline entities' or NEP's ability to enforce any judgments against Pemex in the courts of Mexico may be limited. Therefore, even if NEP were able to obtain a U.S. judgment against Pemex for breach of contract or in a similar action, NEP might not be able to obtain a judgment in Mexico that is based on that U.S. judgment. Further, renegotiation of existing trade agreements or changes in international trade laws, regulations, agreements, treaties or policies of the U.S. or Mexico could result in a deterioration in the economic relationship between the U.S. and Mexico. Such a deterioration could increase the difficulty of collecting receivables from Pemex or of filing suit for recovery of amounts owed and recovering amounts due from Pemex. This inability to sue or recover from Pemex could inhibit NEP from enforcing the Texas pipeline entities' contracts with Pemex, which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP does not own all of the land on which the projects in its portfolio are located and its use and enjoyment of the property may be adversely affected to the extent that there are any lienholders or land rights holders that have rights that are superior to NEP's rights or the BLM suspends its federal rights-of-way grants.

NEP does not own all of the land on which the projects in its portfolio are located and they generally are, and its future projects may be, located on land occupied under long-term easements, leases and rights-of-way. The ownership interests in the land subject to these easements, leases and rights-of-way may be subject to mortgages securing loans or other liens and other easements, lease rights and rights-of-way of third parties that were created prior to NEP's projects' easements, leases and rights-of-way. As a result, some of NEP's projects' rights under such easements, leases or rights-of-way may be subject to the rights of these third parties. While NEP performs title searches, obtains title insurance, records its interests in the real property records of the projects' localities and enters into non-disturbance agreements to protect itself against these risks, such measures may be inadequate to protect against all risk that NEP's rights to use the land on which its projects are or will be located and its projects' rights to such easements, leases and rights-of-way could be lost or curtailed. Additionally, NEP operations located on properties owned by others are subject to termination for violation of the terms and conditions of the various easements, leases or rights-of-way under which such operations are conducted.

Further, NEP's activities conducted under federal rights-of-way grants are subject to “immediate temporary suspension” of unspecified duration, at any time, at the discretion of the BLM. A suspension of NEP activities within a federal right-of-way may be issued by BLM to protect public health or safety or the environment. An order to suspend NEP activities may be issued by BLM prior to an administrative proceeding. Such an order may be issued verbally or in writing, and may require immediate compliance by NEP. Any violation of such an order could result in the loss or curtailment of NEP's rights to use any federal land on which its projects are or will be located.

Any such loss or curtailment of NEP's rights to use the land on which its projects are or will be located as a result of any lienholders or leaseholders that have rights that are superior to NEP's rights or the BLM's suspension of its federal rights-of-way grants could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders. Additionally, NEP does not own all of the land on which its pipelines are located, and NEP is subject to the possibility of more onerous terms or increased costs when NEP needs to extend the duration of any necessary existing land use rights or if NEP needs to obtain any new land use rights in connection with any expansion projects NEP may choose to pursue. In certain instances, rights-of-way may be subordinate to the rights of government agencies, which could result in costs or interruptions to NEP's service. Restrictions on NEP's ability to use rights-of-way could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP is subject to risks associated with litigation or administrative proceedings that could materially impact its operations, including, but not limited to, proceedings related to projects it acquires in the future.

NEP is subject to risks and costs, including, but not limited to, potential negative publicity, associated with lawsuits or claims contesting the operation, construction or expansion of its projects. The result and costs of defending any such lawsuit, regardless of the merits and eventual outcome, may be material.

NEP is and may also become subject to additional claims based on alleged negative health effects related to acoustics, shadow flicker or other claims associated with wind turbines from individuals who live near NEP's projects. Any such legal proceedings or disputes could materially increase the costs associated with NEP's operations. In addition, NEP may become subject to legal proceedings or claims contesting the construction or operation of NEP's projects. Any such legal proceedings or disputes could materially delay NEP's ability to complete construction of a project in a timely manner, or at all, or materially increase the costs associated with commencing or continuing a project's commercial operations. Any settlement of claims or unfavorable outcomes or developments relating to these proceedings or disputes, such as judgments for monetary damages, injunctions or denial or revocation of permits, could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP's operations require NEP to comply with anti-corruption laws and regulations of the U.S. government and Mexico.

Doing business in the U.S. and conducting business with an entity controlled by the Mexican government requires NEP to comply with U.S. and Mexican anti-corruption laws and regulations. NEP's failure to comply with these laws and regulations may expose NEP to liabilities. These laws and regulations may apply to NEP, the manager under the MSA, their respective affiliates and their respective individual directors, officers, employees (if any) and agents and may restrict NEP's operations, trade practices, investment decisions and partnering activities.

In particular, NEP's business relationship with Pemex is subject to U.S. laws and regulations, such as the FCPA. The FCPA prohibits U.S. companies and their officers, directors, employees and agents acting on their behalf from offering, promising, authorizing or providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business or otherwise securing an improper advantage. The FCPA also requires companies to make and keep books, records and accounts that accurately and fairly reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. As part of its business, NEP deals with foreign officials for purposes of the FCPA. As a result, business dealings between NEP's employees and any such foreign official could expose NEP to the risk of violating anti-corruption laws even if such business practices may be customary or are not otherwise prohibited between NEP and a private third party. Violations of these legal requirements are punishable by criminal fines and imprisonment, civil penalties, disgorgement of profits, injunctions, debarment from government contracts as well as remedial measures.

NEP has established policies and procedures designed to assist it and personnel acting on its behalf in complying with applicable U.S. and Mexican laws and regulations. NEP's compliance procedures to mitigate anti-corruption compliance risks may not detect or prevent potential violations of the FCPA or other applicable anti-corruption laws. Under such circumstances, NEP could be subject to criminal and civil penalties and other legal and regulatory liabilities and government-imposed requirements to undertake remedial measures, any of which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP is subject to risks associated with its ownership interests in projects that are under construction, which could result in its inability to complete construction projects on time or at all, and make projects too expensive to complete or cause the return on an investment to be less than expected.

NEP has interests in certain projects that have not yet commenced operations or are under construction and may pursue renewable energy repowering projects. There may be delays or unexpected developments in completing any future construction projects, which could cause the construction costs of these projects to exceed NEP's expectations, result in substantial delays or prevent the project from commencing commercial operations. Various factors could contribute to construction-cost overruns, construction halts or delays or failure to commence commercial operations, including:

- delays in obtaining, or the inability to obtain, necessary permits and licenses;
- delays and increased costs related to the interconnection of new projects to the transmission system;
- the inability to acquire or maintain land use and access rights;
- the failure to receive contracted third-party services;
- interruptions to dispatch at the projects;
- supply chain disruptions, including as a result of changes in international trade laws, regulations, agreements, treaties, taxes, tariffs, duties or policies of the U.S. or other countries in which NEP's suppliers are located;
- work stoppages;
- labor disputes;
- weather interferences;
- unforeseen engineering, environmental and geological problems, including, but not limited to, discoveries of contamination, protected plant or animal species or habitat, archaeological or cultural resources or other environment-related factors;
- unanticipated cost overruns in excess of budgeted contingencies; and
- failure of contracting parties to perform under contracts.

In addition, if NEP or one of its subsidiaries has an agreement for a third party to complete construction of any project, NEP is subject to the viability and performance of the third party. NEP's inability to find a replacement contracting party, if the original contracting party has failed to perform, could result in the abandonment of the construction of such project, while NEP could remain obligated under other agreements associated with the project, including, but not limited to, offtake power sales agreements.

Any of these risks could cause NEP's financial returns on these investments to be lower than expected or otherwise delay or prevent the completion of such projects or distribution of cash to NEP, or could cause NEP to operate below expected capacity or availability levels, which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Contract Risks

NEP relies on a limited number of customers and is exposed to the risk that they may be unwilling or unable to fulfill their contractual obligations to NEP or that they otherwise terminate their agreements with NEP.

In most instances, NEP sells the energy generated by each of its renewable energy projects to a single PPA counterparty under a long-term PPA. Further, NEP transports natural gas under long-term natural gas transportation agreements with a limited number of counterparties. NEP's equity method investees also have contracts with a limited number of counterparties.

NEP expects that its existing and future contracts will be the principal source of cash flows available to make distributions to its unitholders. Thus, the actions of even one customer may cause variability of NEP’s revenue, financial results and cash flows that are difficult to predict. Similarly, significant portions of NEP’s credit risk may be concentrated among a limited number of customers and the failure of even one of these key customers to fulfill its contractual obligations to NEP could significantly impact NEP's business and financial results. Any or all of NEP's customers may fail to fulfill their obligations under their contracts with NEP, whether as a result of the occurrence of any of the following factors or otherwise:

- Specified events beyond NEP's control or the control of a customer may temporarily or permanently excuse the customer from its obligation to accept and pay for delivery of energy generated by a project. These events could include, among other things, a system emergency, transmission failure or curtailment, adverse weather conditions or labor disputes.
- Since Pemex, an autonomous state entity controlled by the Mexican government, makes payments with respect to natural gas transportation agreements, NEP is subject to the risk that Pemex may attempt to unilaterally change or terminate its contract with NEP, whether as a result of legislative, regulatory, political or other activities, including changes in international trade laws, regulations, agreements, treaties or policies of the U.S. or other countries.
- Certain of NEP’s customers have been impacted by wildfires in California and have been or could be subject to significant liability which have had or could be expected to have a significant impact on their financial condition.
- The ability of NEP's customers to fulfill their contractual obligations to NEP depends on their financial condition. NEP is exposed to the credit risk of its customers over an extended period of time due to the long-term nature of NEP's contracts with them. These customers could become subject to insolvency or liquidation proceedings or otherwise suffer a deterioration of their financial condition when they have not yet paid for services delivered, any of which could result in underpayment or nonpayment under such agreements.
- A default or failure by NEP to satisfy minimum energy or natural gas delivery requirements or mechanical availability levels under NEP's agreements could result in damage payments to the applicable customer or termination of the applicable agreement.

If NEP's customers are unwilling or unable to fulfill their contractual obligations to NEP, or if they otherwise terminate such contracts, NEP may not be able to recover contractual payments due to NEP. Since the number of customers that purchase wholesale bulk energy or require the transportation of natural gas is limited, NEP may be unable to find a new customer on similar or otherwise acceptable terms or at all. In some cases, there currently is no economical alternative counterparty to the original customer. The loss of, or a reduction in sales to, any of NEP's customers could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP may not be able to extend, renew or replace expiring or terminated PPAs, natural gas transportation agreements or other customer contracts at favorable rates or on a long-term basis.

NEP's ability to extend, renew or replace its existing PPAs, natural gas transportation agreements or other customer contracts depends on a number of factors beyond its control, including, but not limited to:

- whether the PPA counterparty has a continued need for energy at the time of the agreement's expiration, which could be affected by, among other things, the presence or absence of governmental incentives or mandates, prevailing market prices, and the availability of other energy sources;
- the amount of commercial natural gas supply available to its pipelines' systems and changing natural gas supply flow patterns in North America;
- the satisfactory performance of NEP's obligations under such PPAs, natural gas transportation agreements or other customer contracts;
- the regulatory environment applicable to NEP's contractual counterparties at the time;
- macroeconomic factors present at the time, such as population, business trends, international trade laws, regulations, agreements, treaties or policies of the U.S. or other countries and related energy demand; and
- the effects of regulation on the contracting practices of NEP's contractual counterparties.

If NEP is not able to extend, renew or replace on acceptable terms existing PPAs before contract expiration, or if such agreements are otherwise terminated prior to their expiration, NEP may be required to sell the energy on an uncontracted basis at prevailing market prices, which could be materially lower than under the applicable contract. If there is no satisfactory market for a project's uncontracted energy, NEP may decommission the project before the end of its useful life. If the portion of its pipelines' capacity covered by long-term firm transportation agreements decline, NEP's revenues and contract volumes would be exposed to increased volatility. Any failure to extend, renew or replace a significant portion of NEP's existing PPAs, natural gas transportation agreements or other customer contracts, or extending, renewing or replacing them at lower prices or with other unfavorable terms, or the decommissioning of a project could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

If the energy production by or availability of NEP's renewable energy projects is less than expected, they may not be able to satisfy minimum production or availability obligations under their PPAs.

NEP's energy production or its renewable energy projects' availability could be less than expected due to various factors, including, but not limited to, wind or solar conditions, natural disasters, equipment underperformance, operational issues, changes in law or regulations or actions taken by third parties. The PPAs contain provisions that require NEP to produce a minimum amount of energy or be available a minimum percentage of time over periods specified in the PPAs. A failure to produce sufficient energy or to be sufficiently available to meet NEP's commitments under its PPAs could result in the payment of damages or the termination of PPAs and could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Risks Related to NEP's Acquisition Strategy and Future Growth

NEP's growth strategy depends on locating and acquiring interests in additional projects consistent with its business strategy at favorable prices.

NEP intends to pursue opportunities to acquire contracted clean energy projects, including partial ownership interests, that are either operational or under construction, from NEER and third parties consistent with its business strategy. NEP's ability to grow through acquisitions and increase distributions to its common unitholders is dependent in part on its ability to identify attractive candidates and make acquisitions that result in an increase in cash distributions per common unit. Such acquisitions may not be available to NEP on acceptable terms or at all. Various factors could affect the availability of such projects to grow NEP's business, including, but not limited to, the following factors and those described in more detail in the additional risk factors below:

- competing bids for a project from companies that may have substantially greater purchasing power, capital or other resources or a greater willingness to accept lower returns or more risk than NEP does;
- a failure to agree to commercially reasonable financial or legal terms with sellers with respect to any proposed acquisitions;
- fewer acquisition opportunities than NEP expects, which could result from, among other things, available projects having less desirable economic returns or higher risk profiles than NEP believes suitable for its acquisition strategy and future growth;
- NEP's inability to obtain financing for acquisitions on economically acceptable terms;
- NEP's failure to successfully complete construction of and finance projects, to the extent that it decides to acquire projects that are not yet operational or to otherwise pursue construction activities with respect to new projects;
- NEP's inability to obtain regulatory approvals or other necessary consents to consummate an acquisition; and
- the presence or potential presence of:
    - pollution, contamination or other wastes at the project site;
    - protected plant or animal species;
    - archaeological or cultural resources;
    - wind waking or solar shadowing effects caused by neighboring activities, which reduce potential energy production by decreasing wind speeds or reducing available insolation;
    - land use restrictions and other environment-related siting factors; and
    - local opposition to wind and solar projects and pipeline projects in certain markets due to concerns about noise, health, environmental or other alleged impacts of such projects.

Any of these above factors could limit NEP's acquisition opportunities and prevent it from executing, or diminish its ability to execute, its growth strategy. Additionally, factors could materially and adversely impact the extent to which suitable acquisition opportunities are made available from NEER, including, but not limited to, NEER's financial position, the risk profile of an opportunity, the fit with NEP's operations and other factors. Furthermore, as NEER's ownership interest in NEP is reduced, NEER may be less willing to sell projects to NEP. An inability by NEP to identify, or a failure by NEER to make available, suitable acquisition opportunities could hinder NEP's growth and materially adversely impact its business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP may not be able to successfully consummate future acquisitions, whether from NEER or third parties. Any acquisition that may be available to NEP may necessitate that it be able to access the debt and equity markets. However, NEP may be unable to access such markets on satisfactory terms or at all. If NEP is unable to make future acquisitions, its future growth and ability to increase distributions to its unitholders will be limited. Furthermore, even if NEP does consummate acquisitions that NEP believes will be accretive, such acquisitions may cause a decrease in cash distributions per common unit as a result of incorrect assumptions in NEP's evaluation of such acquisitions or unforeseen consequences or other external events beyond its control. Acquisitions involve numerous risks, including, but not limited to, difficulties in integrating acquired businesses and unexpected costs and liabilities. These events could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Reductions in demand for natural gas in the United States or Mexico and low market prices of natural gas could materially adversely affect NEP's pipeline operations and cash flows.

The price of natural gas fluctuates in response to changes in supply and demand, market uncertainty and additional factors that are beyond NEP's control. These factors include worldwide economic conditions; weather conditions and seasonal trends; the levels of domestic and Mexican natural gas production and consumer demand; fluctuations in demand from electric power generators and industrial customers; the availability of imported liquid natural gas (LNG); the ability to export LNG; the availability of transportation systems with adequate capacity; the volatility and uncertainty of regional pricing differences; the price and availability of alternative fuels; the effect of energy efficiency and conservation measures; the nature and extent of governmental regulation and taxation; worldwide political events, including, but not limited to, actions taken by foreign natural gas producing nations and changes in international trade laws, regulations, agreements, treaties or policies of the U.S. or other countries; and the anticipated future prices of natural gas, LNG and other commodities. These events are beyond NEP's control and could impair its ability to execute its long-term strategy. Lower overall economic output could reduce the volume of natural gas transported or gathered, resulting in lower revenues and cash flows. Transmission revenues could be affected by long-term economic declines which could result in the non-renewal of long-term contracts. Any of these events could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Government laws, regulations and policies providing incentives and subsidies for clean energy could be changed, reduced or eliminated at any time and such changes may negatively impact NEP's growth strategy.

NEP's strategy to grow its business through the acquisition of clean energy projects partly depends on current laws, regulations and policies that promote and support clean energy and enhance the economic viability of owning clean energy projects. Clean energy projects currently benefit from various U.S. federal, state and local governmental incentives, such as PTCs, ITCs, loan guarantees, RPS, MACRS for depreciation and other incentives, accelerated cost recovery deductions and other commercially oriented incentives. These laws, regulations and policies have had a significant impact on the development of clean energy and they could be changed, reduced or eliminated at any time. These incentives make the development of clean energy projects more competitive by providing tax credits or grants and accelerated depreciation for a portion of the development costs, decreasing the costs and risks associated with developing such projects or creating demand for renewable energy assets through RPS programs. The elimination of, loss of or reduction in such incentives, or the imposition of additional taxes, tariffs, duties or other assessments on clean energy or the equipment necessary to generate or deliver it, such as policies in place to limit certain imports from China and other Southeast Asian countries, could decrease the attractiveness of clean energy projects to developers, including, but not limited to, NEE, which could reduce NEP's acquisition opportunities. Such an elimination, loss or reduction could also reduce NEP's willingness to pursue or develop certain renewable energy projects due to higher operating costs or decreased revenues under its PPAs.

If these laws, regulations and policies are not continued or renewed, the market for future renewable energy PPAs may be smaller and the prices for future clean energy PPAs may be lower. If laws, regulations or policies limit the availability of the PTC or the ITC, the projects could generate reduced revenues and reduced economic returns, experience increased financing costs and encounter difficulty obtaining financing on acceptable terms.

Additionally, some states with RPS targets have met, or in the near future will meet, their renewable energy targets. If, as a result of achieving these targets, these and other U.S. states do not increase their targets in the near future, demand for additional renewable energy could decrease. To the extent other states decrease their RPS targets, programs or goals, demand for renewable energy could decrease in the future. Any of the foregoing could have a material adverse effect on NEP's business, financial condition, results of operations and ability to grow its business and make cash distributions to its unitholders.

NEP's growth strategy depends on the acquisition of projects developed by NEE and third parties, which face risks related to project siting, financing, construction, permitting, the environment, governmental approvals and the negotiation of project development agreements.

Project development is a capital intensive business that relies heavily on the availability of debt and equity financing sources to fund projected construction and other capital expenditures. As a result, in order to successfully develop a project, development companies, including, but not limited to, other affiliates of NEE, must obtain sufficient financing to complete the development phase of their projects. Any significant disruption in the credit and capital markets or a significant increase in interest rates could make it difficult for development companies to raise funds when needed to secure capital financing, which would limit a project’s ability to complete the construction of a project that NEP may seek to acquire.

Project developers, including, but not limited to, other affiliates of NEE, develop, construct, manage, own and operate clean energy generation facilities and energy transmission facilities. A key component of their businesses is their ability to construct and operate generation and transmission facilities to meet customer needs. As part of these activities, project developers must periodically apply for licenses and permits from various regulatory authorities and abide by their respective conditions and requirements. If project developers, including, but not limited to, other affiliates of NEE, are unsuccessful in obtaining necessary licenses or permits on acceptable terms or encounter delays in obtaining or renewing such licenses or permits, or if regulatory authorities initiate any associated investigations or enforcement actions or impose penalties or reject projects, the potential number of projects that may be available for NEP to acquire may be reduced or potential transaction opportunities may be delayed.

If the challenges of developing projects increase for project developers, including, but not limited to, other affiliates of NEE, NEP's pool of available opportunities may be limited, which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to grow its business and make cash distributions to its unitholders.

Acquisitions of existing clean energy projects involve numerous risks.

NEP's strategy includes growing its business through the acquisition of existing clean energy projects, including partial ownership interests. The acquisition of existing clean energy projects involves numerous risks, including, but not limited to, exposure to existing liabilities and unanticipated post-acquisition costs associated with the pre-acquisition activities by the project, difficulty in integrating the acquired projects into NEP's business and, if the projects are in new markets, the risks of entering markets where NEP has limited experience. Additionally, NEP risks overpaying for such projects or not making acquisitions on an accretive basis. Although NEP performs due diligence on prospective acquisitions, NEP may not discover all potential risks, operational issues or other issues in such projects. Further, the integration and consolidation of acquisitions require substantial human, financial and other resources and, ultimately, NEP's acquisitions may divert NEP's management’s attention from its existing business concerns, disrupt its ongoing business or not be successfully integrated. Future acquisitions might not perform as expected or the returns from such acquisitions might not support the financing utilized to acquire or maintain them. A failure to achieve the financial returns NEP expects when NEP acquires clean energy projects could have a material adverse effect on NEP's business, financial condition, results of operations and ability to grow its business and make cash distributions to its unitholders.

NEP may continue to acquire other sources of clean energy and may expand to include other types of assets. Any further acquisition of non-renewable energy projects may present unforeseen challenges and result in a competitive disadvantage relative to NEP's more-established competitors.

NEP may continue to acquire other sources of clean energy, including, but not limited to, contracted natural gas and nuclear projects, and other types of assets, including, but not limited to, transmission projects. NEP may be unable to identify attractive non-renewable energy or transmission acquisition opportunities or acquire such projects at prices and on terms that are attractive. In addition, the consummation of such acquisitions could expose NEP to increased operating costs, unforeseen liabilities and additional risks including, but not limited to, regulatory and environmental issues associated with entering new sectors of the energy industry. This could require a disproportionate amount of NEP's management’s attention and resources, which could have an adverse impact on NEP's business and place NEP at a competitive disadvantage relative to more established non-renewable energy market participants. A failure to successfully integrate such acquisitions as a result of unforeseen operational difficulties or otherwise, could have a material adverse effect on NEP's business, financial condition, results of operations and ability to grow its business and make cash distributions to its unitholders.

NEP faces substantial competition primarily from regulated utility holding companies, developers, IPPs, pension funds and private equity funds for opportunities in North America.

NEP believes its primary competitors for opportunities in North America are regulated utility holding companies, developers, IPPs, pension funds and private equity funds. NEP competes with these companies to acquire projects with projected stable cash flows. NEP also competes for personnel with requisite industry knowledge and experience. Furthermore, the industry has experienced and may experience volatile demand for wind turbines, solar panels, pipeline equipment and related components. If demand for this equipment increases, suppliers may give priority to other market participants, including, but not limited to, NEP's competitors, who may have greater resources than NEP. An inability to effectively compete with regulated utility holding companies, developers, IPPs, pension funds and private equity funds for opportunities in North America could have a material adverse effect on NEP's ability to grow its business and to make cash distributions to its unitholders.

The natural gas pipeline industry is highly competitive, and increased competitive pressure could adversely affect NEP's business.

NEP's pipelines compete with other energy midstream enterprises, some of which are much larger and have significantly greater financial resources and operating experience in its areas of operation. The pipelines’ competitors may expand or construct infrastructure that competes with the services it provides to customers. The ability to renew or replace existing contracts with the pipelines’ customers at rates sufficient to maintain current revenues and cash flows could be adversely affected by the activities of NEP's competitors and customers. All of these competitive pressures could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Risks Related to NEP's Financial Activities

NEP may not be able to access sources of capital on commercially reasonable terms, which would have a material adverse effect on its ability to consummate future acquisitions and pursue other growth opportunities.

Since NEP expects, from time to time, to finance investments in clean energy projects partially or wholly through the issuance of additional securities of NEP, NEP OpCo and their subsidiaries, NEP needs to be able to access capital on commercially reasonable terms when acquisition or other growth opportunities arise. NEP’s ability to access capital is dependent on, among other factors, the overall state of the capital markets and investor appetite for investment in clean energy projects in general and NEP, NEP OpCo or their subsidiaries securities or securities convertible into, or settleable with, NEP common units in particular. Investor demand for securities of NEP or securities convertible into, or settleable with, NEP common units may be impacted by the amount of securities outstanding that are convertible into, or settleable with, NEP common units, the possibility of further sales of such securities, the timing of any issuance of NEP common units upon conversion or settlement, and any subsequent sales of such units by investors. Disruptions, uncertainty or volatility in those capital and credit markets, related to, among other factors, inflation, rising interest rates, geopolitical events and the planned phase out of the London Inter-Bank Offered Rate or the reform or replacement of other benchmark interest rates, could increase NEP's cost of capital and affect its ability to fund its liquidity and capital needs. An inability to obtain financing on commercially reasonable terms could significantly limit NEP’s ability to consummate future acquisitions and pursue other growth opportunities. In addition, the issuance of NEP common units and securities convertible into, or settleable with, NEP common units could cause significant common unitholder dilution and reduce the cash distribution per common unit. Issuances of additional securities, or the possibility that these issuances may occur, including following the conversion or settlement of securities convertible into, or settleable with, NEP common units, could make it more difficult for NEP to sell NEP common units, or securities convertible into, or settleable with, NEP common units, in the future, as well as affect NEP's decision whether and when to issue common units to purchase previously issued securities of NEP OpCo subsidiaries that are settleable with NEP common units.

Furthermore, there may not be sufficient availability under NEP OpCo’s subsidiaries’ revolving credit facility or the ability to obtain other financing arrangements on commercially reasonable terms when acquisition or other growth opportunities arise. An inability to obtain the required or desired financing could significantly limit NEP's ability to consummate acquisitions and pursue other growth opportunities. If financing is available, it may be available only on terms that could significantly increase NEP's interest expense, impose additional or more restrictive covenants and reduce cash distributions to its unitholders. NEP's inability to effectively consummate future acquisitions or pursue other growth opportunities could have a material adverse effect on NEP's ability to grow its business and make cash distributions to its unitholders.

Restrictions in NEP and its subsidiaries' financing agreements could adversely affect NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP and its subsidiaries have entered into financing agreements which contain various covenants and restrictive provisions that may limit their ability to, among other things:

- incur or guarantee additional debt;
- make distributions on or redeem or repurchase common units;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
- merge or consolidate with another company; and
- transfer, sell or otherwise dispose of projects.

Certain of the financing agreements also contain covenants requiring NEP OpCo and its subsidiaries to maintain certain financial ratios, including, but not limited to, as a condition to making cash distributions to NEP and its other unitholders. NEP OpCo's and its subsidiaries' ability to meet those financial ratios can be affected by events beyond NEP's control, and NEP OpCo may be unable to meet those ratios and tests and, therefore, may be unable to make cash distributions to its unitholders, including, but not limited to, NEP. As a result, NEP may be unable to make distributions to its unitholders. In addition, the financing agreements contain events of default provisions, including, but not limited to, provisions relating to certain changes in ownership of NEP or its subsidiaries and other customary provisions.

The provisions of the financing agreements may affect NEP's ability to obtain future financing and pursue attractive business opportunities and NEP's flexibility in planning for, and reacting to, changes in business conditions. A failure to comply with the provisions of the applicable financing agreement could result in an event of default, which could enable the lenders to declare, subject to the terms and conditions of the applicable financing agreement any outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable and entitle lenders to enforce their security interest. If the payment of the debt is accelerated and NEP or a subsidiary fails to repay the debt, the revenue from the projects may be insufficient to repay such debt in full, the lenders could enforce their security interest and NEP's unitholders could experience a partial or total loss of their investment.

NEP's cash distributions to its unitholders may be reduced as a result of restrictions on NEP's subsidiaries' cash distributions to NEP under the terms of their indebtedness or other financing agreements.

NEP intends to pay quarterly cash distributions on all of its outstanding common units and NEP OpCo intends to pay quarterly cash distributions on its outstanding units (except for its non-economic Class B units. However, in any period, NEP's and NEP OpCo's ability to pay cash distributions to their respective unitholders depends on, among other things, the performance of NEP's subsidiaries. The ability of NEP's subsidiaries to make distributions to NEP and NEP OpCo may be restricted by, among other things, the provisions of existing and future indebtedness or other financing agreements.

The agreements governing NEP's subsidiaries' project-level debt contain financial tests and covenants that NEP's subsidiaries must satisfy prior to making distributions and restrict the subsidiaries from making more than one distribution per quarter or per six-month period. If any of NEP's subsidiaries is unable to satisfy these tests and covenants or is otherwise in default under such agreements, it would be prohibited from making distributions that could, in turn, affect the amount of cash distributed by NEP OpCo, and ultimately limit NEP's ability to pay cash distributions to its unitholders. Additionally, such agreements require NEP's projects to establish a number of reserves out of their revenues, including, but not limited to, reserves to service NEP OpCo's debt and reserves for O&M expenses. These cash reserves will affect the amount of cash distributed by NEP OpCo, which ultimately will affect the amount of cash distributions NEP is able to make to its unitholders. Also, upon the occurrence of certain events, including, but not limited to, NEP's subsidiaries' inability to satisfy distribution conditions for an extended period of time, NEP's subsidiaries' revenues may be swept into one or more accounts for the benefit of the lenders under the subsidiaries' debt agreements and the subsidiaries may be required to prepay indebtedness.

Under certain other financing agreements, noncontrolling Class B investors own interests in certain NEP subsidiaries and receive a portion of the related NEP subsidiaries' cash distributions specified in the applicable limited liability company agreements. NEP has the option (buyout right, subject to certain limitations, to purchase 100% of the noncontrolling Class B interests during specified periods. If NEP does not exercise the buyout rights during the specified periods, or if NEP only partially exercises the buyout rights during the specified periods, the portion of the NEP subsidiaries' cash distribution allocated to the noncontrolling Class B investors would significantly increase. Any increase in the portion of NEP subsidiaries' cash distributions allocated to the noncontrolling Class B investors would reduce the amount of cash distributions allocated to NEP OpCo and NEP.

Provisions preventing or reducing NEP's subsidiaries' cash distributions could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP's subsidiaries' substantial amount of indebtedness may adversely affect NEP's ability to operate its business, and its failure to comply with the terms of its subsidiaries' indebtedness could have a material adverse effect on NEP's financial condition.

NEP's subsidiaries' substantial indebtedness could have important consequences. For example,

- failure to comply with the covenants in the agreements governing these obligations could result in an event of default under those agreements, which could be difficult to cure, result in bankruptcy or, with respect to subsidiary debt, result in loss of NEP OpCo's ownership interest in one or more of its subsidiaries or in some or all of their assets as a result of foreclosure;
- NEP's subsidiaries' debt service obligations require them to dedicate a substantial portion of their cash flow to pay principal and interest on their debt, thereby reducing their cash available for distribution to NEP;
- NEP's subsidiaries' substantial indebtedness could limit NEP's ability to fund operations of any projects acquired in the future and NEP's financial flexibility, which could reduce its ability to plan for and react to unexpected opportunities or challenges;
- NEP's subsidiaries' substantial debt service obligations make NEP vulnerable to adverse changes in general economic, credit markets, capital markets, industry, competitive conditions and government regulation that could place NEP at a disadvantage compared to competitors with less debt; and
- NEP's subsidiaries' substantial indebtedness could limit NEP's ability to obtain financing for working capital, including, but not limited to, collateral postings, capital expenditures, debt service requirements, acquisitions and general partnership or other purposes.

If NEP's subsidiaries, including NEP OpCo, do not comply with their obligations under their debt instruments, they may need to refinance all or a part of their indebtedness, which they may not be able to do on similar terms or at all. Increases in interest rates and changes in debt covenants may reduce the amounts that NEP and its subsidiaries can borrow, reduce NEP's cash flows and increase the equity investment NEP may be required to make in any projects NEP may acquire. In addition, the project-level financing for projects that NEP may acquire that are under construction may prohibit distributions until such project commences operations. If NEP's subsidiaries are not able to generate sufficient operating cash flow to repay their outstanding indebtedness or otherwise are unable to comply with the terms of their indebtedness, NEP could be required to reduce overhead costs, reduce the scope of its projects, sell some or all of its projects or delay construction of projects NEP may acquire, all of which could have a material adverse effect on its business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP is exposed to risks inherent in its use of interest rate swaps.

Some of NEP's subsidiaries' indebtedness accrues interest at variable rates, and some of its subsidiaries use interest rate swaps to try to protect against market volatility. The use of interest rate swaps, however, does not eliminate the possibility of fluctuations in the value of a position or prevent losses if the value of a position declines. Such transactions may also limit the opportunity for gain if the value of a position increases. In addition, to the extent that actively-quoted market prices and pricing information from external sources are not available, the valuation of these contracts involves judgment or the use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. If the values of these financial contracts change in a manner that NEP does not anticipate, or if a counterparty fails to perform under a contract, it could have a material adverse effect on its business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Widespread public health crises and epidemics or pandemics may have material adverse impacts on NEP's business, financial condition, liquidity, results of operations and ability to make cash distributions to its unitholders.

NEP is subject to the impacts of widespread public health crises, epidemics and pandemics, including, but not limited to, impacts on the global, national or local economy, capital and credit markets, NEP's customers and suppliers or the services NEER provides to NEP. The ultimate severity, duration and impact of public health crises, epidemics and pandemics cannot be predicted. Actions taken in response to such crises by federal, state and local government or regulatory agencies may impact NEP's ability to access capital and could have a material adverse impact on NEP's business, financial condition, liquidity, results of operations and ability to make cash distributions to its unitholders.

Risks Related to NEP's Relationship with NEE

NEE has influence over NEP.

Under NEP's partnership agreement, the board oversees and directs the operations and policies of NEP and exercises management oversight over NEP. At each annual meeting, four of NEP's seven directors will be elected by NEP's limited partners. Three directors will be appointed by NEP GP, in its sole discretion. The directors appointed by NEP GP will be, and one director elected by holders of NEP's common units may be, officers or employees of NEE or its affiliates. In addition, NEE holds voting power over certain matters that require NEP unitholder approval. NEE Management, pursuant to the terms of the MSA, will designate the officers of NEP so long as NEE or one of its affiliates is the manager under the MSA.

The attorneys, independent accountants and others who perform services for NEP will be selected by the board, which may be affiliated with NEE, or its conflicts committee and may perform services for NEE or its affiliates. NEP may retain separate counsel for itself or the holders of common units in the event of a conflict of interest between NEE and its affiliates, on the one hand, and NEP or the holders of common units, on the other, depending on the nature of the conflict. NEP does not intend to do so in most cases.

Under the CSCS agreement, NEP receives credit support from NEE and its affiliates. NEP's subsidiaries may default under contracts or become subject to cash sweeps if credit support is terminated, if NEE or its affiliates fail to honor their obligations under credit support arrangements, or if NEE or another credit support provider ceases to satisfy creditworthiness requirements, and NEP will be required in certain circumstances to reimburse NEE for draws that are made on credit support.

Under the CSCS agreement, guarantees and letters of credit that have been provided by NEECH, NEER and other NEE affiliates to counterparties on behalf of NEP's subsidiaries to satisfy NEP's subsidiaries' contractual obligations to provide credit support, including, but not limited to, under PPAs. These NEE affiliates also have provided credit support to lenders to fund reserve accounts. NEP expects NEECH, NEER and other NEE affiliates, upon NEP's request and at NEER's option, to provide credit support on behalf of any projects NEP may acquire in the future on similar terms but they are under no obligation to do so. Any failure of NEP's subsidiaries to maintain acceptable credit support or credit support providers to honor their obligations under their respective credit support arrangements could cause, among other things, events of default to arise under NEP's subsidiaries' PPAs and financing agreements. Such events of default could entitle customers to terminate their contracts with NEP's subsidiaries or could entitle lenders to accelerate indebtedness owed to them, which could result in the insolvency of NEP's subsidiaries. In addition, if beneficiaries draw on credit support provided by NEECH, NEER and these other NEE affiliates, then NEP OpCo may be required to reimburse them for the amounts drawn, which could reduce NEP OpCo's cash distributions. These events could decrease NEP's revenues, restrict distributions from its subsidiaries, or result in a sale of or foreclosure on its assets. Further, NEE affiliates may not provide credit support in respect of new projects on the same terms on which they currently provide credit support for NEP's existing projects, which may require NEP to obtain credit support from third parties on less favorable terms and may prevent NEP from acquiring additional projects. All of the foregoing events, including, but not limited to, a failure of NEP OpCo to have sufficient funds to satisfy its reimbursement obligations, could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEER and certain of its affiliates are permitted to borrow funds received by NEP OpCo or its subsidiaries and is obligated to return these funds only as needed to cover project costs and distributions or as demanded by NEP OpCo. NEP's financial condition and ability to make distributions to its unitholders, as well as its ability to grow distributions in the future, is highly dependent on NEER's performance of its obligations to return all or a portion of these funds.

NEER and certain of its affiliates are permitted to withdraw funds received by NEP OpCo under the CSCS agreement, or NEP OpCo's subsidiaries in connection with certain long-term debt agreements, and hold them in an account of NEER or its affiliates to the extent the funds are not required to pay project costs or otherwise required to be retained by NEP's subsidiaries, until the financing agreements permit distributions to be made, or, in the case of NEP OpCo, until such funds are required to make distributions or to pay expenses or other operating costs or NEP OpCo otherwise demands the return of such funds. If NEER or one of its affiliates realizes any earnings on the withdrawn funds prior to the return of such funds, it will be permitted to retain those earnings. The failure of NEER to return funds to NEP's subsidiaries for any reason could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEER's right of first refusal may adversely affect NEP's ability to consummate future sales or to obtain favorable sale terms.

NEP and NEP OpCo have entered into a ROFR agreement with NEER granting NEER and its subsidiaries (other than NEP OpCo and its subsidiaries a right of first refusal on any proposed sale of any of the NEP OpCo ROFR assets. The obligations of NEP OpCo under the ROFR agreement may discourage a third party from pursuing a transaction with NEP OpCo. Even if such third party is able to acquire the applicable asset, NEP OpCo's compliance with its obligations under the ROFR agreement could result in delays and transaction costs, as well as a reduced sales price. In addition, since the number of third parties willing to make an offer for a NEP OpCo ROFR asset may be limited due to the ROFR agreement, NEP OpCo may consummate the sale of any NEP OpCo ROFR asset on less favorable terms, or may not be able to sell such asset, which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP GP and its affiliates may have conflicts of interest with NEP and have limited duties to NEP and its unitholders.

The board will appoint officers of NEP (including its chief executive officer designated by the manager in accordance with the terms of the MSA. As a result, all of NEP's executive officers could be, and currently are, officers of NEE or one of its affiliates. NEP's partnership agreement provides contractual standards governing the duties of directors and officers, and directors and officers will not have fiduciary duties to NEP or its unitholders. Conflicts of interest exist and may arise as a result of the relationships between NEE and the directors and officers of NEP affiliated with NEE, on the one hand, and NEP and NEP's limited partners, on the other hand. To the extent any directors or officers of NEP are also officers of NEE, such directors and officers will have fiduciary duties to both NEE and NEP, and the interests of NEE and NEP may be different or in conflict. In resolving such conflicts of interest, the directors and officers of NEP affiliated with NEE may favor NEE's interests and the interests of NEE's affiliates over the interests of NEP and its unitholders. These conflicts include the following situations, among others:

- No agreement requires NEE or its affiliates to pursue a business strategy that favors NEP or uses NEP's projects or dictates what markets to pursue or grow.

- NEE and its affiliates are not limited in their ability to compete with NEP, and neither NEP GP nor its affiliates have any obligation to present business opportunities to NEP.
- So long as the officers of NEP are officers of NEE or its affiliates, they will also devote significant time to the business of NEE or its affiliates and will be compensated by NEE or its affiliates.
- The board may cause NEP to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a payment of the IDR fee.
- NEP's partnership agreement replaces the fiduciary duties that would otherwise be owed by NEP GP and the directors and officers of NEP with contractual standards governing their duties and limits NEP GP's and such directors' and officers' liabilities and the remedies available to NEP's unitholders for actions that, without these limitations, might constitute breaches of fiduciary duty under applicable Delaware law.
- Except in limited circumstances, the board has the power and authority to conduct NEP's business without the approval of NEP GP or NEP's unitholders.
- Actions taken by the board may affect the amount of cash available to pay distributions to NEP's unitholders.
- NEP GP has limited liability regarding NEP's contractual and other obligations.
- The board controls the exercise of the rights of NEP against NEE and its affiliates, and the enforcement of the obligations that NEE and its affiliates owe to NEP.

As a result of the overlapping nature of the management of NEP and NEE and its affiliates, effectively managing these actual, perceived and potential conflicts may require substantial attention, and there is no assurance that all relevant actual, perceived or potential conflicts will be identified or that such conflicts will be adequately addressed. A decision by NEP GP or the board to favor its own interests or the interests of NEE over NEP's interests and the interests of its unitholders could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP GP and its affiliates and the directors and officers of NEP are not restricted in their ability to compete with NEP, whose business is subject to certain restrictions.

NEP's partnership agreement provides that its general partner is restricted from engaging in any business activities other than acting as NEP GP and those activities incidental to its ownership of interests in NEP. Affiliates of NEP GP, including, but not limited to, NEE and its other subsidiaries, are not prohibited from owning projects or engaging in businesses that compete directly or indirectly with NEP. NEE currently holds interests in, and may make investments in and purchases of, entities that acquire, own and operate clean energy projects. NEER is under no obligation to make any acquisition opportunities available to NEP. In addition, pursuant to NEP's partnership agreement, its subsidiaries generally will not have any power or authority to solicit, review, respond to or otherwise participate in certain activities or lines of business.

Under the terms of NEP's partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to NEP GP and its affiliates, including, but not limited to, NEE or to NEP's directors or officers. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for NEP will not have any duty to communicate or offer such opportunity to NEP. Any such person or entity will not be liable to NEP or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to NEP. This may create actual and potential conflicts of interest between NEP and affiliates of NEP GP and result in less than favorable treatment of NEP and holders of its common units.

NEP may only terminate the MSA under certain limited circumstances.

The MSA provides that NEP and certain affiliates may terminate the agreement only upon 90 days' prior written notice to NEE Management under certain limited circumstances. The agreement continues until January 1, 2068 and thereafter renews for successive five-year periods unless NEP OpCo or NEE Management provides written notice to the other that it does not wish for the agreement to be renewed. If NEE Management's performance does not meet the expectations of investors and NEP is unable to terminate the MSA, the market price of NEP's common units could suffer. In addition, even if the MSA is terminated, it may not terminate in respect of provisions relating to the payment of the IDR fee payable to NEE Management under that agreement, which could result in NEE or its affiliates receiving payments that could otherwise be distributed to NEP's unitholders even though NEE Management would be no longer obligated to provide services to NEP under the MSA.

If the agreements with NEE Management or NEER are terminated, NEP may be unable to contract with a substitute service provider on similar terms.

NEE's affiliates provide, or arrange for the provision of, administrative, O&M and construction management services under agreements with NEE Management and NEER, respectively. Any failure by NEE Management or NEER to perform their administrative, O&M and construction management services obligations or the failure by NEP to identify and contract with replacement service providers, if required, could materially impact the successful operation of its projects. Under these agreements, certain NEE employees provide services to NEP. These services are not the primary responsibility of these employees, nor are these employees required to act for NEP alone. The agreements do not require any specific individuals to be provided by NEE and NEE has the discretion to determine which of its employees perform services required to be provided to NEP.

NEE Management and NEER have agreed to provide NEP with management services under the MSA and the management sub-contract, respectively, and NEP does not have independent executive or senior management personnel. Each of the MSA and the management sub-contract, respectively, provides that NEE Management and NEER, respectively, may terminate the applicable agreement upon 180 days' prior written notice of termination to NEP if NEP defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to NEE Management or its affiliates other than NEP or its subsidiaries, and the default continues unremedied for a period of 90 days after written notice thereof is given to NEP or upon the happening of certain specified events. If NEE Management terminates the MSA, if NEER terminates the management sub-contract or if either of them defaults in the performance of its obligations under the respective agreement, NEP may be unable to contract with a substitute service provider on similar terms, and the costs of substituting service providers may be substantial. If NEP cannot locate a service provider that is able to provide NEP with substantially similar services as NEE Management and NEER provide under the MSA and the management sub-contract, respectively, on similar terms, it would likely have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

NEP's arrangements with NEE limit NEE's potential liability, and NEP has agreed to indemnify NEE against claims that it may face in connection with such arrangements, which may lead NEE to assume greater risks when making decisions relating to NEP than it otherwise would if acting solely for its own account.

Under the MSA, NEE Management and its affiliates do not assume any responsibility other than to provide or arrange for the provision of the services described in the MSA in good faith. Additionally, under the MSA, the liability of NEE Management and its affiliates is limited to the fullest extent permitted by law to conduct involving bad faith, fraud, willful misconduct or recklessness or, in the case of a criminal matter, to action that was known to have been unlawful. NEP has agreed, and will cause certain affiliates to, indemnify NEE Management and its affiliates and any of their directors, officers, agents, members, partners, stockholders and employees and other representatives of NEE Management and its affiliates to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses incurred by an indemnified person or threatened in connection with NEP's, NEP OpCo GP's, NEP OpCo's and certain affiliates' operations, investments and activities or in respect of or arising from the MSA or the services provided thereunder by NEE Management and its affiliates, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the conduct in respect of which such persons have liability as described above. Additionally, the maximum amount of the aggregate liability of NEE Management or any of its affiliates in providing services under the MSA or otherwise (including, but not limited to, NEER under the management sub-contract), or of any director, officer, employee, contractor, agent, advisor or other representative of NEE Management or any of its affiliates, will be equal to the base management fee previously paid by NEP in the most recent calendar year under the MSA. These protections may result in NEE Management and its affiliates tolerating greater risks when making decisions than otherwise would be the case, including, but not limited to, when determining whether to use leverage in connection with acquisitions. The indemnification arrangements to which NEE Management and its affiliates are a party may also give rise to legal claims for indemnification, which could have a material adverse effect on NEP's business, financial condition, results of operations and ability to make cash distributions to its unitholders.

Risks Related to Ownership of NEP's Units

NEP's ability to make distributions to its unitholders depends on the ability of NEP OpCo to make cash distributions to its limited partners.

NEP's cash flow is generated from distributions NEP receives from NEP OpCo, which will consist primarily of cash distributions that NEP OpCo has received from its subsidiaries. The amount of cash that NEP OpCo’s subsidiaries will be able to distribute to NEP OpCo each quarter principally depends upon the amount of cash such subsidiaries generate from their operations and investments. NEP OpCo may not have sufficient available cash each quarter to continue paying distributions at its current level or at all. If NEP OpCo reduces its per unit distribution, because of reduced operating cash flow, higher expenses, capital requirements or otherwise, NEP will have less cash to distribute to its unitholders and would likely be required to reduce its per common unit distribution.

The amount of cash that NEP OpCo generates from its operations will fluctuate from quarter to quarter based on such things as the amount of power generated from its projects and the amount of natural gas transported in its pipelines, and the prices received therefor; its operating and capital costs; payment of interest and principal amortization, which depends on the amount of its indebtedness and the interest payable thereon; and the ability of NEP OpCo’s subsidiaries to distribute cash under their respective financing agreements.

In addition, the amount of cash that NEP OpCo will have available for distribution will depend on factors, some of which are beyond its control, such as:

- the amount of cash reserves established by NEP OpCo GP, NEP OpCo’s general partner, for the proper conduct of its business;
- timing and collectability of receivables;
- fluctuations in its working capital needs;
- availability of borrowings under its subsidiaries' credit facility to pay distributions; and
- access to credit or capital markets.

Because of these factors, NEP OpCo may not have sufficient available cash each quarter to pay a quarterly distribution per common unit or any other amount. Furthermore, the amount of cash that NEP OpCo has available for distribution depends primarily upon its cash flow, including, but not limited to, cash flow from financial reserves and working capital borrowings, and is not solely a function of profitability, which will be affected by non-cash items. As a result, NEP OpCo may be able to make cash distributions during periods when it records net losses and may not be able to make cash distributions during periods when it records net income.

If NEP incurs material tax liabilities, NEP's distributions to its unitholders may be reduced, without any corresponding reduction in the amount of the IDR fee.

The IDR fee is an expense of NEP OpCo that reduces the amount of cash distributions by NEP OpCo to NEP OpCo's unitholders, including NEP. The IDR fee is not reduced for NEP's income tax liabilities. Instead, NEP must use the cash proceeds of any distributions NEP receives from NEP OpCo to satisfy NEP's income tax liabilities. Any such payments of income taxes by NEP will reduce the amount of cash distributions by NEP to its unitholders. As a result, if NEP incurs material income tax liabilities, NEP's distributions to its unitholders may be reduced, without any corresponding reduction in the amount of the IDR fee.

Holders of NEP’s units may be subject to voting restrictions.

Under NEP’s partnership agreement, limited partners are allowed to vote for four of the seven members of the board. Moreover, any person, together with the members of any related group, who beneficially owns 5% or more of the outstanding units will be permitted to vote not more than 5% of such outstanding units in an election or removal of certain directors. Further, if, after giving effect to the 5% limitation, any person, together with the members of any related group, still has the power to cast votes equal to or greater than 10% of the units present and actually voted on any matter (including an election or removal of certain directors), such person will be entitled to direct the voting of only the units held by such person representing not more than 9.99% of the units actually voted on such matter, and any units held by such person equal to 10% or more of such voting power will be voted proportionally with the votes cast by other unitholders on such matter. However, if such person is NEP's general partner or any of its affiliates, the 9.99% limitation on voting power applies only to the election or removal of certain directors.

NEP’s partnership agreement replaces the fiduciary duties that NEP GP and NEP’s directors and officers might have to holders of its common units with contractual standards governing their duties and the NYSE does not require a publicly traded limited partnership like NEP to comply with certain of its corporate governance requirements.

NEP’s partnership agreement contains provisions that eliminate the fiduciary standards to which NEP GP or any of NEP’s directors and officers would otherwise be held by state fiduciary duty law and replaces those standards with several different contractual standards.

For example, NEP’s partnership agreement permits the board to make some decisions in its sole discretion, free of any duties to NEP or its unitholders other than the implied contractual covenant of good faith and fair dealing (which means that a court will enforce the reasonable expectations of the partners where the language of the partnership agreement does not provide for a clear course of action). These provisions entitle the board to consider only the interests and factors that the board desires and relieves the board of any duty or obligation to give any consideration to any interest of, or factors affecting, NEP, its affiliates or NEP's limited partners.

NEP's partnership agreement permits NEP GP to make a number of decisions in its individual capacity, as opposed to in its capacity as NEP's general partner, free of any duties to NEP or its unitholders other than the implied contractual covenant of good faith and fair dealing. These provisions entitle NEP GP and its affiliates to consider only the interests and factors that they desire and relieve them of any duty or obligation to give any consideration to any interest of, or factors affecting, NEP, its affiliates or NEP's limited partners. Examples of decisions that NEP GP and its affiliates may make in their individual capacities include:

- appointment of three directors of NEP;
- how to exercise voting rights with respect to the units NEP GP or its affiliates own in NEP OpCo and NEP;
- whether to exchange NEP OpCo common units owned by NEE Equity for NEP common units or, with the approval of the conflicts committee, to have NEP OpCo redeem NEP OpCo common units owned by NEE Equity for cash; and
- whether to consent to, among other things, NEP's participation in certain activities or lines of business, the sale of all or substantially all of the assets of NEP, any merger, consolidation or conversion of NEP, dissolution of NEP, or an amendment to NEP OpCo's partnership agreement.

Additionally, as NEP is a publicly traded limited partnership listed on the NYSE, it is not required to have, and it does not currently have, a majority of independent directors on the board and is not required to establish a compensation committee or a nominating and corporate governance committee.

NEP's partnership agreement restricts the remedies available to holders of NEP's common units for actions taken by NEP's directors or NEP GP that might otherwise constitute breaches of fiduciary duties.

NEP's partnership agreement contains provisions that restrict the remedies available to its unitholders for actions taken by NEP's directors or NEP GP that might otherwise constitute breaches of fiduciary duties under state law. For example, NEP's partnership agreement provides that:

- whenever NEP GP or the board, or any director or any committee of the board (including, but not limited to, the conflicts committee), makes a determination or takes, or declines to take, any other action in its respective capacity, they are required to act in good faith;
- NEP GP will not have any liability to NEP or its unitholders for decisions made in its capacity as a general partner so long as such decisions are made in good faith;
- NEP GP and its officers and directors and the officers and directors of NEP will not be liable for monetary damages to NEP or NEP's limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining such persons acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal; and
- NEP GP and its affiliates and NEP's directors will not be in breach of their obligations under NEP's partnership agreement (including, but not limited to, any duties to NEP or its unitholders) if a transaction with an affiliate or the resolution of a conflict of interest is:
    - approved by the conflicts committee of the board, although the board is not obligated to seek such approval;
    - approved by the vote of a majority of the outstanding common units, excluding any common units owned by NEP GP and its affiliates if the conflict involves NEP GP or any of its affiliates;
    - determined by the board to be on terms no less favorable to NEP than those generally being provided to or available from unrelated third parties; or
    - determined by the board to be fair and reasonable to NEP, taking into account the totality of the relationships among the parties involved, including, but not limited to, other transactions that may be particularly favorable or advantageous to NEP.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, any determination by NEP GP or the board, or the conflicts committee of the board, must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by NEP's unitholders or the conflicts committee and the board determines that the resolution or course of action taken with respect to the affiliate transaction or conflict of interest satisfies either of the standards set forth in the third and fourth sub-bullets above, then it will be presumed that, in making its decision, the board acted in good faith, and in any proceeding brought by or on behalf of any limited partner or NEP challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Certain of NEP's actions require the consent of NEP GP.

Under NEP's partnership agreement, NEP GP's consent is required for certain actions of NEP, in addition to approval by the board or unitholders, as applicable. Because NEP GP is indirectly owned by NEE, NEE can cause NEP GP to exercise certain protective rights. NEP's partnership agreement provides that NEP GP may grant or withhold its consent in its sole discretion. To the extent NEP GP withholds its consent, NEP unitholders and the board will be prevented from taking actions which they may consider beneficial to NEP or its unitholders.

Holders of NEP's common units currently cannot remove NEP GP without NEE's consent and provisions in NEP's partnership agreement may discourage or delay an acquisition of NEP that NEP unitholders may consider favorable.

The vote of the holders of at least 66 2⁄3% of all outstanding common units and special voting units voting together as a single class is required to remove NEP's general partner. Further, the vote of the holders of at least a majority of all outstanding common units and special voting units voting together as a single class is required to name a new general partner of NEP. Given NEP GP and its affiliates current voting power with respect to NEP's outstanding units, a vote to remove NEP's general partner would currently require NEE's consent.

In addition, certain provisions in NEP's partnership agreement, including limitations upon the ability of unitholders to make binding proposals of other business to be considered at annual meetings or to request special meetings, may discourage unitholders from attempting to remove the general partner or otherwise change NEP's management. These provisions may have the effect of limiting the ability of a third party to acquire control of NEP that might involve a premium to the market price of NEP's common units or otherwise be in the unitholders' best interests.

NEE's interest in NEP GP and the control of NEP GP may be transferred to a third party without unitholder consent.

NEP's partnership agreement does not restrict the ability of NEE to transfer all or a portion of its ownership interest in NEP GP to a third party. NEP's partnership agreement also does not restrict the ability of NEP GP to issue equity securities in a public or private transaction. A new owner of all or a portion of an ownership interest in NEP GP could then be in a position to designate its own representatives to the board.

Reimbursements and fees owed to NEP GP and its affiliates for services provided to NEP or on NEP's behalf will reduce cash distributions from NEP OpCo and from NEP to NEP's unitholders, and there are no limits on the amount that NEP OpCo may be required to pay.

Under NEP OpCo's partnership agreement, prior to making any distributions on its units, NEP OpCo will reimburse NEP GP and its affiliates, including, but not limited to, NEE, for out-of-pocket expenses they incur and payments they make on NEP's behalf and for certain payments made under credit support arrangements provided by NEER on behalf of NEP's subsidiaries. NEP OpCo will also pay certain fees and reimbursements under the MSA and the CSCS agreement prior to making any distributions on its units. The reimbursement of expenses and certain payments made under credit support arrangements and payment of fees, if any, to NEP GP and its affiliates will reduce the amount of available cash NEP OpCo has to pay cash distributions to NEP and the amount that NEP has available to pay distributions to NEP's unitholders. Under NEP OpCo's partnership agreement, there is no limit on the fees and expense reimbursements NEP OpCo may be required to pay.

Increases in interest rates could adversely impact the price of NEP's common units, NEP's ability to issue equity or incur debt for acquisitions or other purposes and NEP's ability to make cash distributions to its unitholders.

Interest rates on future credit facilities and debt offerings could be higher than current levels, causing NEP's financing costs to increase accordingly. NEP's common unit price is impacted by the level of its cash distributions and implied distribution yield. The distribution yield is used by investors to compare yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in NEP's common units, and a rising interest rate environment could adversely impact the price of NEP's common units, NEP's ability to issue equity or incur debt for acquisitions or other purposes and NEP's ability to make cash distributions to its unitholders.

The liability of holders of NEP's units, which represent limited partnership interests in NEP, may not be limited if a court finds that unitholder action constitutes control of NEP's business.

A general partner of a limited partnership generally has unlimited liability for the obligations of the limited partnership except for those contractual obligations of the limited partnership that are expressly made without recourse to the general partner. NEP is organized under Delaware law and NEP conducts business in a number of other states. The limitations on the liability of holders of limited partnership interests for the obligations of a limited partnership have not been clearly established in some of the other states in which NEP does business. A unitholder could be liable for any and all of NEP's obligations as if the unitholder were a general partner if a court or government agency were to determine that:

- NEP was conducting business in a state but had not complied with that particular state's limited partnership statute; or
- the unitholder's right to act with other unitholders to remove or replace NEP GP, to approve some amendments to NEP's partnership agreement or to take other actions under NEP's partnership agreement constitute "control" of NEP's business.

Unitholders may have liability to repay distributions that were wrongfully distributed to them.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Delaware law, NEP may not make a distribution to its unitholders if the distribution would cause NEP's liabilities to exceed the fair value of its assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distributed amount. Transferees of common units are liable both for the obligations of the transferor to make contributions to the partnership that were known to the transferee at the time of transfer and for those obligations that were unknown if the liabilities could have been determined from the partnership agreement. Neither liabilities to partners on account of their partnership interest nor liabilities that are non-recourse to the partnership are counted for purposes of determining whether a distribution is permitted.

The issuance of common units, or other limited partnership interests, or securities convertible into, or settleable with, common units, and any subsequent conversion or settlement, will dilute common unitholders' ownership in NEP, may decrease the amount of cash available for distribution for each common unit, will impact the relative voting strength of outstanding NEP common units and issuance of such securities, or the possibility of issuance of such securities, as well as the resale, or possible resale following conversion or settlement, may result in a decline in the market price for NEP's common units.

NEP's partnership agreement does not limit the number of additional limited partnership interests, including, but not limited to, limited partnership interests that rank senior to the common units, which NEP may issue at any time without the approval of its unitholders.

NEP has issued and outstanding convertible notes and certain NEP OpCo subsidiaries have issued and outstanding noncontrolling Class B interests in their subsidiaries that may be settled in whole or in part as specified in the related limited liability company agreement, at NEP's election with NEP common units, and may issue similar securities in the future. Subject to certain limitations, the convertible notes may be converted by the holders of such notes, with NEP paying cash up to the aggregate principal amount of the notes being converted. NEP will have the option to deliver NEP common units for the remainder, if any, of NEP's conversion obligation in excess of the aggregate principal amount of the notes being converted. NEP has the option, subject to certain limitations and extensions, to purchase the noncontrolling Class B interests in those NEP OpCo subsidiaries. If exercised, NEP has the right to pay all or a portion of the buyout price in NEP non-voting common units (convertible into NEP common units) or NEP common units, as specified in the related limited liability company agreement, issued at the then-current market price of NEP common units, subject to certain limitations. If holders of the noncontrolling Class B interests, convertible notes or any convertible securities issued in the future, were to dispose of a substantial portion of these common units in the public market following such a conversion or settlement, whether in a single transaction or series of transactions, it could adversely affect the market price for NEP's common units. The holders of the noncontrolling Class B interests generally have certain registration rights that would facilitate such dispositions promptly and NEP cannot guarantee that these holders will not dispose of a substantial portion or all of their common units promptly upon conversion or settlement.

Any issuance of NEP common units, or other NEP limited partnership interests, securities convertible into, or settleable with, common units as well as the issuance of NEP non-voting common units or NEP common units, as the case may be, upon conversion or settlement, will or may have the following effects:

- an existing common unitholder's proportionate ownership interest in NEP may decrease;
- the amount of cash distributions per common unit may decrease; and
- the relative voting strength of each previously outstanding common unit may be diminished.

In addition, any issuance, or the possibility of issuance, of the securities described in the preceding sentence, as well as the resale, or possibility of resale, of NEP common units following conversion or settlement may result in a decline in the market price of NEP common units and could make it more difficult for NEP to sell NEP's common units in the future.

Taxation Risks

NEP's future tax liability may be greater than expected if NEP does not generate net operating losses (NOLs) sufficient to offset taxable income

or if tax authorities challenge certain of NEP's tax positions.

Even though NEP is organized as a limited partnership under state law, NEP is treated as a corporation for U.S. federal income tax purposes and thus is subject to U.S. federal income tax at regular corporate rates on NEP's net taxable income. NEP expects to generate NOLs and NOL carryforwards that it can use to offset future taxable income. As a result, NEP does not expect to pay meaningful U.S. federal income tax for over 15 years. This estimate is based upon assumptions NEP has made regarding, among other things, NEP OpCo's income, capital expenditures, cash flows, net working capital and cash distributions. Further, the IRS or other tax authorities could challenge one or more tax positions NEP or NEP OpCo takes, such as the classification of assets under the income tax depreciation rules, the characterization of expenses (including, but not limited to, NEP's share of the IDR fee) for income tax purposes, the extent to which sales, use or goods and services tax applies to operations in a particular state or the availability of property tax exemptions with respect to NEP's projects. Further, any change in tax law may affect NEP's tax position, including changes in corporate income tax laws, regulations and policies applicable to NEP. While NEP expects that its NOLs and NOL carryforwards will be available to NEP as a future benefit, in the event that they are not generated as expected, are successfully challenged by the IRS (in a tax audit or otherwise) or are subject to future limitations as described below, NEP's ability to realize these benefits may be limited.

NEP's federal, state, local or Canadian tax positions may be challenged by the relevant tax authority. The process and costs, including, but not limited to, potential penalties for nonpayment of disputed amounts, of appealing such challenges, administratively or judicially, regardless of the merits, could be material. A reduction in NEP's expected NOLs, a limitation on NEP's ability to use such losses, or other tax attributes, such as tax credits, and future tax audits or a challenge by tax authorities to NEP's tax positions may result in a material increase in NEP's estimated future income taxes or other tax liabilities, which would negatively impact the amount of after-tax cash distributions to NEP's unitholders and its financial condition.

NEP's ability to use NOLs to offset future income may be limited.

NEP's ability to use its NOLs to offset future taxable income could be substantially limited if NEP’s unitholders that own 5% or more of NEP’s outstanding common units, as defined under Code Section 382, increase their ownership in NEP by more than 50 percentage points over a rolling three-year period through, among other things, additional purchases of NEP's common units and certain types of reorganization transactions. Any NOLs that exceed this limitation may be carried forward and used to offset taxable income for the remainder of the carryforward period (i.e., 20 years from the year in which such NOL was generated for NOLs generated prior to January 1, 2018 and no carryforward limitation for any subsequently generated NOLs). Based on NEP’s most recent annual assessment, NEP does not expect the Section 382 limitation to impact its ability to utilize any of its NOLs to offset future taxable income. Additionally, valuation allowances may be needed for deferred tax assets that NEP estimates are more likely than not to be unusable, based on available evidence at the time the estimate is made. Potential changes in the tax law or in NEP’s projections could impact NEP's assessment and valuation allowance estimates, which could have a material adverse impact on NEP's financial condition and results of operations.

NEP will not have complete control over NEP's tax decisions.

NEP and/or NEP OpCo may be included in the combined or unitary tax returns of NEE or one or more of its subsidiaries for U.S. state or local income tax purposes. NEP is a party to a tax sharing arrangement which determines the share of taxes that NEP will pay to, or receive from, NEE. In addition, by virtue of NEP's inclusion in NEE’s combined or unitary income tax returns, NEE will effectively control all of NEP's state and local tax decisions in connection with any combined or unitary income tax returns in which NEP is included. NEE will have sole authority to respond to and conduct all tax proceedings (including, but not limited to, tax audits) related to NEP, to file all state and local income tax returns on NEP's behalf, and to determine the amount of NEP's liability to, or entitlement to payment from, NEE in connection with any combined or unitary income tax returns in which NEP is included. This may result in conflicts of interest between NEE and NEP.

Distributions to unitholders may be taxable as dividends.

Even though NEP is organized as a limited partnership under state law, NEP is treated as a corporation for U.S. federal income tax purposes. Accordingly, if NEP makes distributions from current or accumulated earnings and profits as computed for U.S. federal income tax purposes, such distributions will generally be taxable to unitholders as ordinary dividend income for U.S. federal income tax purposes. Distributions paid to non-corporate U.S. unitholders will be subject to U.S. federal income tax at preferential rates, provided that certain holding period and other requirements are satisfied. However, it is difficult to predict whether NEP will generate earnings and profits as computed for U.S. federal income tax purposes in any given tax year, and although NEP expects that a portion of its distributions to unitholders may exceed its current and accumulated earnings and profits as computed for U.S. federal income tax purposes and therefore constitute a non-taxable return-of-capital distribution to the extent of a unitholder’s basis in its units, this may not occur. In addition, although return-of-capital distributions are generally non-taxable to the extent of a unitholder’s basis in its units, such distributions will reduce the unitholder’s adjusted tax basis in its units, which will result in an increase in the amount of gain (or a decrease in the amount of loss) that will be recognized by the unitholder on a future disposition of NEP's common units, and to the extent any return-of-capital distribution exceeds a unitholder’s basis, such distributions will be treated as gain on the sale or exchange of the units.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

NEP and its subsidiaries maintain properties consisting of renewable generation projects and natural gas pipeline assets which are adequate for their operations; the principal properties are described in Item 1. Business, which description is incorporated herein by reference.

Character of Ownership

The majority of NEP's generating facilities and pipelines are owned by NEP subsidiaries and are currently subject to NEE Equity's 53.8% noncontrolling limited partner interest in NEP OpCo. In addition, a subsidiary of Pemex owns a 10% interest in the NET Mexico pipeline, NEER owns noncontrolling ownership interests in certain NEP OpCo subsidiaries and third-party investors own noncontrolling interests in certain NEP OpCo subsidiaries. See Item 1. Certain of the generating facilities and all of the pipelines are encumbered by liens securing various financings. Additionally, some of the generating facilities and pipelines occupy or use real property that is not owned by NEP subsidiaries, primarily through various easements, leases, rights-of-way, permits or licenses from private landowners or governmental entities.

Item 3. Legal Proceedings

With regard to environmental proceedings to which a governmental authority is a party, NEP's policy is to disclose any such proceeding if it is reasonably expected to result in monetary sanctions of greater than or equal to $1 million.

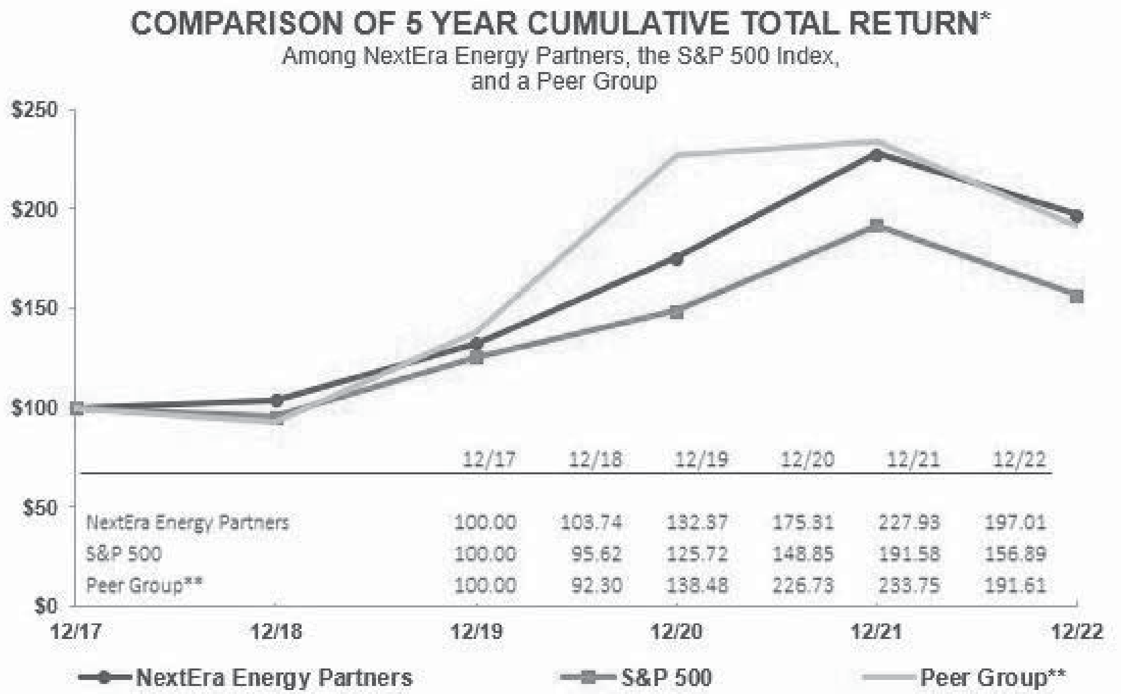
Item 4. Mine Safety Disclosures

Not applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities

Common Unit Data. NEP's common units are traded on the NYSE under the symbol "NEP".



*$100 invested on 12/31/17 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

**Consists of Atlantica Sustainable Infrastructure plc, Brookfield Renewable Partners L.P., Clearway Energy, Inc. and NextEra Energy Partners, LP.

NEP's partnership agreement requires it to distribute available cash quarterly. Generally, available cash is all cash on hand at the date of determination relating to that quarter (including any expected distributions from NEP OpCo), less the amount of cash reserves established by the board. NEP currently expects that cash reserves would be established solely to provide for the payment of income taxes by NEP, if any. Cash flow is generated from distributions NEP receives from NEP OpCo each quarter. Although, as described above, NEP currently expects that cash reserves would be established by the board solely to provide for the payment of NEP's income taxes, if any, NEP expects NEP OpCo to establish cash reserves prior to making distributions to NEP to pay costs and expenses of NEP's subsidiaries, in addition to NEP's expenses, as well as any debt service requirements and future capital expenditures.

NEP OpCo's partnership agreement requires it to distribute all of its available cash to its unitholders, including NEP, each quarter. Generally, NEP OpCo's available cash is all cash on hand at the date of determination relating to that quarter, plus any funds borrowed, less the amount of cash reserves established by NEP OpCo GP. The majority of such available cash is expected to be derived from the operations of the projects. The cash available for distribution could fluctuate from quarter to quarter, and in some cases significantly, as a result of the performance of the projects, seasonality, fluctuating wind and solar resource, maintenance and outage schedules, timing of debt service and other factors.

In February 2023, NEP paid a distribution of $0.8125 per common unit to its unitholders of record on February 6, 2023. See Management's Discussion – Liquidity and Capital Resources – Financing Arrangements and Note 12 with respect to distribution restrictions. There are currently no restrictions in effect that limit NEP's ability to pay distributions to its unitholders.

As of January 31, 2023, there were 13 holders of record of NEP's common units.

Incentive Distribution Rights Fee. IDRs represent the right to receive a fee calculated based on the amount of adjusted available cash from operating surplus, as defined in the MSA, that NEP OpCo would be able to distribute to its common unitholders after specified minimum quarterly and target quarterly distribution levels have been achieved. The right to receive the IDR fee is currently held by NEE Management, but may be assigned, subject to restrictions in the MSA. The following discussion assumes that NEE Management continues to own the IDRs.

Under the MSA, for any quarter in which NEP OpCo has adjusted available cash at least equal to a base incentive amount (total common units outstanding multiplied by $0.3525, plus approximately $14 million paid to NEE Management quarterly for IDRs) any excess adjusted available cash will be split 75% to NEP OpCo common unitholders and 25% to NEE Management for IDRs. The IDR fee paid by NEP is capped at $39.25 million per quarter ($157 million per year) if quarterly distributions to NEP OpCo unitholders are at or above $0.7625 ($3.05 on an annualized basis) per NEP OpCo common unit.

If NEP OpCo's adjusted available cash for any quarter falls below the base incentive amount, the IDRs will be paid using the target quarterly distribution levels below calculated using the number of NEP OpCo common units outstanding on January 26, 2017, subject to certain adjustments for repurchases, splits and combinations:

		Marginal Percentage Interest in Adjusted Available Cash	
	Total Quarterly Distribution per NEP OpCo Common Unit Target Amount	NEP OpCo Common Unitholders	NEE Management
Minimum Quarterly Distribution	$0.1875	100%	—%
First Target Quarterly Distribution	Above $0.1875 up to $0.215625	100%	—%
Second Target Quarterly Distribution	Above $0.215625 up to $0.234375	85%	15%
Third Target Quarterly Distribution	Above $0.234375 up to $0.281250	75%	25%
Thereafter	Above $0.281250	50%	50%

During 2022, 2021 and 2020, NEP paid IDR fees of approximately $152 million, $129 million and $104 million, respectively.

Unregistered Sales of Equity Securities and Use of Proceeds. On January 31, 2023, NEE Equity, a wholly owned subsidiary of NEE, delivered a written notice to NEP OpCo in accordance with the exchange agreement, dated as of July 1, 2014 (as amended, the exchange agreement), by and among NEE Equity, NEP OpCo, NEP GP and NEP. Pursuant to such written notice, NEE Equity has elected to exchange 860,000 NEP OpCo common units held by NEE Equity for the same number of NEP common units. In accordance with the exchange agreement, 860,000 NEP common units will be delivered to NEE Equity on or about April 3, 2023. Upon exchange of NEP OpCo common units for NEP common units, a corresponding number of NEP special voting units will be cancelled in accordance with NEP’s partnership agreement. The NEP common units will be issued to NEE Equity in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended, provided by Section 4(a)(2) thereof.

Purchases of Equity Securities by Affiliated Purchaser. In October 2015, NEP was advised that NEE authorized a program to purchase, from time to time, up to $150 million of NEP's outstanding common units. Under the program, purchases may be made in amounts, at prices and at such times as NEE or its subsidiaries deem appropriate, all subject to market conditions and other considerations. The common unit purchase program does not require NEE to acquire any specific number of common units and may be modified or terminated by NEE at any time. The purpose of the program is not to cause NEP’s common units to be delisted from the NYSE or to cause the common units to be deregistered with the SEC. During 2022, 2021 and 2020, there were no purchases under the program. At December 31, 2022, the dollar value of units that may yet be purchased under the program was approximately $114 million.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the Notes to Consolidated Financial Statements contained herein. All comparisons are with the corresponding items in the prior year.

Overview

Company Description

NEP is a growth-oriented limited partnership formed to acquire, manage and own contracted clean energy projects with stable long-term cash flows. NEP consolidates the results of NEP OpCo and its subsidiaries through its controlling interest in the general partner of NEP OpCo. At December 31, 2022, NEP owned an approximately 46.2% limited partner interest in NEP OpCo and NEE Equity owned a noncontrolling 53.8% limited partner interest in NEP OpCo. See Part II, Item 5 – Unregistered Sales of Equity Securities and Use of Proceeds. Through NEP OpCo, NEP has ownership interests in a portfolio of contracted renewable generation assets consisting of wind, solar and battery storage projects and a portfolio of contracted natural gas pipeline assets. NEP's financial results are shown on a consolidated basis with financial results attributable to NEE Equity reflected in noncontrolling interests.

During 2022, 2021 and 2020, NEP acquired interests in various projects as discussed in Note 3. During 2022, NEP sold its ownership interests in a pipeline and in early January 2023 NEP closed on the sale of a 62 MW wind project located in North Dakota (see Note 2 – Disposal of Pipeline and – Disposal of Wind Project).

Results of Operations

	Years Ended December 31,		
	2022	2021	2020
		(millions)	
OPERATING REVENUES			
Renewable energy sales	**$ 966**	$ 720	$ 703
Texas pipelines service revenues	**245**	262	214
Total operating revenues	**1,211**	982	917
OPERATING EXPENSES			
Operations and maintenance	**571**	419	363
Depreciation and amortization	**430**	288	271
Taxes other than income taxes and other	**49**	36	28
Total operating expenses – net	**1,050**	743	662
GAINS (LOSSES) ON DISPOSAL OF BUSINESSES/ASSETS – NET	**36**	(5)	(2)
OPERATING INCOME	**197**	234	253
OTHER INCOME (DEDUCTIONS)			
Interest expense	**853**	47	(620)
Equity in earnings of equity method investees	**183**	160	108
Equity in earnings (losses) of non-economic ownership interests	**56**	27	(3)
Other – net	**3**	4	5
Total other income (deductions) – net	**1,095**	238	(510)
INCOME (LOSS) BEFORE INCOME TAXES	**1,292**	472	(257)
INCOME TAX EXPENSE (BENEFIT)	**171**	48	(19)
NET INCOME (LOSS)	**1,121**	424	(238)
NET INCOME ATTRIBUTABLE TO PREFERRED DISTRIBUTIONS	**—**	—	(5)
NET LOSS (INCOME) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(644)**	(287)	188
NET INCOME (LOSS) ATTRIBUTABLE TO NEXTERA ENERGY PARTNERS, LP	**$ 477**	$ 137	$ (55)

2022 Compared to 2021

Operating Revenues

Operating revenues primarily consist of income from the sale of energy under NEP's PPAs and services provided under natural gas transportation agreements, partly offset by the net amortization of intangible assets – PPAs and intangible liabilities – PPAs (see Note 2 – Intangible Assets – PPAs and – Intangible Liabilities – PPAs). Operating revenues increased $229 million during the year ended December 31, 2022. The increase in renewable energy sales of approximately $246 million primarily reflects an increase of approximately $214 million related to the projects acquired in the second half of 2021 and 2022 (see Note 3), as well as favorable resource and higher availability due to fewer maintenance outages in 2022. The decrease in Texas pipeline service revenues of $17 million primarily reflects lower revenues of approximately $30 million associated with transportation and fuel management agreements revenues which were higher in 2021 due to extreme weather in February 2021 (see Note 14 – Transportation and Fuel Management Agreements), partly offset by higher volumes.

Wind and solar resource levels, weather conditions and the performance of NEP's renewable energy portfolio represent significant factors that could affect its operating results because these variables impact energy sales. Additionally, project acquisitions or expansion opportunities could impact future revenues.

Operating Expenses

Operations and Maintenance
O&M expenses include interconnection costs, labor expenses, turbine servicing costs, land payments, insurance, materials, supplies, shared services and administrative expenses attributable to NEP's projects, and costs and expenses under the MSA, ASAs and O&M agreements (see Note 14). O&M expenses also include the cost of maintaining and replacing certain parts for the projects in the portfolio to maintain, over the long term, operating income or operating capacity. O&M expenses increased $152 million during the year ended December 31, 2022 primarily due to approximately $92 million related to the projects acquired in the second half of 2021 and 2022, $24 million of higher repair and maintenance costs and $24 million in higher other corporate expenses, including higher IDR fees of $23 million related to growth in NEP's distributions to its common unitholders. In June 2022, the MSA was amended to cap the IDR fee paid by NEP at $39.25 million per quarter ($157 million per year) if quarterly distributions to NEP OpCo unitholders are at or above $0.7625 ($3.05 on an annualized basis) per NEP OpCo common unit. See Part II, Item 5 – Incentive Distribution Rights Fee.

O&M expenses related to the existing portfolio are expected to remain relatively stable from year to year. However, NEP's O&M expenses are likely to increase as NEP acquires new projects.

Depreciation and Amortization
Depreciation and amortization expense reflects costs associated with depreciation and amortization of NEP's assets, based on depreciable asset lives and consistent depreciation methodologies. For certain of the renewable energy projects, CITCs are recorded as a reduction in property, plant and equipment – net on the consolidated balance sheets and amortized as a reduction to depreciation and amortization expense over the estimated life of the related property. Depreciation and amortization expense also includes a provision for wind and solar facility dismantlement, asset removal costs and accretion related to asset retirement obligations and the amortization of finite-lived intangible assets.

Depreciation and amortization expense increased $142 million during the year ended December 31, 2022 primarily due to depreciation related to projects acquired in the second half of 2021 and 2022.

Gains (Losses on Disposal of Businesses/Assets – Net

The $36 million net gains on disposal of businesses/assets recognized during the year ended December 31, 2022 primarily reflects the gain recorded for the sale of NEP's interests in a pipeline in Texas. See Note 2 – Disposal of Pipeline.

Other Income (Deductions

Interest Expense
Interest expense primarily consists of interest under long-term debt agreements and mark-to-market gains and losses on interest rate contracts. Interest expense decreased approximately $806 million during the year ended December 31, 2022 primarily reflecting $865 million of favorable mark-to-market activity ($1,033 million of gains recorded in 2022 compared to $168 million of gains recorded in 2021), offset by higher interest expense due to increased average debt outstanding and higher interest rates. See Note 12 and Note 5 – Financial Statement Impact of Derivative Instruments.

Equity in Earnings of Equity Method Investees
Equity in earnings of equity method investees increased $23 million for the year ended December 31, 2022 primarily due to earnings related to NEP's investment in projects in October 2021 (see Note 3).

Equity in Earnings of Non-Economic Ownership Interests

Equity in earnings of non-economic ownership interests increased $29 million for the year ended December 31, 2022 primarily reflecting favorable mark-to-market activity on interest rate contracts in 2022.

Income Taxes

NEP recognizes in income its applicable ownership share of U.S. income taxes due to the disregarded tax status of substantially all of the projects under NEP OpCo. Net income or loss attributable to noncontrolling interests includes minimal U.S. taxes.

For the year ended December 31, 2022, NEP recorded income tax expense of $171 million on income before income taxes of $1,292 million, resulting in an effective tax rate of approximately 13%. The income tax expense is primarily comprised of income tax expense of approximately $271 million at the statutory rate of 21% and $35 million of state income tax expense, partly offset by income tax benefit of $135 million related to income tax attributable to noncontrolling interests. See Note 7.

For the year ended December 31, 2021, NEP recorded income tax expense of $48 million on income before income taxes of $472 million, resulting in an effective tax rate of approximately 10%. The income tax expense is primarily comprised of income tax expense of approximately $99 million at the statutory rate of 21% and $12 million of state income tax expense, partly offset by income tax benefit of $59 million related to income tax attributable to noncontrolling interests. See Note 7.

Net Loss (Income Attributable to Noncontrolling Interests

Net loss (income) attributable to noncontrolling interests primarily reflects the net income or loss attributable to NEE Equity's noncontrolling interest in NEP OpCo, a non-affiliated party's interest in one of the Texas pipelines, a non-affiliated party's interest in Star Moon Holdings, LLC, the loss allocated to differential membership interest investors, the income allocated to Class B noncontrolling ownership interests and NEER's noncontrolling ownership interests in Silver State South Solar, LLC and Sunlight Renewables Holdings, LLC. Net income attributable to noncontrolling interests increased $357 million during the year ended December 31, 2022 primarily reflecting a higher net income allocation to NEE Equity's noncontrolling interest due to an increase in net income as compared to 2021, partly offset by higher losses allocated to differential membership interest investors due to higher wind resource resulting in higher PTCs. See Note 2 – Noncontrolling Interests and Note 13 – Class B Noncontrolling Interests.

2021 Compared to 2020

The comparison of the results of operations for the years ended December 31, 2021 and 2020 is included in Management's Discussion in NEP's Annual Report on Form 10-K for the year ended December 31, 2021.

Liquidity and Capital Resources

NEP’s ongoing operations use cash to fund O&M expenses, including related party fees discussed in Note 14, maintenance capital expenditures, debt service payments and related derivative obligations (see Note 12 and Note 5), distributions to common unitholders, and distributions to the holders of noncontrolling interests and the payment of any cash portion of the purchase price payable in connection with the exercise of a buyout right (see Note 13 and Note 2 – Noncontrolling Interests). NEP expects to satisfy these requirements primarily with internally generated cash flow. In addition, as a growth-oriented limited partnership, NEP expects from time to time to make acquisitions and other investments (see Note 3). These acquisitions and investments are expected to be funded with borrowings under credit facilities or term loans, issuances of indebtedness, issuances of additional NEP common units or preferred units, capital raised pursuant to other financing structures, cash on hand and cash generated from operations. NEP may issue common units to fund NEP's conversion obligation in excess of the aggregate principal amount of the convertible notes being converted and expects to issue common units, or non-voting common units (convertible into common units), to fund the payment of the equity portion of the purchase price payable in connection with the exercise of buyout rights associated with certain noncontrolling interests (see Note 12, Note 13 and Note 2 – Noncontrolling Interests).

These sources of funds are expected to be adequate to provide for NEP's short-term and long-term liquidity and capital needs, although its ability to make future acquisitions, fund additional expansion or repowering of existing projects, fund the purchase price payable in connection with the exercise of buyout rights and increase its distributions to common unitholders will depend on its ability to access capital on acceptable terms.

As a normal part of its business, depending on market conditions, NEP expects from time to time to consider opportunities to repay, redeem, repurchase or refinance its indebtedness or equity arrangements. In addition, NEP expects from time to time to consider potential investments in new acquisitions and the expansion or repowering of existing projects. These events may cause NEP to seek additional debt or equity financing, which may not be available on acceptable terms or at all. Additional debt financing, if available, could impose operating restrictions, additional cash payment obligations and additional covenants.

NEP OpCo has agreed to allow NEER or one of its affiliates to withdraw funds received by NEP OpCo or its subsidiaries and to hold those funds in accounts of NEER or one of its affiliates to the extent the funds are not required to pay project costs or otherwise required to be maintained by NEP's subsidiaries, until the financing agreements permit distributions to be made, or, in the case of NEP OpCo, until such funds are required to make distributions or to pay expenses or other operating costs. NEP OpCo will have a claim for any funds that NEER fails to return:

- when required by its subsidiaries' financings;
- when its subsidiaries' financings otherwise permit distributions to be made to NEP OpCo;
- when funds are required to be returned to NEP OpCo; or
- when otherwise demanded by NEP OpCo.

In addition, NEER and certain of its affiliates may withdraw funds in connection with certain long-term debt agreements and hold those funds in accounts belonging to NEER or its affiliates and provide credit support in the amount of such withdrawn funds. If NEER fails to return withdrawn funds when required by NEP's subsidiaries' financing agreements, the lenders will be entitled to draw on any credit support provided by NEER in the amount of such withdrawn funds.

If NEER or one of its affiliates realizes any earnings on the withdrawn funds prior to the return of such funds, it will be permitted to retain those earnings.

Liquidity Position

At December 31, 2022, NEP's liquidity position was approximately $3,093 million. The table below provides the components of NEP's liquidity position:

	December 31, 2022		Maturity Date
	(millions)		
Cash and cash equivalents[(a)]	$	235	
Amounts due under the CSCS agreement		298	
Revolving credit facilities[(b)]		2,500	2027[(c)]
Less issued letters of credit		(118)	
NEP Renewables IV final funding[(d)]		178	
Total	$	3,093	

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(a) In January 2023, NEP bought out differential membership investors with ownership interests in two wind projects for approximately $187 million. See Note 2 – Noncontrolling Interests.
(b) Excludes a credit facility due to restrictions on the use of the borrowings. See Note 12.
(c) At December 31, 2022, approximately $50 million had a maturity date in 2025. In February 2023, approximately $50 million was borrowed under the NEP OpCo credit facility and the maturity date for substantially all of the NEP OpCo credit facility was extended until 2028.
(d) See Note 13 – Class B Noncontrolling Interests for a discussion of the final funding related to the sale of Class B noncontrolling interests in NEP Renewables IV.

Management believes that NEP's liquidity position and cash flows from operations will be adequate to finance O&M, maintenance capital expenditures, distributions to its unitholders and to the holders of noncontrolling interests and liquidity commitments. Management continues to regularly monitor NEP's financing needs consistent with prudent balance sheet management.

Financing Arrangements

NEP OpCo and its direct subsidiary are parties to a $2,500 million revolving credit facility (NEP OpCo credit facility) maturing in February 2028. During 2022, $951 million was drawn under the NEP OpCo credit facility and $1,505 million of the outstanding borrowings under this facility were repaid. At December 31, 2022, no amounts were outstanding under the NEP OpCo credit facility. For a discussion of the NEP OpCo credit facility, see Note 12.

During 2022, NEP issued $500 million in aggregate principal amount of 2.5% convertible senior notes due in 2026. See Note 12.

During 2021, NEP issued $500 million in aggregate principal amount of 0% convertible senior notes due in 2024 and an indirect subsidiary of NEP borrowed $644 million under a limited-recourse senior secured variable rate term loan facility maturing in 2028. See Note 12.

During 2020, NEP issued $600 million in aggregate principal amount of 0% convertible senior notes due in 2025 and utilized proceeds to repay $500 million in aggregate principal amount of outstanding 4.25% senior unsecured notes due 2024 that were issued in September 2017. See Note 12.

NEP OpCo and certain indirect subsidiaries are subject to financings that contain financial covenants and distribution tests, including debt service coverage ratios. In general, these financings contain covenants customary for these types of financings, including limitations on investments and restricted payments. Certain of NEP's financings provide for interest payable at a fixed interest rate. However, certain of NEP's financings accrue interest at variable rates based on an underlying index plus a margin. Interest rate contracts were entered into for certain of these financings to hedge against interest rate movements with respect to interest payments on the related borrowings. In addition, under the project-level financings, each project will be permitted to pay distributions out of available cash so long as certain conditions are satisfied, including that reserves are funded with cash or credit support, no default or event of default under the applicable financings has occurred and is continuing at the time of such distribution or would result therefrom, and each project is otherwise in compliance with the project-level financing’s covenants. For the majority of the project-level financings, minimum debt service coverage ratios must be satisfied in order to make a distribution. For one project financing, the project must maintain a leverage ratio and an interest coverage ratio in order to make a distribution. At December 31, 2022, NEP's subsidiaries were in compliance with all financial debt covenants under their financings.

Equity Arrangements

Certain NEP OpCo subsidiaries have issued and sold noncontrolling Class B interests in their subsidiaries. NEP has buyout rights, subject to certain limitations and/or extensions, under which NEP has the right to pay a portion of the buyout price with respect to the Class B interests in NEP non-voting common units or NEP common units, as specified in the related limited liability company agreement. The Class B investors receive a specified allocation of the related subsidiaries' distributable cash, which would increase if certain minimum buyout rights are not exercised prior to specified deadlines. While NEP has the right to exercise the buyout right to purchase the noncontrolling Class B interests during a specified period of time as set forth in the related limited liability company agreement and may exercise the buyout right by paying cash, NEP may exercise, or begin to exercise if exercisable only in part, the buyout right on or at the beginning of the buyout period, and that the buyout price may consist of the maximum percentage of NEP non-voting common units or NEP common units, as specified in the related limited liability company agreement. See Note 13 – Class B Noncontrolling Interests. Because of the increase in distributable cash that the Class B investors would receive if NEP does not exercise its buyout rights prior to the specified deadlines, NEP generally plans to exercise its buyout rights prior to such deadlines.

In 2021, NEP paid aggregate consideration of approximately $885 million, consisting of approximately 7.3 million NEP common units and $265 million in cash, for the buyout of the Class B noncontrolling membership interests in NEP Renewables. See Note 13 – Class B Noncontrolling Interests. In 2020, NEP issued approximately 4.67 million NEP common units upon the conversion of the remaining convertible preferred units on a one-for-one basis. See Note 13 – Preferred Units. Also in 2020, NEP issued approximately 5.7 million NEP common units upon the conversion of approximately $300 million principal amount of convertible notes. See Note 12.

NEP has an at-the-market equity issuance program (ATM program), which was renewed in 2021, pursuant to which NEP may issue, from time to time, up to $300 million of its common units. During 2022 and 2021, NEP issued approximately 1.8 million common units and 0.7 million common units under the ATM program for gross proceeds of approximately $145 million and $50 million, respectively. As of December 31, 2022, NEP may issue up to approximately $155 million in additional common units under the ATM program. See Note 13 – ATM Program.

In 2022, NEP issued 0.8 million NEP common units upon NEE Equity's exchange of NEP OpCo common units on a one-for-one basis. In January 2023, NEE Equity delivered notice to NEP OpCo of its election to exchange 0.9 million NEP OpCo common units for NEP common units on a one-for-one basis. The exchange of common units, and related issuance of NEP common units, is expected to occur in the second quarter of 2023.

In July 2021, NEP filed a shelf registration statement with the SEC, which became effective upon filing, for an unspecified amount of securities. The amount of securities issuable by NEP is established from time to time by the board. Securities that may be issued under the registration statement include common units, preferred units, warrants, rights, debt securities, equity purchase contracts and equity purchase units.

Capital Expenditures

Annual capital spending plans are developed based on projected requirements for the projects. Capital expenditures primarily represent the estimated cost of capital improvements, including construction expenditures that are expected to increase NEP OpCo’s operating income or operating capacity over the long term. Capital expenditures for projects that have already commenced commercial operations are generally not significant because most expenditures relate to repairs and maintenance and are expensed when incurred. For the years ended December 31, 2022 and 2021, NEP had capital expenditures, excluding the purchase prices of acquired projects, of approximately $1,351 million and $113 million, respectively, primarily reflecting costs associated with the three facilities acquired from NEER in December 2021 that were under construction, of which costs of $1,161 million and $15 million, respectively, were reimbursed by NEER through December 2022 (see Note 3), and expansion projects at certain pipelines. NEP made investments in CPL related to an expansion that was completed in the fourth quarter of 2021. In the first quarter of 2022, the three facilities acquired from NEER in December 2021 were placed in service. NEP expects to have capital expenditures in 2023 related to the newly constructed renewable energy facilities, as well as the project that is under construction which was acquired from NEER in December 2022. Such expenditures will be reimbursed by NEER as contemplated in the acquisition (see Note 3). These estimates are subject to continuing review and adjustments and actual capital expenditures may vary significantly from these estimates.

Cash Distributions to Unitholders

NEP's partnership agreement requires it to distribute available cash quarterly. Generally, available cash is all cash on hand at the date of determination relating to that quarter (including any expected distributions from NEP OpCo), less the amount of cash reserves established by the board. NEP currently expects that cash reserves would be established solely to provide for the payment of income taxes by NEP, if any. Cash flow is generated from distributions NEP receives from NEP OpCo each quarter. Although, as described above, NEP currently expects that cash reserves would be established by the board solely to provide for the payment of NEP's income taxes, if any, NEP expects NEP OpCo to establish cash reserves prior to making distributions to NEP to pay costs and expenses of NEP's subsidiaries, in addition to NEP's expenses, as well as any debt service requirements and future capital expenditures.

NEP OpCo's partnership agreement requires it to distribute all of its available cash to its unitholders, including NEP, each quarter. Generally, NEP OpCo's available cash is all cash on hand at the date of determination relating to that quarter, plus any funds borrowed, less the amount of cash reserves established by NEP OpCo GP. The majority of such available cash is expected to be derived from the operations of the projects. The cash available for distribution could fluctuate from quarter to quarter, and in some cases significantly, as a result of the performance of the projects, seasonality, fluctuating wind and solar resource, maintenance and outage schedules, timing of debt service and other factors.

During 2022 and 2021, NEP distributed approximately $254 million and $198 million, respectively, to its common unitholders. In addition, NEP paid approximately $70 million in distributions to its common unitholders in February 2023.

Credit Ratings

NEP’s liquidity, ability to access credit and capital markets and cost of borrowings is dependent on its credit ratings. As of February 22, 2023, Moody’s Investors Service, Inc. (Moody’s), S&P Global Ratings (S&P) and Fitch Ratings, Inc. (Fitch) continue to assign the following credit ratings to NEP:

	Moody's[(a)]	S&P[(a)]	Fitch[(a)]
NEP corporate credit rating[(b)]	Ba1	BB	BB+

(a) A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.
(b) The outlook indicated by each of Moody's, S&P and Fitch is stable.

Cash Flows

The following table reflects the cash flows for the comparative periods:

	Years Ended December 31,		
	2022	2021	2020
		(millions)	
Net cash provided by operating activities	**$ 776**	$ 677	$ 665
Net cash used in investing activities	**$ (1,194)**	$ (2,301)	$ (681)
Net cash provided by (used in) financing activities	**$ 551**	$ 1,663	$ (4)

Net Cash Provided by Operating Activities

The increase in net cash provided by operating activities in 2022 compared to 2021 was primarily driven by higher cash from operations associated with the ownership interests in projects acquired in the second half of 2021 and 2022 and the timing of transactions impacting working capital.

Net Cash Used in Investing Activities

	Years Ended December 31,		
	2022	2021	2020
		(millions)	
Acquisitions of membership interests in subsidiaries – net	**$ (989)**	$ (2,352)	$ (378)
Capital expenditures and other investments	**(1,351)**	(113)	(334)
Proceeds from CITCs	**—**	75	—
Proceeds from the sale of a business	**204**	—	—
Payments from (to) related parties under CSCS agreement – net	**(240)**	(47)	2
Distributions from equity method investee	**15**	1	8
Distributions from non-economic ownership interests	**—**	90	—
Reimbursements from related parties for capital expenditures	**1,161**	15	—
Other	**6**	30	21
Net cash used in investing activities	**$ (1,194)**	$ (2,301)	$ (681)

The decrease in net cash used in investing activities during 2022 was primarily driven by lower net cash used for acquisitions in 2022 compared to 2021 (see Note 3), higher reimbursement from NEER subsidiaries for capital expenditures and proceeds from the sale of interests in a natural gas pipeline (see Note 2 – Disposal of Pipeline), partly offset by higher capital expenditures in 2022 primarily related to completion of certain construction activities (see Capital Expenditures discussed above), higher payments to NEER subsidiaries (net of amounts received) under the CSCS agreement, no distributions from non-economic ownership interests received in 2022 (amounts distributed back to the non-economic ownership interests are reflected in partner distributions within financing activities) and no CITC proceeds received in 2022.

Net Cash Provided by (Used in) Financing Activities

	Years Ended December 31,		
	2022	2021	2020
		(millions)	
Proceeds from issuance of common units – net	**$ 147**	$ 50	$ 2
Issuances of long-term debt, including premiums and discounts	**1,505**	2,880	695
Retirements of long-term debt	**(1,544)**	(1,159)	(1,166)
Partner contributions	**2**	2	9
Partner distributions	**(636)**	(619)	(442)
Proceeds related to differential membership interests – net	**202**	87	243
Proceeds related to Class B noncontrolling interests – net	**952**	548	705
Debt issuance costs	**(17)**	(12)	(1)
Capped call transactions – net	**(31)**	(31)	(33)
Payment of CITC obligation to third party	**—**	(65)	—
Other	**(29)**	(18)	(16)
Net cash provided by (used in) financing activities	**$ 551**	$ 1,663	$ (4)

The change in net cash provided by financing activities in 2022 compared to 2021 is primarily due to lower issuances of long-term debt and higher retirements of long-term debt in 2022 compared to 2021, partly offset by higher net proceeds related to Class B noncontrolling interests (see Note 2 – Noncontrolling Interests and Note 13 – Class B Noncontrolling Interests), higher net proceeds related to differential membership interests and higher proceeds from issuance of common units.

The comparison of the cash flows for the years ended December 31, 2021 and 2020 are included in Management's Discussion in NEP's Annual Report on Form 10-K for the year ended December 31, 2021.

New Accounting Rules and Interpretations

Reference Rate Reform – In March 2020, the Financial Accounting Standards Board issued an accounting standards update which provides certain options to apply accounting guidance on contract modifications and hedge accounting as companies transition from the London Inter-Bank Offered Rate and other interbank offered rates to alternative reference rates. See Note 2 – Reference Rate Reform.

Critical Accounting Policies and Estimates

NEP's significant accounting policies are described in Note 2 to the consolidated financial statements, which were prepared under generally accepted accounting principles in the U.S. Critical accounting policies are those that NEP believes are both most important to the portrayal of its financial condition and results of operations, and require complex, subjective judgments, often as a result of the need to make estimates and assumptions about the effect of matters that are inherently uncertain. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. The following policies are those considered to be the most critical in understanding the judgments that are involved in preparing the consolidated financial statements.

Income Taxes

Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense. In evaluating NEP's ability to recover its deferred tax assets individually by entity and by taxing jurisdiction, NEP considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In projecting future taxable income, NEP begins with historical results and incorporates assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates NEP is using to manage the underlying businesses.

ASC 740 provides that a tax benefit from an uncertain tax position will be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. ASC 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, and disclosure and transition.

NEP recognizes tax liabilities in accordance with ASC 740 and adjusts these liabilities when its judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from NEP's current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined.

See Note 7.

Impairment of Long-Lived Assets

NEP evaluates long-lived assets, including finite-lived intangible assets, for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset’s fair value. In most instances, the fair value is determined by discounting estimated future cash flows using an appropriate interest rate.

The amount of future net cash flows, the timing of such cash flows and the determination of an appropriate interest rate all involve estimates and judgments about future events. In particular, the aggregate amount of cash flows determines whether an impairment exists, and the timing of the cash flows is critical in determining fair value for the purposes of determining the impairment loss to be recognized. Because each assessment is based on the facts and circumstances associated with each long-lived asset, the effects of changes in assumptions cannot be generalized.

Carrying Value of Equity Method Investments

NEP evaluates its equity method investments for impairment when events or changes in circumstances indicate that the fair value of the investment is less than the carrying value and the investment may be other-than-temporarily impaired.

Indicators of a potential impairment include, but are not limited to, a series of operating losses of an investee, the absence of an ability to recover the carrying amount of the investment, the inability of the investee to sustain an earnings capacity and a current fair value of an investment that may be less than its carrying value. If indicators of impairment exist, an estimate of the investment’s fair value will be calculated. Approaches for estimating fair value include, among others, an income approach using a probability-weighted discounted cash flows model and a market approach using an earnings before interest, taxes, depreciation and amortization (EBITDA) multiple model. The probability assigned to each scenario as well as the cash flows and EBITDA multiple identified are critical in determining fair value.

An impairment loss is required to be recognized if the impairment is deemed to be other than temporary. Assessment of whether an investment is other-than-temporarily impaired involves, among other factors, consideration of the length of time that the fair value is below the carrying value, current expected performance relative to the expected performance when the investment was initially made, performance relative to peers, industry performance relative to the economy, credit rating, regulatory actions and legal and permitting challenges. If management is unable to reasonably assert that an impairment is temporary or believes that there will not be full recovery of the carrying value of its investment, then the impairment is considered to be other than temporary. Investments that are other-than-temporarily impaired are written down to their estimated fair value and cannot subsequently be written back up for increases in estimated fair value. Impairment losses, if any, would be recorded in equity in earnings (losses) of equity method investees in NEP's consolidated statements of income.

Business Combinations

Certain assumptions and estimates are employed in determining the fair value of assets acquired and liabilities assumed and, for business acquisitions, in determining the allocation of goodwill to a reporting unit. These estimates may be affected by factors such as changing market conditions, technological advances in the energy industry or changes in regulations governing that industry. Other key inputs that require judgment include discount rates, comparable market transactions, estimated useful lives and probability of future transactions. The most significant assumptions requiring the most judgment involve identifying and estimating the fair value of intangible assets and property, plant and equipment and the associated useful lives for establishing amortization periods. To finalize purchase accounting for significant transactions, NEP may utilize the services of independent valuation specialists to assist in the determination of the fair value of acquired intangible assets and property, plant and equipment. For business acquisitions, the allocation of the purchase price may be modified up to one year from the date of the acquisition if new information is obtained about the fair value of assets acquired and liabilities assumed. See Note 3.

Goodwill and Other Intangible Assets

Goodwill acquired in connection with business combinations represents the excess of consideration over the fair value of net assets acquired. For goodwill and intangible assets with indefinite lives, an assessment for impairment is performed annually or whenever an event indicating impairment may have occurred. NEP completes the annual impairment test for goodwill and indefinite-lived intangibles using an assessment date of October 1. Goodwill is reviewed for impairment by comparing the carrying value of a reporting unit's net assets, including allocated goodwill, to the estimated fair value of a reporting unit. NEP estimates the fair value of a reporting unit using a combination of the income, market and cost approaches. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. Such estimates and assumptions include revenue growth rates, future operating margins, the weighted average cost of capital, and future market conditions, among others. If a reporting unit's carrying value is greater than its fair value, a second step is performed whereby the implied fair value of goodwill is estimated by allocating the fair value of a reporting unit in a hypothetical purchase price allocation analysis. A goodwill impairment charge would be recognized for the amount by which the carrying value of goodwill exceeds its reassessed fair value. NEP performed its annual goodwill impairment test in October 2022 and determined, based on the results, that no goodwill impairment charge was required.

Quantitative and Qualitative Disclosures about Market Risk

NEP is exposed to several market risks in its normal business activities. Market risk is the potential loss that may result from market changes associated with its business. The types of market risks include interest rate and counterparty credit risks.

Interest Rate Risk

NEP is exposed to risk resulting from changes in interest rates associated with outstanding and expected future debt issuances and borrowings. NEP manages interest rate exposure by monitoring current interest rates, entering into interest rate contracts and using a combination of fixed rate and variable rate debt. Interest rate swaps are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements (see Note 5).

NEP has long-term debt instruments that subject it to the risk of loss associated with movements in market interest rates. At December 31, 2022, approximately 99% of the long-term debt, including current maturities, was not exposed to fluctuations in interest expense as it was either fixed rate debt or financially hedged. At December 31, 2022, the estimated fair value of NEP's long-term debt was approximately $5.1 billion and the carrying value of the long-term debt was $5.3 billion. See Note 6 – Financial Instruments Recorded at Other than Fair Value. Based upon a hypothetical 10% decrease in interest rates, the fair value of NEP's long-term debt would increase by approximately $36 million at December 31, 2022.

At December 31, 2022, NEP had interest rate contracts with a net notional amount of approximately $7.8 billion related to managing exposure to the variability of cash flows associated with outstanding and expected future debt issuances and borrowings. Based upon a hypothetical 10% decrease in rates, NEP's net derivative liabilities at December 31, 2022 would increase by approximately $183 million.

Counterparty Credit Risk

Risks surrounding counterparty performance and credit risk could ultimately impact the amount and timing of expected cash flows. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties under the terms of their contractual obligations. NEP monitors and manages credit risk through credit policies that include a credit approval process and the use of credit mitigation measures such as prepayment arrangements in certain circumstances. NEP also seeks to mitigate counterparty risk by having a diversified portfolio of counterparties.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See Management's Discussion – Quantitative and Qualitative Disclosures About Market Risk.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

NextEra Energy Partners, LP's (NEP) management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f). The consolidated financial statements, which in part are based on informed judgments and estimates made by management, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis.

To aid in carrying out this responsibility, we, along with all other members of management, maintain a system of internal accounting control which is established after weighing the cost of such controls against the benefits derived. In the opinion of management, the overall system of internal accounting control provides reasonable assurance that the assets of NEP and its subsidiaries are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded for the preparation of financial statements. In addition, management believes the overall system of internal accounting control provides reasonable assurance that material errors or irregularities would be prevented or detected on a timely basis by employees in the normal course of their duties. Any system of internal accounting control, no matter how well designed, has inherent limitations, including the possibility that controls can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation and reporting.

The system of internal accounting control is supported by written policies and guidelines, the selection and training of qualified employees, an organizational structure that provides an appropriate division of responsibility and a program of internal auditing. NEP's written policies include a Code of Business Conduct & Ethics that states management's policy on conflicts of interest and ethical conduct. Compliance with the Code of Business Conduct & Ethics is confirmed annually by key personnel.

The Board of Directors pursues its oversight responsibility for financial reporting and accounting through its Audit Committee. This Committee, which is comprised entirely of independent directors, meets regularly with management, the internal auditors and the independent auditors to make inquiries as to the manner in which the responsibilities of each are being discharged. The independent auditors and the internal audit staff have free access to the Committee without management present to discuss auditing, internal accounting control and financial reporting matters.

Management assessed the effectiveness of NEP's internal control over financial reporting as of December 31, 2022, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the *Internal Control – Integrated Framework (2013)*. Based on this assessment, management believes that NEP's internal control over financial reporting was effective as of December 31, 2022.

NEP's independent registered public accounting firm, Deloitte & Touche LLP, is engaged to express an opinion on NEP's consolidated financial statements and an opinion on NEP's internal control over financial reporting. Their reports are based on procedures believed by them to provide a reasonable basis to support such opinions. These reports appear on the following pages.

JOHN W. KETCHUM

John W. Ketchum
Chairman of the Board and Chief Executive Officer
NextEra Energy Partners, LP

TERRELL KIRK CREWS II

Terrell Kirk Crews II
Chief Financial Officer
NextEra Energy Partners, LP

JAMES M. MAY

James M. May
Controller and Chief Accounting Officer
NextEra Energy Partners, LP

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the unitholders and the Board of Directors of NextEra Energy Partners, LP

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of NextEra Energy Partners, LP and subsidiaries (NEP) as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, NEP maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022 of NEP and our report dated February 22, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

NEP's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on NEP's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to NEP in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

DELOITTE & TOUCHE LLP

Boca Raton, Florida
February 22, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the unitholders and the Board of Directors of NextEra Energy Partners, LP

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NextEra Energy Partners, LP and subsidiaries (NEP) as of December 31, 2022 and 2021, the related consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of NEP as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), NEP's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2023 expressed an unqualified opinion on NEP's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of NEP's management. Our responsibility is to express an opinion on NEP's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to NEP in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Acquisitions — Refer to Note 3 to the financial statements

Critical Audit Matter Description

As discussed in Note 3 to the financial statements, in December 2022, an indirect subsidiary of NEP completed the acquisition of ownership interests (December 2022 acquisition) in a portfolio of wind and solar-plus-storage generation facilities from subsidiaries of NextEra Energy Resources, LLC (NEER), a related party. The purchase price included total consideration of approximately $805 million, plus working capital and other adjustments of approximately $8 million (subject to certain post-closing adjustments) and NEP's share of the portfolio's existing noncontrolling interests related to differential membership investors of approximately $1.4 billion at the time of closing. The purchase price for the asset acquisition was allocated to the assets acquired and liabilities assumed, including the noncontrolling interests, based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed were based on significant estimates and assumptions, including Level 3 (unobservable) inputs, which require judgment.

The accounting and reporting for these transactions required an increased extent of audit effort and specialized skill and knowledge. Auditing the unobservable inputs used by management to estimate the fair value of the acquired assets involved subjective judgments and an increased extent of effort, including the need to involve our firm specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures included the following, among others:

- We tested the effectiveness of controls over purchase accounting, including management's review of the third-party specialist's valuation report.
- We evaluated the competency of the third-party specialist engaged by management to perform the valuations. We read the third-party valuation report.

- We assessed the reasonableness of management’s forecasts of future cash flows by comparing the projections to similar generation facilities acquired in previous years.
- We used personnel in our firm who specialize in energy transacting to assist in testing certain inputs in management's fair value models.
- With the assistance of our fair value specialists, we (1) evaluated the reasonableness of the valuation methodology, (2) evaluated the reasonableness of the discount rates, including testing the source information underlying the determination of the discount rates, assessing the mathematical accuracy of the calculation, and developing a range of independent estimates and comparing those to the discount rates selected by management, and (3) assessed the mathematical accuracy of significant calculations in the valuation schedules.
- We evaluated NEP’s disclosures related to the acquisition, including balances recorded and significant assumptions.

DELOITTE & TOUCHE LLP

Boca Raton, Florida
February 22, 2023

We have served as NEP's auditor since 2014.

NEXTERA ENERGY PARTNERS, LP
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(millions, except per unit amounts)

	Years Ended December 31,		
	2022	2021	2020
OPERATING REVENUES			
Renewable energy sales	**$ 966**	$ 720	$ 703
Texas pipelines service revenues	**245**	262	214
Total operating revenues[a]	**1,211**	982	917
OPERATING EXPENSES			
Operations and maintenance[b]	**571**	419	363
Depreciation and amortization	**430**	288	271
Taxes other than income taxes and other	**49**	36	28
Total operating expenses – net	**1,050**	743	662
GAINS (LOSSES) ON DISPOSAL OF BUSINESSES/ASSETS – NET	**36**	(5)	(2)
OPERATING INCOME	**197**	234	253
OTHER INCOME (DEDUCTIONS)			
Interest expense	**853**	47	(620)
Equity in earnings of equity method investees	**183**	160	108
Equity in earnings (losses) of non-economic ownership interests	**56**	27	(3)
Other – net	**3**	4	5
Total other income (deductions) – net	**1,095**	238	(510)
INCOME (LOSS) BEFORE INCOME TAXES	**1,292**	472	(257)
INCOME TAX EXPENSE (BENEFIT)	**171**	48	(19)
NET INCOME (LOSS)	**1,121**	424	(238)
NET INCOME ATTRIBUTABLE TO PREFERRED DISTRIBUTIONS	**—**	—	(5)
NET LOSS (INCOME) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(644)**	(287)	188
NET INCOME (LOSS) ATTRIBUTABLE TO NEXTERA ENERGY PARTNERS, LP	**$ 477**	$ 137	$ (55)
Earnings (loss) per common unit attributable to NextEra Energy Partners, LP – basic	**$ 5.62**	$ 1.77	$ (0.81)
Earnings (loss) per common unit attributable to NextEra Energy Partners, LP – assuming dilution	**$ 5.62**	$ 1.77	$ (0.81)

(a) Includes related party revenues of approximately $25 million, $42 million and $16 million for 2022, 2021 and 2020, respectively.
(b) Includes operations and maintenance (O&M) expenses related to renewable energy projects of approximately $342 million, $207 million and $201 million and O&M expenses related to the Texas pipelines of $45 million, $47 million and $40 million for 2022, 2021 and 2020, respectively. Total O&M expenses presented includes related party amounts of approximately $263 million, $214 million and $146 million for 2022, 2021 and 2020, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

NEXTERA ENERGY PARTNERS, LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(millions)

	Years Ended December 31,		
	2022	2021	2020
NET INCOME (LOSS)	**$ 1,121**	$ 424	$ (238)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Other comprehensive income related to equity method investee (net of $0 tax expense, $0 tax benefit and $0 tax benefit, respectively)	**2**	2	2
Total other comprehensive income (loss), net of tax	**2**	2	2
COMPREHENSIVE INCOME (LOSS)	**1,123**	426	(236)
Comprehensive income attributable to preferred distributions	**—**	—	(5)
Comprehensive loss (income) attributable to noncontrolling interests	**(645)**	(290)	186
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NEXTERA ENERGY PARTNERS, LP	**$ 478**	$ 136	$ (55)

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

NEXTERA ENERGY PARTNERS, LP
CONSOLIDATED BALANCE SHEETS
(millions)

	December 31,	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 235**	$ 147
Accounts receivable	**137**	112
Other receivables	**41**	24
Due from related parties	**1,131**	1,061
Inventory	**51**	41
Derivatives	**65**	—
Other	**202**	25
Total current assets	**1,862**	1,410
Other assets:		
Property, plant and equipment – net	**14,949**	11,417
Intangible assets – PPAs – net	**2,010**	2,175
Intangible assets – customer relationships – net	**526**	593
Derivatives	**369**	7
Goodwill	**891**	891
Investments in equity method investees	**1,917**	1,896
Deferred income taxes	**195**	322
Other	**333**	265
Total other assets	**21,190**	17,566
TOTAL ASSETS	**$ 23,052**	$ 18,976
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	**$ 868**	$ 982
Due to related parties	**92**	104
Current portion of long-term debt	**38**	33
Accrued interest	**28**	26
Derivatives	**12**	26
Accrued property taxes	**31**	25
Other	**257**	65
Total current liabilities	**1,326**	1,261
Other liabilities and deferred credits:		
Long-term debt	**5,250**	5,294
Asset retirement obligations	**299**	243
Derivatives	**2**	595
Due to related parties	**54**	41
Intangible liabilities – PPAs – net	**1,153**	179
Other	**196**	204
Total other liabilities and deferred credits	**6,954**	6,556
TOTAL LIABILITIES	**8,280**	7,817
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NONCONTROLLING INTERESTS	**101**	321
EQUITY		
Common units (86.5 and 83.9 units issued and outstanding, respectively)	**3,332**	2,985
Accumulated other comprehensive loss	**(7)**	(8)
Noncontrolling interests	**11,346**	7,861
TOTAL EQUITY	**14,671**	10,838
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY	**$ 23,052**	$ 18,976

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

NEXTERA ENERGY PARTNERS, LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

	Years Ended December 31,		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	**$ 1,121**	$ 424	$ (238)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	**430**	288	271
Intangible amortization – PPAs	**143**	117	103
Change in value of derivative contracts	**(1,034)**	(189)	384
Deferred income taxes	**171**	46	(26)
Equity in earnings of equity method investees, net of distributions received	**3**	21	85
Equity in losses (earnings) of non-economic ownership interests, net of distributions received	**(50)**	(21)	3
Losses (gains) on disposal of businesses/assets – net	**(36)**	5	2
Costs related to retirement of debt – net	**—**	—	67
Other – net	**10**	11	13
Changes in operating assets and liabilities:			
Current assets	**(43)**	(6)	6
Noncurrent assets	**(2)**	(7)	(4)
Current liabilities	**63**	(10)	(1)
Noncurrent liabilities	**—**	(2)	—
Net cash provided by operating activities	**776**	677	665
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of membership interests in subsidiaries – net	**(989)**	(2,352)	(378)
Capital expenditures and other investments	**(1,351)**	(113)	(334)
Proceeds from CITCs	**—**	75	—
Proceeds from the sale of a business	**204**	—	—
Payments from (to) related parties under CSCS agreement – net	**(240)**	(47)	2
Distributions from equity method investee	**15**	1	8
Distributions from non-economic ownership interests	**—**	90	—
Reimbursements from related parties for capital expenditures	**1,161**	15	—
Other	**6**	30	21
Net cash used in investing activities	**(1,194)**	(2,301)	(681)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of common units – net	**147**	50	2
Issuances of long-term debt, including premiums and discounts	**1,505**	2,880	695
Retirements of long-term debt	**(1,544)**	(1,159)	(1,166)
Debt issuance costs	**(17)**	(12)	(1)
Capped call settlement	**—**	—	30
Capped call transaction	**(31)**	(31)	(63)
Partner contributions	**2**	2	9
Partner distributions	**(636)**	(619)	(442)
Preferred unit distributions	**—**	—	(7)
Proceeds on sale of Class B noncontrolling interests – net	**1,115**	893	750
Payments to Class B noncontrolling interest investors	**(163)**	(80)	(45)
Buyout of Class B noncontrolling interest investors	**—**	(265)	—
Proceeds on sale of differential membership interests	**101**	48	179
Proceeds from differential membership investors	**137**	74	94
Payments to differential membership investors	**(36)**	(35)	(30)
Change in amounts due to related parties	**(18)**	(13)	(3)
Payment of CITC obligation to third party	**—**	(65)	—
Other	**(11)**	(5)	(6)
Net cash provided by (used in) financing activities	**551**	1,663	(4)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	**133**	39	(20)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH – BEGINNING OF YEAR	**151**	112	132
CASH, CASH EQUIVALENTS AND RESTRICTED CASH – END OF YEAR	**$ 284**	$ 151	$ 112
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest, net of amounts capitalized	**$ 154**	$ 126	$ 163
Cash paid for income taxes	**$ —**	$ 2	$ 6
Change in noncash investments in equity method investees – net	**$ (1)**	$ 127	$ 12
Accrued property additions	**$ 846**	$ 971	$ 32
Conversion of 2017 convertible notes to common units	**$ —**	$ —	$ 300

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

NEXTERA ENERGY PARTNERS, LP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(millions)

	Preferred Units		Common Units					
	Units	Amount	Units	Amount	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Equity	Redeemable Non-controlling Interests
Balances, December 31, 2019	4.7	$ 183	65.5	$ 2,008	$ (8)	$ 4,883	$ 7,066	$ —
Issuance of common units – net[(a)]	(4.7)	(183)	10.4	543	—	—	360	—
Capped call settlement, including deferred taxes	—	—	—	33	—	—	33	—
Capped call transaction	—	—	—	(63)	—	—	(63)	—
Related party note receivable	—	—	—	—	—	2	2	—
Net income (loss)	—	5	—	(55)	—	(188)	(238)	—
Other comprehensive income	—	—	—	—	—	2	2	—
Related party contributions	—	—	—	—	—	7	7	—
Related party distributions	—	—	—	—	—	(290)	(290)	—
Changes in non-economic ownership interests	—	—	—	—	—	(12)	(12)	—
Sale of differential membership interest	—	—	—	(3)	—	179	176	—
Other differential membership investment activity	—	—	—	—	—	64	64	—
Sale of Class B noncontrolling interest – net	—	—	—	(4)	—	750	746	—
Payments to Class B noncontrolling interest investors	—	—	—	—	—	(45)	(45)	—
Distributions to unitholders[(b)]	—	(5)	—	(154)	—	—	(159)	—
Conversion option of 2020 convertible notes, including deferred taxes	—	—	—	57	—	—	57	—
Other – net	—	—	—	—	—	1	1	—
Balances, December 31, 2020	—	—	75.9	2,362	(8)	5,353	7,707	—
Issuance of common units – net	—	—	0.7	56	—	—	56	—
Acquisition of subsidiary with noncontrolling ownership interests	—	—	—	—	—	2,494	2,494	321
Capped call transaction	—	—	—	(31)	—	—	(31)	—
Related party note receivable	—	—	—	—	—	2	2	—
Net income	—	—	—	137	—	287	424	—
Other comprehensive income	—	—	—	—	—	2	2	—
Related party distributions	—	—	—	—	—	(424)	(424)	—
Changes in non-economic ownership interests	—	—	—	—	—	127	127	—
Sale of differential membership interest	—	—	—	—	—	48	48	—
Other differential membership investment activity	—	—	—	—	—	39	39	—
Sale of Class B noncontrolling interests – net	—	—	—	(3)	—	893	890	—
Payments to Class B noncontrolling interest investors	—	—	—	—	—	(80)	(80)	—
Distributions to unitholders[(b)]	—	—	—	(198)	—	—	(198)	—
Adoption of accounting standards update	—	—	—	(57)	—	1	(56)	—
Exercise of Class B noncontrolling interest buyout right[(c)]	—	—	7.3	719	—	(879)	(160)	—
Other – net	—	—	—	—	—	(2)	(2)	—
Balances, December 31, 2021	—	—	83.9	2,985	(8)	7,861	10,838	321
Issuance of common units – net[(a)]	**—**	**—**	**2.6**	**179**	**—**	**—**	**179**	**—**
Acquisition of subsidiaries with differential membership interests and noncontrolling ownership interests	**—**	**—**	**—**	**—**	**—**	**2,012**	**2,012**	**—**
Capped call transaction	**—**	**—**	**—**	**(31)**	**—**	**—**	**(31)**	**—**
Related party note receivable	**—**	**—**	**—**	**—**	**—**	**2**	**2**	**—**
Net income	**—**	**—**	**—**	**477**	**—**	**635**	**1,112**	**9**
Other comprehensive income	**—**	**—**	**—**	**—**	**1**	**1**	**2**	**—**
Related party distributions	**—**	**—**	**—**	**—**	**—**	**(382)**	**(382)**	**—**
Changes in non-economic ownership interests	**—**	**—**	**—**	**—**	**—**	**1**	**1**	**—**
Sale of differential membership interest	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**101**
Other differential membership investment activity	**—**	**—**	**—**	**(21)**	**—**	**264**	**243**	**(330)**
Sale of Class B noncontrolling interests – net	**—**	**—**	**—**	**(3)**	**—**	**1,115**	**1,112**	**—**
Payments to Class B noncontrolling interest investors	**—**	**—**	**—**	**—**	**—**	**(163)**	**(163)**	**—**
Distributions to unitholders[(b)]	**—**	**—**	**—**	**(254)**	**—**	**—**	**(254)**	**—**
Balances, December 31, 2022	**—**	**$ —**	**86.5**	**$ 3,332**	**$ (7)**	**$ 11,346**	**$ 14,671**	**$ 101**

(a) In 2022, includes NEE Equity's exchange of NEP OpCo common units for NEP common units and includes deferred tax impact of approximately $14 million (see Note 13 - Common Unit Issuances). In 2020, NEP issued approximately 4.7 million NEP common units upon the conversion of preferred units on a one-for-one basis and issued 5.7 million NEP common units upon the conversion of $300 million of convertible notes (see Note 13 – Preferred Units and Note 12). NEP recognized a deferred tax asset of approximately $59 million related to the issuance of NEP common units.

(b) Distributions per common unit were $2.9900, $2.6000 and $2.2625 for the years ended December 31, 2022, 2021 and 2020, respectively.

(c) Reflects the issuance of approximately 7.3 million NEP common units and recognition of a $105 million deferred tax asset in connection with the exercise of the Class B noncontrolling interest buyout right discussed in Note 13 – Class B Noncontrolling Interests.

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

1. Organization and Nature of Business

NextEra Energy Partners, LP (NEP) was formed as a Delaware limited partnership on March 6, 2014 as an indirect wholly owned subsidiary of NextEra Energy, Inc. (NEE), a Florida corporation. NEP was formed to be a growth-oriented limited partnership that would acquire, manage and own contracted clean energy projects with stable long-term cash flows.

On July 1, 2014, NEP completed its initial public offering (IPO). NEP used the proceeds from the IPO to purchase common units of NextEra Energy Operating Partners, LP (NEP OpCo) from NextEra Energy Equity Partners, LP (NEE Equity), a Delaware limited partnership and an indirect wholly owned subsidiary of NEE, and to purchase NEP OpCo common units from NEP OpCo.

NEP OpCo is a limited partnership with a general partner and limited partners. NEP consolidates the results of NEP OpCo and its subsidiaries because of its controlling interest in the general partner of NEP OpCo. At December 31, 2022, NEP owned an approximately 46.2% limited partner interest in NEP OpCo's common units and NEE Equity owned a noncontrolling 53.8% limited partner interest in NEP OpCo's common units. See Note 13 - Common Unit Issuances.

In connection with the IPO, NEP acquired a portfolio of clean, contracted renewable energy assets including wind and solar energy generating facilities. Subsequent to the IPO, NEP expanded its portfolio through the acquisition of additional interests in wind, solar and solar-plus-storage projects primarily from NextEra Energy Resources, LLC (NEER), as well as the acquisition of interests in natural gas pipeline assets located in Texas (Texas pipelines) and Pennsylvania from third parties.

2. Summary of Significant Accounting and Reporting Policies

Basis of Presentation – NEP’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S.), or GAAP. The consolidated financial statements include NEP’s accounts and operations and those of its subsidiaries in which NEP has a controlling interest.

All intercompany transactions have been eliminated in consolidation. Certain amounts included in prior years' consolidated financial statements have been reclassified to conform to the current year's presentation. The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Revenue Recognition – Revenue is generated primarily from various non-affiliated parties under long-term power purchase agreements (PPA) and natural gas transportation agreements. Revenue is recognized as energy and any related renewable energy attributes are delivered, which is when revenue is earned based on energy delivered at rates stipulated in the respective PPAs, or natural gas transportation services are performed. See Note 4.

In 2022, 2021 and 2020, approximately $155 million, $141 million and $122 million, respectively, of NEP's consolidated revenues were attributable to foreign countries related to its contract with a Mexican counterparty.

Income Taxes – NEP recognizes in income its applicable ownership share of U.S. income taxes due to the disregarded tax status of substantially all of the projects under NEP OpCo.

Equity – Equity reflects the financial position of the parties with an ownership interest in the consolidated financial statements. NextEra Energy Partners GP, Inc. has a total equity interest in NEP of $10,000 at December 31, 2022 and 2021.

Limited partners' equity in common units at December 31, 2022 and 2021 reflects the investment of NEP common unitholders, changes to net income attributable to NEP, distributions of available cash to common unitholders and other contributions from or distributions to NEP common unitholders. Accumulated other comprehensive loss at December 31, 2022 and 2021 reflects other comprehensive income (loss) attributable to NEP.

Noncontrolling Interests – Noncontrolling interests represents the portion of net assets in consolidated entities that are not owned by NEP and are reported as a component of equity on NEP’s consolidated balance sheets. At December 31, 2022, noncontrolling interests on NEP's consolidated balance sheets primarily reflects NEE Equity's 53.8% noncontrolling interest in NEP OpCo, non-affiliated parties' 10% interest in one of the Texas pipelines and 50% interest in the renewable energy projects purchased from NEER in December 2021 (see Note 3), NEER's approximately 50% noncontrolling ownership interest in Silver State South Solar, LLC (Silver State), NEER's 33% noncontrolling interest in Sunlight Renewables Holdings, LLC (Sunlight Renewables Holdings) and NEER's 51% noncontrolling interest in Emerald Breeze Holdings, LLC (Emerald Breeze) (see Note 3), the interests related to differential membership interests discussed below and the Class B noncontrolling ownership interests discussed below.

Certain indirect subsidiaries of NEP have sold Class B membership interests in entities that have ownership interests in 37 wind projects and eight solar projects, including related battery storage facilities, (differential membership interests) to third-party investors. Although the third-party investors own equity interests in the wind, solar and battery storage projects, NEP retains a controlling interest in the entities as of December 31, 2022 and therefore presents the differential membership interests as noncontrolling interests. NEP, through O&M and administrative services agreements with subsidiaries of NEER, operates and manages the wind, solar and battery storage projects, and consolidates the entities that directly and indirectly own the wind, solar and battery storage projects. The third-party investors are allocated earnings, tax attributes and cash flows in accordance with the respective limited liability company agreements. Those economics are allocated primarily to the third-party investors until they receive a targeted return (the flip date) and thereafter to NEP. NEP has the right to call the third-party interests at specified amounts if and when the flip date occurs. In December 2022, NEP entered into agreements to buy out differential membership investors with ownership interests in two wind projects for approximately $187 million, which amount is included in current other liabilities on the consolidated balance sheets. The buyouts closed in January 2023. (see Note 10).

Subsidiaries of NEP have sold Class B noncontrolling membership interests in NEP Renewables, LLC (NEP Renewables), NEP Renewables II, LLC (NEP Renewables II), NextEra Energy Partners Pipelines, LLC (NEP Pipelines), South Texas Midstream, LLC (STX Midstream), Genesis Solar Holdings, LLC (Genesis Holdings), NEP Renewables III, LLC (NEP Renewables III) and NEP Renewables IV, LLC (NEP Renewables IV) (collectively, Class B noncontrolling ownership interests). In 2021, NEP exercised its buyout right for the Class B noncontrolling interests in NEP Renewables. See Note 13 – Class B Noncontrolling Interests. The NEP subsidiaries selling the Class B noncontrolling ownership interests retain controlling interests in the related entities as of December 31, 2022 and therefore NEP presents the Class B noncontrolling ownership interests as noncontrolling interests.

For the differential membership interests and Class B noncontrolling ownership interests, NEP has determined the allocation of economics between the controlling party and third-party investor should not follow the respective ownership percentages for each investment but rather the hypothetical liquidation of book value (HLBV) method based on the governing provisions in each respective limited liability company agreement. Under the HLBV method, the amounts of income and loss attributable to the noncontrolling interests reflects changes in the amount the owners would hypothetically receive at each balance sheet date under the respective liquidation provisions, assuming the net assets of these entities were liquidated at the recorded amounts, after taking into account any capital transactions, such as contributions and distributions, between the entities and the owners. At the point in time that the third party, in hypothetical liquidation, would achieve its targeted return, NEP attributes the additional hypothetical proceeds to the differential membership interests based on the call price.

For the noncontrolling interests, other than the differential membership interests and the Class B noncontrolling interests, net income (loss) is allocated based on the respective ownership percentages. Thus, the impact of the net income (loss) attributable to the Class B noncontrolling ownership interests and the differential membership interests are allocated to NEE Equity's noncontrolling ownership interest and the net income attributable to NEP based on their respective ownership percentage of NEP OpCo. Distributions related to the noncontrolling interests, other than the differential membership interests and Class B noncontrolling interests, are reflected as partner distributions in NEP's consolidated statements of cash flows. Details of the activity in noncontrolling interests for the years ended December 31, 2022, 2021 and 2020 are below:

	Class B Noncontrolling Ownership Interests	Differential Membership Interests	NEE's Indirect Noncontrolling Ownership Interests[a]	Other Noncontrolling Ownership Interests	Total Noncontrolling Interests
			(millions)		
Balances, December 31, 2019	$ 2,628	$ 1,798	$ 389	$ 68	$ 4,883
Sale of Class B noncontrolling interest – net	750	—	—	—	750
Related party note receivable	—	—	2	—	2
Net income (loss) attributable to noncontrolling interests	217	(282)	(127)	4	(188)
Other comprehensive income	—	—	2	—	2
Related party contributions	—	—	—	7	7
Related party distributions	—	—	(281)	(9)	(290)
Changes in non-economic ownership interests, net of distributions	—	—	—	(12)	(12)
Differential membership investment contributions, net of distributions	—	64	—	—	64
Payments to Class B noncontrolling interest investors	(45)	—	—	—	(45)
Sale of differential membership interest	—	179	—	—	179
Other	—	—	1	—	1
Balances, December 31, 2020	3,550	1,759	(14)	58	5,353
Sale of Class B noncontrolling interests – net	893	—	—	—	893
Acquisition of subsidiary with noncontrolling interests	—	1,618	25	851	2,494
Related party note receivable	—	—	2	—	2
Net income (loss) attributable to noncontrolling interests	298	(313)	269	33	287
Other comprehensive income	—	—	2	—	2
Related party distributions	—	—	(322)	(102)	(424)
Changes in non-economic ownership interests, net of distributions	—	—	—	127	127
Differential membership investment contributions, net of distributions	—	39	—	—	39
Payments to Class B noncontrolling interest investors	(80)	—	—	—	(80)
Sale of differential membership interest	—	48	—	—	48
Exercise of Class B noncontrolling interest buyout right	(879)	—	—	—	(879)
Other	1	(1)	—	(1)	(1)
Balances, December 31, 2021	3,783	3,150	(38)	966	7,861
Sale of Class B noncontrolling interests – net	**1,115**	**—**	**—**	**—**	**1,115**
Acquisition of subsidiaries with differential membership interests	**—**	**1,494**	**—**	**—**	**1,494**
Acquisition of subsidiaries with noncontrolling ownership interests	**—**	**—**	**518**	**—**	**518**
Related party note receivable	**—**	**—**	**2**	**—**	**2**
Net income (loss) attributable to noncontrolling interests	**296**	**(573)**	**788**	**124**	**635**
Other comprehensive income	**—**	**—**	**1**	**—**	**1**
Related party distributions	**—**	**—**	**(346)**	**(36)**	**(382)**
Changes in non-economic ownership interests, net of distributions	**—**	**—**	**—**	**1**	**1**
Differential membership investment contributions, net of distributions	**—**	**101**	**—**	**—**	**101**
Payments to Class B noncontrolling interest investors	**(163)**	**—**	**—**	**—**	**(163)**
Reclassification of redeemable noncontrolling interests	**—**	**330**	**—**	**—**	**330**
Reclassification to current other liabilities[b]	**—**	**(142)**	**(25)**	**—**	**(167)**
Other	**—**	**(1)**	**(9)**	**10**	**—**
Balances, December 31, 2022	**$ 5,031**	**$ 4,359**	**$ 891**	**$ 1,065**	**$ 11,346**

(a) Primarily reflects NEE Equity's noncontrolling interest in NEP OpCo and NEER's noncontrolling interest in Silver State, Sunlight Renewables Holdings and Emerald Breeze.

(b) In December 2022, NEP entered into agreements to acquire certain differential membership interests, which resulted in the reclassification of the remaining noncontrolling interests to current other liabilities.

Redeemable Noncontrolling Interests – In connection with the December 2021 acquisition from NEER (see Note 3), NEP recorded redeemable noncontrolling interests of approximately $321 million relating to certain contingencies whereby NEP may have been obligated to either redeem interests of third-party investors in certain projects or return proceeds to third-party investors in certain projects. As the contingencies were resolved during 2022, NEP reclassified the recorded amounts to noncontrolling interests.

Subsequent to the acquisition in December 2022 from NEER (see Note 3), differential membership interests related to one of the acquired facilities, which is currently under construction, were sold to third-party investors. If, subject to certain contingencies, certain events occur that delay or prevent completion of the project, NEP could be obligated to reacquire all or a portion of the third-party investor's interests in the project for up to approximately $101 million. Prior to paying any amounts to the third-party investor related to this contingency, NEP would receive the full amount of any such payments from a subsidiary of NEER. As this potential redemption is outside of NEP’s control, the balances were classified as redeemable noncontrolling interests on NEP's consolidated balance sheet as of December 31, 2022. These contingencies are expected to be resolved during 2023.

Property, Plant and Equipment – net – Property, plant and equipment consists primarily of development, engineering and construction costs for the renewable energy assets, equipment, land, substations, transmission lines and pipeline facilities. Property, plant and equipment, excluding land and perpetual rights-of-way, is recorded at cost and depreciated on a straight-line basis over the estimated useful lives ranging from three to 50 years, commencing on the date the assets are placed in service or acquired (see Note 8). Maintenance and repairs of property, plant and equipment are charged to O&M expense as incurred.

Property, plant and equipment – net on NEP's consolidated balance sheets includes construction work in progress which reflects construction materials, other equipment, third-party engineering costs, capitalized interest and other costs directly associated with the development and construction of the various projects. Upon commencement of plant or pipeline operations, costs associated with construction work in progress are transferred to the appropriate category in property, plant and equipment – net.

The American Recovery and Reinvestment Act of 2009, as amended, provided for an option to elect a cash grant (convertible investment tax credits) for certain renewable energy property. Convertible investment tax credits (CITCs) are recorded as a reduction in property, plant and equipment – net on NEP's consolidated balance sheets and are amortized as a corresponding reduction to depreciation expense over the estimated life of the related asset. At December 31, 2022 and 2021, CITCs, net of amortization, were approximately $451 million and $448 million, respectively.

Cash and Cash Equivalents – Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. NEP primarily holds such investments in money market funds.

Accounts Receivable and Allowance for Doubtful Accounts – Accounts receivable are reported at the invoiced or estimated amount adjusted for any write-offs and any estimated allowance for doubtful accounts on NEP's consolidated balance sheets. The allowance for doubtful accounts is reviewed periodically based on amounts past due and significance. There was no allowance for doubtful accounts recorded at December 31, 2022 and 2021.

Restricted Cash – At December 31, 2022 and 2021, NEP had approximately $49 million and $4 million, respectively, of restricted cash included in current other assets on NEP's consolidated balance sheets. Restricted cash at December 31, 2022 and 2021 is primarily related to an operating cash reserve and collateral deposits from a counterparty, respectively. Restricted cash reported as current assets are recorded as such based on the anticipated use of these funds.

Concentration of Credit Risk – Financial instruments which potentially subject NEP to concentrations of credit risk consist primarily of accounts receivable and derivative instruments. Accounts receivable are comprised primarily of amounts due from various non-affiliated parties who are counterparties to the PPAs or natural gas transportation agreements. The majority of NEP's counterparties are in the energy industry, and this concentration may impact the overall exposure to credit risk, either positively or negatively, in that the counterparties may be similarly affected by changes in economic, industry or other conditions. If any of these customers’ receivable balances should be deemed uncollectible, it could have a material adverse effect on NEP’s consolidated results of operations and financial condition. Substantially all amounts due from such counterparties at December 31, 2022 have been collected.

During 2022, NEP derived approximately 14% and 13% of its consolidated revenue from its contracts with Pacific Gas and Electric Company and Mex Gas Supply S.L., respectively.

Inventories – Spare parts inventories are carried at the lower of weighted-average cost and net realizable value.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets – Long-lived assets that are held and used and finite-lived intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the asset exceeds the asset's fair value. In most instances, the fair value is determined by discounting estimated future cash flows using an appropriate interest rate. During the years ended December 31, 2022 and 2021, no impairment adjustments were necessary.

Business Combinations – For projects acquired in a business combination, NEP allocates the cost of the acquisition to assets acquired and liabilities assumed based on fair values as of the acquisition date. Goodwill acquired in connection with business acquisitions represents the excess of consideration over the fair value of net assets acquired. Certain assumptions and estimates are employed in determining the fair value of assets acquired and evaluating the fair value of liabilities assumed. See Note 3.

Goodwill and Indefinite-Lived Intangible Assets – Goodwill and indefinite-lived intangible assets are assessed for impairment at least annually by applying a fair value-based analysis. NEP completed the annual impairment test for goodwill and indefinite-lived intangibles using an assessment date of October 1 and determined, based on the results, that no goodwill impairment charge was required.

Intangible Asset – Customer Relationships – At December 31, 2022 and 2021, NEP's consolidated balance sheets reflect intangible asset – customer relationships related to the acquisition of the Texas pipelines in 2015. Intangible asset – customer relationships are amortized on a straight-line basis over the estimated useful life of approximately 40 years. At December 31, 2022 and 2021, accumulated amortization related to the intangible asset – customer relationships was approximately $114 million and $107 million, respectively. Amortization expense for intangible asset – customer relationships was approximately $17 million for each of the years ended December 31, 2022, 2021 and 2020 and is expected to be approximately $16 million in each of the next five years.

Intangible Asset – PPAs – At December 31, 2022 and 2021, NEP's consolidated balance sheets reflect intangible asset – PPAs primarily related to acquisitions in 2018 and 2019 and the acquisitions discussed in Note 3. Intangible asset – PPAs are amortized into operating revenues on a straight-line basis over the remaining contract terms of the related PPAs, which approximates the period giving rise to the value. At December 31, 2022 and 2021, accumulated amortization related to the intangible asset – PPAs was approximately $454 million and $295 million, respectively. Amortization expense for intangible assets – PPAs was approximately $160 million, $117 million and $103 million for the years ended December 31, 2022, 2021 and 2020, respectively, and is expected to be approximately $160 million in years 2023 through 2027.

Intangible Liabilities – PPAs – At December 31, 2022 and 2021, NEP's consolidated balance sheets reflect intangible liabilities – PPAs primarily related to the December 2022 and December 2021 acquisitions from NEER discussed in Note 3 and will be amortized into operating revenues on a straight-line basis over the remaining contract terms of the PPAs, which approximates the period giving rise to the value. At December 31, 2022, accumulated amortization related to the intangible liabilities – PPAs was approximately $17 million. At December 31, 2021, there was no accumulated amortization related to the intangible liabilities – PPAs. Amortization expense for intangible liabilities – PPAs was approximately $17 million for the year ended December 31, 2022 and is expected to be approximately $77 million in 2023 and $80 million in the years 2024 through 2027.

Derivative Instruments and Hedging Activities – Derivative instruments, when required to be marked to market, are recorded on NEP’s consolidated balance sheets as either an asset or a liability measured at fair value. See Note 5.

Fair Value Measurements – NEP uses several different valuation techniques to measure the fair value of assets and liabilities relying primarily on the market approach of using prices and other market information for identical or comparable assets and liabilities for those assets and liabilities that are measured on a recurring basis. Certain financial instruments may be valued using multiple inputs including discount rates, counterparty credit ratings and credit enhancements. NEP’s assessment of the significance of any particular input to the fair value measurement requires judgment and may affect the fair value measurement of its assets and liabilities and the placement of those assets and liabilities within the fair value hierarchy levels. See Note 5.

Long-term Debt Costs – NEP recognizes interest expense using the effective interest method over the life of the related debt. Certain of NEP’s debt obligations include escalating interest rates that are incorporated into the effective interest rate for the related debt. Deferred interest includes interest expense recognized in excess of the interest payments accrued for the related debt’s stated interest payments and is recorded in other liabilities on NEP’s consolidated balance sheets. Debt issuance costs include fees and costs incurred to obtain long-term debt and are amortized over the life of the related debt using the effective interest rate established at debt issuance. NEP incurred approximately $13 million and $12 million of debt issuance costs during the years ended December 31, 2022 and 2021, respectively. The amortization of debt issuance costs totaled approximately $13 million, $11 million and $11 million for the years ended December 31, 2022, 2021 and 2020, respectively, and is included in interest expense in NEP’s consolidated statements of income (loss). In addition, NEP wrote-off approximately $4 million of debt issuance costs during 2020 due to the retirement of the related debt. See Note 12.

Asset Retirement Obligations – Asset retirement obligations are those for which a legal obligation exists under laws, statutes, and written or oral contracts, including obligations arising under the doctrine of promissory estoppel, and for which the timing or method of settlement may be conditioned on a future event.

NEP accounts for asset retirement obligations and conditional asset retirement obligations (collectively, AROs) under accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred if it can be reasonably estimated, with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over the asset's estimated useful life. Changes in the ARO resulting from the passage of time are recognized as an increase in the carrying amount of the liability and as accretion expense, which is included in depreciation and amortization expense in NEP's consolidated statements of income (loss). Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the asset retirement cost, or income when the asset retirement cost is depleted.

NEP recorded accretion expense of approximately $12 million, $7 million and $7 million in the years ended December 31, 2022, 2021 and 2020, respectively. Additional AROs were established amounting to approximately $37 million and $101 million in the years ended December 31, 2022 and 2021, respectively, related to the acquisitions in those periods (see Note 3). Additionally, in 2022, NEP recorded additional AROs of approximately $8 million for revisions in estimated cash flows due to revised cost estimates.

Investments in Unconsolidated Entities – NEP accounts for the investments in its unconsolidated entities under the equity method. NEP's share of earnings (losses) in the unconsolidated entities is included in equity in earnings of equity method investees and equity in earnings (losses) of non-economic ownership interests in NEP's consolidated statements of income (loss). NEP records losses of the unconsolidated entities only to the extent of its investment unless there is an obligation to provide further financial support for the investee. All equity in earnings (losses) of the non-economic ownership interests is allocated to net income attributable to noncontrolling interests. See Note 9 and Note 10. NEP evaluates its equity method investments for impairment when events or changes in circumstances indicate that the fair value of the investment is less than the carrying value and the investment may be other-than-temporarily impaired. An impairment loss is required to be recognized if the impairment is deemed to be other than temporary. Investments that are other-than-temporarily impaired are written down to their estimated fair value and cannot subsequently be written back up for increases in estimated fair value.

Variable Interest Entities (VIEs) – An entity is considered to be a VIE when its total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support, or its equity investors, as a group, lack the characteristics of having a controlling financial interest. A reporting company is required to consolidate a VIE as its primary beneficiary when it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. NEP evaluates whether an entity is a VIE whenever reconsideration events as defined by the accounting guidance occur. See Note 10.

Leases – NEP determines if an arrangement is a lease at inception. NEP recognizes a right-of-use (ROU) asset and a lease liability for operating and finance leases by recognizing and measuring leases at the commencement date based on the present value of lease payments over the lease term. For sales-type leases, the book value of the leased asset is removed from the balance sheet and a net investment in sales-type lease is recognized based on fixed payments under the contract and the residual value of the asset being leased. NEP has elected not to apply the recognition requirements to short-term leases and not to separate nonlease components from associated lease components for substantially all classes of underlying assets except for purchase power agreements. ROU assets are included primarily in noncurrent other assets, lease liabilities are included in current and noncurrent other liabilities and net investments in sales-type leases are included in current and noncurrent other assets on NEP's consolidated balance sheets. Operating lease expense is included in O&M expense, interest and amortization expense associated with finance leases are included in interest expense and depreciation and amortization expense, respectively, and rental income associated with operating leases and interest income associated with sales-type leases are included in operating revenues in NEP's consolidated statements of income (loss). See Note 11.

Reference Rate Reform – In March 2020, the Financial Accounting Standards Board (FASB) issued an accounting standards update which provides certain options to apply GAAP guidance on contract modifications and hedge accounting as companies transition from the London Inter-Bank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. NEP's contracts that reference LIBOR or other interbank offered rates mainly relate to debt and derivative instruments. The standards update was effective upon issuance and can be applied prospectively through December 31, 2024. As agreements that reference LIBOR or other interbank offered rates as an interest rate benchmark are amended, NEP evaluates whether to apply the options provided by the standards update with regard to eligible contract modifications.

Distinguishing Liabilities and Equity – In August 2020, the FASB issued an accounting standards update which updates the accounting guidance for financial instruments with the characteristics of liabilities and equity, including debt with conversion options and other equity-linked instruments such as the $600 million in principal amount of convertible notes issued in December 2020 (2020 convertible notes) (see Note 12). NEP adopted this standard on January 1, 2021 by applying it retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective approach). Upon adoption, NEP reclassified approximately $64 million related to the embedded conversion feature for the 2020 convertible notes from common units equity to long-term debt.

Disposal of Pipeline – In April 2022, subsidiaries of NEP sold all of their ownership interests in an approximately 156-mile, 16-inch pipeline that transports natural gas in Texas to a third party for total consideration of approximately $203 million, subject to working capital and other adjustments. Approximately $70 million of the cash proceeds from the sale were distributed to the third-party owner of Class B membership interests in STX Midstream (see Note 13 - Class B Noncontrolling Interests). In connection with the sale, NEP recorded a gain of approximately $20 million ($18 million after tax) in the second quarter of 2022 and $10 million ($9 million after tax) in the third quarter of 2022 upon resolution of a contingency.

Disposal of Wind Project – In June 2022, NEP received notification from the offtaker of NEP's 62 megawatt (MW) wind project located in Barnes County, North Dakota of its intent to exercise an option to acquire the wind project for approximately $50 million. As such, the carrying amounts of the major classes of assets related to the wind project that were classified as held for sale, which are included in current other assets on NEP's consolidated balance sheets, were approximately $51 million at December 31, 2022 and primarily represent property, plant and equipment – net. Liabilities associated with assets held for sale, which are included in current other liabilities on NEP's consolidated balance sheets, were approximately $1 million at December 31, 2022. The sale closed in early January 2023.

3. Acquisitions

In December 2020, a subsidiary of NEP completed the acquisition from NEER (2020 acquisition) of 100% of the membership interests in Wilmot Energy Center, LLC (Wilmot) and 100% of the Class C membership interests in Pine Brooke Class A Holdings, LLC (Pine Brooke Holdings). Wilmot is an approximately 100 MW solar generation facility and 30 MW battery storage facility located in Arizona which entered service in the second quarter of 2021. The Class C membership interests in Pine Brooke Holdings represent an indirect 40% noncontrolling ownership interest in each of:

- Soldier Creek Wind, LLC, a project company that owns an approximately 300 MW wind generation facility located in Kansas;
- Ponderosa Wind, LLC, a project company that owns an approximately 200 MW wind generation facility located in Oklahoma;
- Blue Summit III Wind, LLC, a project company that owns an approximately 200 MW wind generation facility located in Texas;
- Saint Solar, LLC, a project company that owns an approximately 100 MW solar generation facility located in Arizona;
- Taylor Creek Solar, LLC, a project company that owns an approximately 75 MW solar generation facility located in Florida;
- Harmony Florida Solar, LLC, a project company that owns an approximately 75 MW solar generation facility located in Florida; and
- Sanford Airport Solar, LLC, a project company that owns an approximately 49 MW solar generation facility located in Maine.

The purchase price consisted of cash consideration of approximately $374 million, plus working capital and other adjustments of approximately $4 million. The purchase price was allocated primarily to investment in equity method investees of approximately $223 million, property, plant and equipment – net of $137 million and intangible assets – PPAs – net of $18 million based on the fair value of assets acquired and liabilities assumed.

In August 2021, an indirect subsidiary of NEP completed the acquisition (August 2021 acquisition) of 100% of the ownership interests in each of:

- Highview Power Holdings, LLC, which indirectly owns a 150 MW wind generation facility located in California;
- Brookfield Windstar Holding, LLC, which indirectly owns a 120 MW wind generation facility located in California;
- Brookfield Coram Wind Development, LLC, which indirectly owns a 22 MW wind generation facility located in California; and
- BAIF Granite Holdings, LLC, which indirectly owns a 99 MW wind generation facility located in New Hampshire.

The purchase price included a base purchase price of approximately $733 million, plus closing adjustments primarily related to pre-acquisition debt make whole costs of $55 million and working capital of $27 million, including cash of $18 million.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed were based on significant estimates and assumptions, including Level 3 (unobservable) inputs, which require judgment. Estimates and assumptions include the projected timing and amount of future cash flows, discount rates reflecting risk inherent in future cash flows and future market prices. The excess of the purchase price over the estimated fair value of assets acquired and liabilities assumed was recognized as goodwill at the acquisition date. The goodwill arising from the acquisition results largely from the assets being well-situated in strong markets with long-term renewables demand, providing long-term optionality for the assets. All of the goodwill is expected to be deductible for income tax purposes over a 15 year period.

The following table summarizes the final amounts recognized by NEP for the estimated fair value of assets acquired and liabilities assumed in the August 2021 acquisition:

		(millions)
Total consideration transferred	$	815
Identifiable assets acquired and liabilities assumed		
Cash	$	18
Accounts receivable, inventory and prepaid expenses		14
Property, plant and equipment – net		191
Intangible assets – PPAs		432
Goodwill		179
Noncurrent other assets		1
Accounts payable, accrued expenses and current other liabilities		(8)
Noncurrent other liabilities		(12)
Total net identifiable assets, at fair value	$	815

In October 2021, an indirect subsidiary of NEP completed the acquisition of ownership interests (October 2021 acquisition) in a portfolio of wind and solar generation facilities with a combined net generating capacity totaling approximately 589 MW from subsidiaries of NEER for a purchase price consisting of cash consideration of approximately $563 million, plus working capital and other adjustments of $22 million. NEP's share of the entities' debt and noncontrolling interests related to differential membership investors was approximately $270 million at the time of closing. The acquisition included the following assets:

- 100% of the membership interests in HW CA Holdings, LLC, that indirectly owns an approximately 162 MW wind generation facility located in California;
- 100% of the membership interests in Dogwood Wind Holdings, LLC, that indirectly owns two wind generation facilities with a combined total generating capacity of approximately 300 MW located in North Dakota and Missouri;
- 100% of the membership interests in Southwest Solar Holdings, LLC, that indirectly owns an approximately 5 MW solar generation facility located in New Mexico;
- 33.3% of the membership interests in Shaw Creek Solar Holdings, LLC, that indirectly owns an approximately 75 MW solar generation facility located in South Carolina;
- 33.3% of the membership interests in Nutmeg Solar Holdings, LLC, that indirectly owns an approximately 20 MW solar generation facility located in Connecticut; and
- 100% of the Class C membership interests (which represents 33.3% of the total ownership interest in the underlying projects) in Solar Holdings Portfolio 12, LLC, that has indirect ownership interests in:
    - two solar generation facilities with a combined total generating capacity of approximately 40 MW located in California;
    - the DG Portfolio 2019 portfolio, that indirectly owns multiple distributed solar generation facilities with a combined total generating capacity of approximately 217 MW located in various states across the U.S.; and
    - the DG Waipio portfolio, that indirectly owns multiple distributed solar generation facilities with a combined total generating capacity of approximately 13 MW located in Hawaii.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed, including noncontrolling interests, based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed were based on significant estimates and assumptions, including Level 3 (unobservable) inputs, which require judgment. Estimates and assumptions include the projected timing and amount of future cash flows, discount rates reflecting risk inherent in future cash flows and future market prices. The excess of the purchase price over the estimated fair value of assets acquired and liabilities assumed was recognized as goodwill at the acquisition date. The goodwill arising from the acquisition results largely from the assets being well-situated in strong markets with long-term renewables demand, providing long-term optionality for the assets. All of the goodwill is expected to be deductible for income tax purposes over a 15 year period.

The following table summarizes the final amounts recognized by NEP for the estimated fair value of assets acquired and liabilities assumed in the October 2021 acquisition:

		(millions)
Total consideration transferred	$	585
Identifiable assets acquired and liabilities assumed		
Cash	$	4
Accounts receivable, inventory and prepaid expenses		11
Property, plant and equipment – net		560
Intangible assets – PPAs		42
Goodwill		33
Investments in equity method investees		66
Noncurrent other assets		19
Accounts payable, accrued expenses and current other liabilities		(8)
Noncurrent other liabilities		(20)
Noncontrolling interests		(122)
Total net identifiable assets, at fair value	$	585

In December 2021, an indirect subsidiary of NEP completed the asset acquisition of 100% of the Class A membership interests in Star Moon Holdings, LLC (Star Moon Holdings) for a total consideration of approximately $849 million, plus working capital and other adjustments of approximately $6 million and NEP's share of the entities' noncontrolling interests related to differential membership investors of approximately $910 million at the time of closing.

NEP’s indirect ownership interest in Star Moon Holdings represents an indirect 50% controlling ownership interest in wind generation facilities and solar generation facilities, some of which include solar storage, consisting of the following:

- White Mesa Wind, an approximately 501 MW wind generation facility located in Texas;
- Irish Creek Wind, an approximately 301 MW wind generation facility located in Kansas;
- Hubbard Wind, an approximately 300 MW wind generation facility located in Texas;
- Cool Springs Solar, an approximately 213 MW solar generation and 40 MW solar storage facility located in Georgia;
- Little Blue Wind, an approximately 251 MW wind generation facility located in Nebraska;
- Dodge Flat Solar, an approximately 200 MW solar generation and 50 MW solar storage facility located in Nevada;
- Elora Solar, an approximately 150 MW solar generation facility located in Tennessee;
- Quitman II Solar, an approximately 150 MW solar generation facility located in Georgia;
- Fish Springs Ranch Solar, an approximately 100 MW solar generation and 25 MW solar storage facility located in Nevada;
- Minco Wind Energy III, an approximately 107 MW wind generation facility located in Oklahoma;
- Ensign Wind Energy, an approximately 99 MW wind generation facility located in Kansas;
- Borderlands Wind, an approximately 99 MW wind generation facility located in New Mexico; and
- Quinebaug Solar, an approximately 49 MW solar generation facility located in Connecticut.

The wind and solar generation facilities listed above were under construction by NEER when the acquisition was announced. At closing, three projects (Dodge Flat Solar, Elora Solar and Fish Springs Ranch Solar) remained under construction and NEER agreed to continue to manage the construction of such projects after the acquisition, at its own cost, and to contribute to those projects any capital necessary for the construction of the projects. Construction of the three projects was completed and the projects entered service during the first quarter of 2022. In December 2021, NEER sold the remaining 50% noncontrolling ownership interest in the wind and solar generation facilities to a third party, which is reflected as noncontrolling interests on NEP's consolidated balance sheets (see Note 2 - Noncontrolling Interests). NEER will operate the wind and solar generation facilities under O&M and administrative service agreements (see Note 14).

The purchase price for the asset acquisition was allocated to the assets acquired and liabilities assumed, including the noncontrolling interests, based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed were based on significant estimates and assumptions, including Level 3 (unobservable) inputs, which require judgment. Estimates and assumptions include the projected timing and amount of future cash flows, discount rates reflecting risk inherent in future cash flows and future market prices. The individual fair value measurements were adjusted for any difference between the total purchase price and the total estimated fair value of assets acquired and liabilities assumed.

In connection with the asset acquisition of Star Moon Holdings, NEP recorded the following balances:

		(millions)
Total consideration transferred	$	855
Identifiable assets acquired and liabilities assumed		
Cash	$	21
Accounts receivable, inventory and prepaid expenses		14
Due from related parties[a]		1,015
Property, plant and equipment – net		3,695
Intangible assets – PPAs		107
Noncurrent other assets		48
Accounts payable, accrued expenses and current other liabilities[a]		(1,038)
Asset retirement obligation		(70)
Intangible liabilities		(179)
Noncurrent other liabilities		(65)
Redeemable noncontrolling interests[b]		(321)
Noncontrolling interests		(2,372)
Total net identifiable assets	$	855

(a) Due from related parties reflects the amounts due from NEER which were used to pay accounts payable and accrued expenses related to the construction of the projects acquired.
(b) See Note 2 - Redeemable Noncontrolling Interests.

In December 2021, an indirect subsidiary of NEP completed the acquisition (Coram II acquisition) of a 102 MW wind generation facility (Coram II) located in California for cash consideration of approximately $128 million, plus working capital of $8 million and the assumption of debt of approximately $155 million. Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed were based on significant estimates and assumptions, including Level 3 (unobservable) inputs, which require judgment. Estimates and assumptions include the projected timing and amount of future cash flows, discount rates reflecting risk inherent in future cash flows and future market prices. The purchase price was allocated primarily to intangible assets – PPAs – net of approximately $133 million, property, plant and equipment – net of $72 million, long-term debt, including current portion, of $155 million and noncurrent other assets of $11 million. The excess of the purchase price over the estimated fair value of assets acquired and liabilities assumed was recognized as goodwill of approximately $70 million at the acquisition date. The goodwill arising from the acquisition results largely from the wind generation facility being well-situated in a strong market with long-term renewables demand, providing long-term optionality for the asset. All of the goodwill is expected to be deductible for income tax purposes over a 15 year period.

During 2021, NEP incurred approximately $12 million in acquisition-related costs which are reflected as operations and maintenance in the consolidated statements of income.

The amounts of revenues, operating income, net income and net income attributable to NEP included in NEP's consolidated statements of income related to the August 2021 acquisition, the October 2021 acquisition and the Coram II acquisition for the periods after the respective closings through December 31, 2021 are as follows:

		(millions)
Revenues	$	25
Operating income	$	1
Net income	$	—
Net income attributable to NEP	$	3

In September 2022, an indirect subsidiary of NEP acquired from NEER interests in Sunlight Renewables Holdings which represent an indirect 67% controlling ownership interest in a battery storage facility in California with storage capacity of 230 MW. The purchase price for the asset acquisition consisted of cash consideration of approximately $191 million, plus working capital and other adjustments of $2 million. The purchase price was allocated primarily to property, plant and equipment – net of approximately $435 million and noncontrolling interests of $242 million, including $147 million relating to differential membership interests, based on the fair value of assets acquired and liabilities assumed. NEER operates the battery storage facility under O&M and administrative service agreements (see Note 14).

In December 2022, an indirect subsidiary of NEP (the purchaser) completed the acquisition of ownership interests (December 2022 acquisition) in a portfolio of wind and solar-plus-storage generation facilities from subsidiaries of NEER (the seller) consisting of the following:

- 100% of the Class A membership interests in Emerald Breeze, representing a 49% controlling ownership interest, which indirectly owns:
  - Great Prairie Wind, an approximately 1,029 MW wind generation facility in Texas and Oklahoma.
  - Appaloosa Run Wind, an approximately 172 MW wind generation facility in Texas.
  - Yellow Pine Solar, a 125 MW solar generation and 65 MW storage facility in Nevada (Yellow Pine).

- 100% of the membership interests in Sac County Wind Holdings, LLC and Elk City Sholes Holdings, LLC, which indirectly own:
  - Sholes Wind, an approximately 160 MW wind generation facility located in Nebraska.
  - Elk City Wind II, an approximately 107 MW wind generation facility located in Oklahoma.
  - Sac County Wind, an approximately 80 MW wind generation facility located in Iowa.

Yellow Pine is currently under construction by NEER and NEER has agreed to continue to manage the construction of the project after acquisition, at its own cost, and to contribute to the project any capital necessary for the construction of the project. If Yellow Pine does not achieve commercial operation by November 30, 2023, the purchaser will have the right to require the seller to repurchase the ownership interests in the project for the same purchase price paid by the purchaser. Upon receipt of certain regulatory approvals and achievement of commercial operations, Eight Point Wind, an approximately 111 MW wind generation facility in New York, will be transferred to Emerald Breeze, which transfer is expected to happen in the first quarter of 2023. See Note 13 - Class B Noncontrolling Interests.

The purchase price included total consideration of approximately $805 million, plus working capital and other adjustments of approximately $8 million (subject to certain post-closing adjustments) and NEP's share of the portfolio’s existing noncontrolling interests related to differential membership investors of approximately $1.4 billion at the time of closing.

The purchase price for the asset acquisition was allocated to the assets acquired and liabilities assumed, including the noncontrolling interests, based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed were based on significant estimates and assumptions, including Level 3 (unobservable) inputs, which require judgment. Estimates and assumptions include the projected timing and amount of future cash flows, discount rates reflecting risk inherent in future cash flows and future market prices. The individual fair value measurements were adjusted for any difference between the total purchase price and the total estimated fair value of assets acquired and liabilities assumed.

In connection with the December 2022 asset acquisition, NEP recorded the following balances:

		(millions)
Total consideration transferred	$	813
Identifiable assets acquired and liabilities assumed		
Cash	$	14
Accounts receivable, inventory and prepaid expenses		12
Due from related parties[(a)]		836
Current other assets[(b)]		118
Property, plant and equipment – net		3,503
Noncurrent other assets		16
Accounts payable, accrued expenses and current other liabilities[(a)]		(771)
Due to related parties[(c)]		(80)
Long-term debt[(d)]		(46)
Asset retirement obligation		(27)
Intangible liabilities		(986)
Noncurrent other liabilities		(6)
Noncontrolling interests		(1,770)
Total net identifiable assets	$	813

(a) Due from related parties reflects the amounts due from NEER which will be used to pay accounts payable and accrued expenses related to the construction of the projects acquired.
(b) Includes approximately $71 million deposit relating to Eight Point Wind which is expected to be transferred to Emerald Breeze in the first quarter of 2023 as discussed above.
(c) Due to related parties reflects amounts due to a NEE subsidiary related to construction costs, which costs are reimbursed by NEER.
(d) See Note 14 - Related Party Long-Term Debt.

Supplemental Unaudited Pro forma Results of Operations

NEP's pro forma results of operations in the combined entity had the August 2021 acquisition, the October 2021 acquisition and the Coram II acquisition been completed on January 1, 2020 are as follows:

	Years Ended December 31,	
	2021	2020
	(millions)	
Unaudited pro forma results of operations:		
Pro forma revenues	$ 1,068	$ 1,028
Pro forma operating income	$ 248	$ 268
Pro forma net income (loss)	$ 412	$ (256)
Pro forma net income (loss) attributable to NEP	$ 143	$ (48)

The unaudited pro forma consolidated results of operations include adjustments to:

- reflect the historical results of the businesses acquired beginning on January 1, 2020 assuming consistent operating performance over all periods;
- reflect the estimated depreciation and amortization expense based on the estimated fair value of property, plant and equipment – net and the intangible assets – PPAs;
- reflect assumed interest expense related to funding the acquisitions; and
- reflect related income tax effects.

The unaudited pro forma information is not necessarily indicative of the results of operations that would have occurred had the transactions been made at the beginning of the periods presented or the future results of the consolidated operations.

4. Revenue

Revenue is recognized when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. NEP's operating revenues are generated primarily from various non-affiliated parties under PPAs and natural gas transportation agreements. NEP's operating revenues from contracts with customers are partly offset by the net amortization of intangible asset – PPAs and intangible liabilities – PPAs. Revenue is recognized as energy and any related renewable energy attributes are delivered, based on rates stipulated in the respective PPAs, or natural gas transportation services are performed. NEP believes that the obligation to deliver energy and provide the natural gas transportation services is satisfied over time as the customer simultaneously receives and consumes benefits provided by NEP. In addition, NEP believes that the obligation to deliver renewable energy attributes is satisfied at multiple points in time, with the control of the renewable energy attribute being transferred at the same time the related energy is delivered. Included in NEP's operating revenues for the years ended December 31, 2022, 2021 and 2020 is revenue from contracts with customers for renewable energy sales of approximately $941 million, $704 million and $684 million, respectively, and revenue from contracts with customers for natural gas transportation services of $241 million, $237 million and $212 million, respectively. NEP's accounts receivable are primarily associated with revenues earned from contracts with customers. Receivables represent unconditional rights to consideration and reflect the differences in timing of revenue recognition and cash collections. For substantially all of NEP's receivables, regardless of the type of revenue transaction from which the receivable originated, customer and counterparty credit risk is managed in the same manner and the terms and conditions of payment are similar.

NEP recognizes revenues as energy and any related renewable energy attributes are delivered or natural gas transportation services are performed, consistent with the amounts billed to customers based on rates stipulated in the respective agreements. NEP considers the amount billed to represent the value of energy delivered or services provided to the customer. NEP's customers typically receive bills monthly with payment due within 30 days.

The contracts with customers related to pipeline service revenues contain a fixed price related to firm natural gas transportation capacity with maturity dates ranging from 2023 to 2035. At December 31, 2022, NEP expects to record approximately $1.6 billion of revenues over the remaining terms of the related contracts as the capacity is provided. Revenues yet to be earned under contracts with customers to deliver energy and any related energy attributes, which have maturity dates ranging from 2025 to 2052, will vary based on the volume of energy delivered. At December 31, 2022, NEP expects to record approximately $180 million of revenues related to the fixed price components of one PPA through 2039 as the energy is delivered.

5. Derivative Instruments and Hedging Activity

NEP uses derivative instruments (primarily interest rate swaps) to manage the interest rate cash flow risk associated with outstanding and expected future debt issuances and borrowings and to manage the physical and financial risks inherent in the sale of electricity. NEP records all derivative instruments that are required to be marked to market as either assets or liabilities on its consolidated balance sheets and measures them at fair value each reporting period. NEP does not utilize hedge accounting for its derivative instruments. All changes in the interest rate contract derivatives' fair value are recognized in interest expense and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEP's consolidated statements of income (loss). At December 31, 2022 and 2021, the net notional amounts of the interest rate contracts were approximately $7,836 million and $7,873 million, respectively. All changes in commodity contract derivatives' fair value are recognized in operating revenues in NEP's consolidated statements of income (loss). At December 31, 2022, NEP had derivative commodity contracts for power with net notional volumes of approximately 5.7 million MW hours. Cash flows from the interest rate and commodity contracts are reported in cash flows from operating activities in NEP's consolidated statements of cash flows.

Fair Value Measurement of Derivative Instruments – The fair value of assets and liabilities are determined using either unadjusted quoted prices in active markets (Level 1) or pricing inputs that are observable (Level 2) whenever that information is available and using unobservable inputs (Level 3) to estimate fair value only when relevant observable inputs are not available. NEP uses several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those assets and liabilities that are measured at fair value on a recurring basis. Certain financial instruments may be valued using multiple inputs including discount rates, counterparty credit ratings and credit enhancements. NEP’s assessment of the significance of any particular input to the fair value measurement requires judgment and may affect the placement of those assets and liabilities within the fair value hierarchy levels. Non-performance risk, including the consideration of a credit valuation adjustment, is also considered in the determination of fair value for all assets and liabilities measured at fair value. Transfers between fair value hierarchy levels occur at the beginning of the period in which the transfer occurred.

NEP estimates the fair value of its derivative instruments using an income approach based on a discounted cash flows valuation technique utilizing the net amount of estimated future cash inflows and outflows related to the agreements. The primary inputs used in the fair value measurements include the contractual terms of the derivative agreements, current interest rates and credit profiles. The significant inputs for the resulting fair value measurement of interest rate contracts are market-observable inputs and the measurements are reported as Level 2 in the fair value hierarchy.

The tables below present NEP's gross derivative positions, based on the total fair value of each derivative instrument, at December 31, 2022 and 2021, as required by disclosure rules, as well as the location of the net derivative positions, based on the expected timing of future payments, on NEP's consolidated balance sheets.

	December 31, 2022				
	Level 1	Level 2	Level 3	Netting[a]	Total
			(millions)		
Assets:					
Interest rate contracts	$ —	$ 459	$ —	$ (26)	$ 433
Commodity contracts	$ —	$ —	$ 3	$ (2)	1
Total derivative assets					$ 434
Liabilities:					
Interest rate contracts	$ —	$ 37	$ —	$ (26)	$ 11
Commodity contracts	$ —	$ —	$ 5	$ (2)	3
Total derivative liabilities					$ 14
Net fair value by balance sheet line item:					
Current derivative assets					$ 65
Noncurrent derivative assets					369
Total derivative assets					$ 434
Current derivative liabilities					$ 12
Noncurrent derivative liabilities					2
Total derivative liabilities					$ 14

	December 31, 2021				
	Level 1	Level 2	Level 3	Netting[(a)]	Total
			(millions)		
Assets:					
Interest rate contracts	$ —	$ 17	$ —	$ (10)	$ 7
Liabilities:					
Interest rate contracts	$ —	$ 631	$ —	$ (10)	$ 621
Net fair value by balance sheet line item:					
Current derivative assets					$ —
Noncurrent derivative assets					7
Total derivative assets					$ 7
Current derivative liabilities					$ 26
Noncurrent derivative liabilities					595
Total derivative liabilities					$ 621

———————————

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements.

Financial Statement Impact of Derivative Instruments – Gains (losses) related to NEP's derivatives are recorded in NEP's consolidated financial statements as follows:

	Years Ended December 31,		
	2022	2021	2020
		(millions)	
Interest rate contracts – interest expense	**$ 1,033**	$ 168	$ (395)
Commodity contracts – operating revenues	**$ 2**	$ —	$ —

Credit-Risk-Related Contingent Features – Certain of NEP's derivative instruments contain credit-related cross-default and material adverse change triggers, none of which contain requirements to maintain certain credit ratings or financial ratios. At December 31, 2022 and 2021, the aggregate fair value of NEP's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately $37 million and $608 million, respectively.

6. Non-Derivative Fair Value Measurements

Non-derivative fair value measurements consist of NEP's cash equivalents. The fair value of these financial assets is determined using the valuation techniques and inputs as described in Note 5 – Fair Value Measurements of Derivative Instruments. The fair value of money market funds that are included in cash and cash equivalents, current other assets and noncurrent other assets on NEP's consolidated balance sheets is estimated using a market approach based on current observable market prices.

Recurring Non-Derivative Fair Value Measurements – NEP’s financial assets and liabilities and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	December 31, 2022			December 31, 2021		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
			(millions)			
Assets:						
Cash equivalents	**$ 5**	**$ —**	**$ 5**	$ 3	$ —	$ 3
Total assets	**$ 5**	**$ —**	**$ 5**	$ 3	$ —	$ 3

Financial Instruments Recorded at Other than Fair Value – The carrying amounts and estimated fair values of other financial instruments recorded at other than fair value are as follows:

	December 31, 2022		December 31, 2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
	(millions)			
Long-term debt, including current maturities[(a)]	**$ 5,288**	**$ 5,105**	$ 5,327	$ 5,529

(a) At December 31, 2022 and December 31, 2021, approximately $5,086 million and $5,506 million, respectively, of the fair value is estimated using a market approach based on quoted market prices for the same or similar issues (Level 2); the balance is estimated using an income approach utilizing a discounted cash flow valuation technique, considering the current credit profile of the debtor (Level 3). At December 31, 2022 and 2021, approximately $1,510 million and $1,188 million, respectively, of the fair value relates to the 2020 convertible notes, the 2021 convertible notes and, in 2022, the 2022 convertible notes and is estimated using Level 2.

7. Income Taxes

On August 16, 2022, the Inflation Reduction Act was signed into law which includes: (i) extensions for wind and solar tax credits on facilities that start construction before the later of 2034 or the end of the calendar year following the year in which greenhouse gas emissions from U.S. electric generation are reduced by 75% from 2022 levels; (ii) a new solar PTC and standalone battery ITC; (iii) the ability to transfer renewable energy tax credits to an unrelated transferee; and (iv) a 15% corporate profits minimum tax based on pre-tax income for years after 2022. This legislation does not require NEP to revalue its deferred income taxes given that there was no change to the corporate tax rate.

The components of income tax expense (benefit) are as follows:

	Years Ended December 31,		
	2022	2021	2020
		(millions)	
Federal:			
Current	**$ —**	$ 1	$ 5
Deferred	**127**	32	(21)
Total federal	**127**	33	(16)
State:			
Current	**—**	1	2
Deferred	**44**	14	(5)
Total state	**44**	15	(3)
Total income tax expense (benefit)	**$ 171**	$ 48	$ (19)

A reconciliation of U.S. federal income tax at the statutory rate to the actual income taxes is as follows:

	Years Ended December 31,		
	2022	2021	2020
		(millions)	
Income tax expense (benefit) at U.S. statutory rate of 21%	**$ 271**	$ 99	$ (54)
Increases (reductions) resulting from:			
Taxes attributable to noncontrolling interests	**(135)**	(59)	41
State income taxes, net of federal tax benefit	**35**	12	(3)
Tax credits	**(2)**	(2)	(3)
Other	**2**	(2)	—
Income tax expense (benefit)	**$ 171**	$ 48	$ (19)

The effective tax rate was approximately 13%, 10% and 7% for the years ended December 31, 2022, 2021 and 2020, respectively.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. These items are stated at the enacted tax rates that are expected to be in effect when taxes are actually paid or recovered. NEP believes that it is more likely than not that the deferred tax assets at December 31, 2022 shown in the table below, net of the valuation allowances, will be realized due to sufficient future income.

The income tax effects of temporary differences giving rise to NEP's deferred income tax liabilities and assets are as follows:

	December 31,	
	2022	2021
	(millions)	
Deferred tax liabilities:		
Investment in partnership[a]	**$ (199)**	$ —
Total deferred tax liabilities	**(199)**	—
Deferred tax assets:		
Net operating loss carryforwards	**363**	284
Investment in partnership[a]	**—**	23
Tax credit carryforwards	**15**	13
Valuation allowance	**(4)**	(4)
Total deferred tax assets	**374**	316
Net deferred income taxes	**$ 175**	$ 316

(a) At December 31, 2022 and 2021, includes a deferred tax asset of approximately $18 million and $4 million, respectively, of interest limitation carryforward with an indefinite expiration period.

Deferred tax assets and liabilities included on NEP's consolidated balance sheets are as follows:

	December 31,	
	2022	2021
	(millions)	
Deferred income taxes – noncurrent assets	**$ 195**	$ 322
Noncurrent other liabilities	**(20)**	(6)
Net deferred income taxes	**$ 175**	$ 316

The components of deferred tax assets, before valuation allowance, relating to net operating loss carryforwards and tax credit carryforwards at December 31, 2022 are as follows:

	Amount	Expiration Dates
	(millions)	
Net operating loss carryforwards:		
Federal	**$ 322**	2034 – 2037
State	**41**	2028 – 2042
Total net operating loss carryforwards	**$ 363** [a]	
Tax credit carryforwards	**$ 15**	2023 – 2042

(a) Includes approximately $177 million and $5 million of federal and state, respectively, net operating loss carryforwards with an indefinite expiration period.

During 2022 and 2021, NEP recorded state tax liabilities of approximately $1 million and $1 million (net of federal tax benefit), respectively, related to unrecognized tax benefits of prior year state tax filing positions. The total amount of unrecognized tax benefit that, if recognized, would affect the effective tax rate is approximately $5 million (net of federal tax benefit). The open tax years in all jurisdictions are 2014 through 2021.

8. Property, Plant and Equipment

Property, plant and equipment consists of the following at December 31:

	2022	2021	Range of Useful Lives (in years)
	(millions)		
Power-generation assets[(a)]	$ 14,639	$ 10,439	3 – 35
Pipeline assets, including temporary rights-of-way	877	957	25 – 50
Land improvements and buildings	611	525	3 – 45
Land, including perpetual rights-of-way	81	102	
Construction work in progress	404	736	
Other depreciable assets	427	365	3 – 35
Property, plant and equipment, gross	17,039	13,124	
Accumulated depreciation	(2,090)	(1,707)	
Property, plant and equipment – net	$ 14,949	$ 11,417	

(a) Approximately 92% of power generation assets represent machinery and equipment used to generate electricity with a 35-year depreciable life.

Depreciation expense for the years ended December 31, 2022, 2021 and 2020 was approximately $400 million, $263 million and $247 million, respectively. A number of NEP's generation and pipeline facilities are encumbered by liens securing various financings. The net book value of NEP's assets serving as collateral was approximately $5.1 billion at December 31, 2022.

9. Equity Method Investments

At December 31, 2022, investments in equity method investees primarily includes the approximately 50% ownership interest in Desert Sunlight Investment Holdings, LLC, approximately 50% ownership interest in Rosmar Holdings, LLC (Rosmar), the ownership interest in Meade Pipeline Co, LLC (Meade), including Meade's ownership interest in the Central Penn Line (CPL), the 40% ownership interest in Pine Brooke Holdings and the 33.3% ownership interests in certain projects acquired in October 2021 (see Note 3). NEP is not the primary beneficiary and therefore does not consolidate these entities because it does not control any of the ongoing activities of these entities, was not involved in the initial design of these entities and does not have controlling interests in these entities.

Summarized information for these equity method investees is as follows:

	2022	2021	2020
		(millions)	
Revenues	$ 376	$ 334	$ 244
Operating income	$ 136	$ 164	$ 142
Net income[(a)]	$ 308	$ 261	$ 151

(a) Includes the earnings from equity method investee related to Meade's ownership interest in CPL.

	December 31, 2022	December 31, 2021
	(millions)	
Current assets	$ 163	$ 186
Noncurrent assets[(a)]	$ 4,969	$ 5,073
Current liabilities	$ 85	$ 85
Noncurrent liabilities	$ 1,355	$ 1,456
NEP's share of underlying equity in the equity method investees	$ 2,077	$ 2,063
Difference between investment carrying amounts and underlying equity in net assets[(b)]	(160)	(167)
NEP's investment carrying amounts	$ 1,917	$ 1,896

(a) Includes the equity method investment related to Meade's ownership interest in CPL
(b) Substantially all of the difference between the investment carrying amount and the underlying equity in net assets is being amortized over the life of the related projects.

10. Variable Interest Entities

NEP has identified NEP OpCo, a limited partnership with a general partner and limited partners, as a VIE. NEP has consolidated the results of NEP OpCo and its subsidiaries because of its controlling interest in the general partner of NEP OpCo. At December 31, 2022, NEP owned an approximately 46.2% limited partner interest in NEP OpCo and NEE Equity owned a noncontrolling 53.8% limited partner interest in NEP OpCo. See Note 13 - Common Unit Issuances. The assets and liabilities of NEP OpCo as well as the operations of NEP OpCo represent substantially all of NEP's assets and liabilities and its operations.

In addition, at December 31, 2022, NEP OpCo consolidated 21 VIEs related to certain subsidiaries which have sold differential membership interests (see Note 2 – Noncontrolling Interests) in entities which own and operate 37 wind generation facilities as well as eight solar projects, including related battery storage facilities, and one battery storage facility. These entities are considered VIEs because the holders of the differential membership interests do not have substantive rights over the significant activities of these entities. The assets, primarily property, plant and equipment – net, and liabilities, primarily accounts payable and accrued expenses and asset retirement obligation, of the VIEs, totaled approximately $12,127 million and $1,336 million, respectively, at December 31, 2022, and $9,740 million and $1,310 million, respectively, at December 31, 2021. In January 2023, NEP bought out differential membership investors with ownership interests in two wind projects for approximately $187 million impacting two differential membership VIEs.

At December 31, 2022, NEP OpCo also consolidated six VIEs related to the sales of noncontrolling Class B interests in certain NEP subsidiaries. See Note 2 – Noncontrolling Interests and Note 13 – Class B Noncontrolling Interests. These entities are considered VIEs because the holders of the noncontrolling Class B interests do not have substantive rights over the significant activities of the entities. The assets, primarily property, plant and equipment – net, intangible assets – PPAs and investments in equity method investees, and the liabilities, primarily accounts payable and accrued expenses, long-term debt, intangible liabilities – PPAs, noncurrent other liabilities and asset retirement obligation, of the VIEs totaled approximately $16,448 million and $3,456 million, respectively, at December 31, 2022 and $11,810 million and $2,480 million, respectively, at December 31, 2021. Certain of these VIEs include six other VIEs related to NEP's ownership interests in Rosmar, Silver State, Meade, Pine Brooke Holdings, Star Moon Holdings and Emerald Breeze (see Note 3). In addition, certain of these VIEs contain entities which have sold differential membership interests and approximately $8,088 million and $4,749 million of assets and $1,198 million and $1,159 million of liabilities are also included in the disclosure of the VIEs related to differential membership interests at December 31, 2022 and 2021, respectively.

At December 31, 2022, NEP OpCo consolidated Sunlight Renewables Holdings which is a VIE (see Note 3). The assets, primarily property, plant and equipment – net, and the liabilities, primarily accounts payable and accrued expenses, asset retirement obligation and noncurrent other liabilities, of the VIE totaled approximately $443 million and $10 million at December 31, 2022, respectively. This VIE contains entities which have sold differential membership interests and approximately $344 million of assets and $10 million of liabilities is included in the disclosure of VIEs related to differential membership interests at December 31, 2022 above.

Certain subsidiaries of NEP OpCo have noncontrolling interests in entities accounted for under the equity method that are considered VIEs. See Note 9.

NEP has an indirect equity method investment in three NEER solar projects with a total generating capacity of 277 MW and battery storage capacity of 230 MW. Through a series of transactions, a subsidiary of NEP issued 1,000,000 NEP OpCo Class B Units, Series 1 and 1,000,000 NEP OpCo Class B Units, Series 2, to NEER for approximately 50% of the ownership interests in the three solar projects (non-economic ownership interests). NEER, as holder of the NEP OpCo Class B Units, will retain 100% of the economic rights in the projects to which the respective Class B Units relate, including the right to all distributions paid by the project subsidiaries that own the projects to NEP OpCo. NEER has agreed to indemnify NEP against all risks relating to NEP’s ownership of the projects until NEER offers to sell economic interests to NEP and NEP accepts such offer, if NEP chooses to do so. NEER has also agreed to continue to manage the operation of the projects at its own cost, and to contribute to the projects any capital necessary for the operation of the projects, until NEER offers to sell economic interests to NEP and NEP accepts such offer. At December 31, 2022 and 2021, NEP's equity method investment related to the non-economic ownership interests of approximately $98 million and $47 million, respectively, is reflected as noncurrent other assets on NEP's consolidated balance sheets. All equity in earnings of the non-economic ownership interests is allocated to net income attributable to noncontrolling interests. NEP is not the primary beneficiary and therefore does not consolidate these entities because it does not control any of the ongoing activities of these entities, was not involved in the initial design of these entities and does not have a controlling interest in these entities.

11. Leases

NEP has operating and finance leases primarily related to land use agreements for certain of its renewable energy projects. At December 31, 2022 and 2021, NEP had recorded right-of-use (ROU) assets for operating leases of approximately $24 million and $44 million, respectively, and operating lease liabilities of $26 million and $45 million, respectively. At December 31, 2022 and 2021, NEP's ROU assets for finance leases totaled approximately $47 million and $48 million, respectively, and finance lease liabilities totaled $51 million and $49 million, respectively. NEP’s operating lease liabilities were calculated based on a weighted average discount rate of 4.04% and 4.01% based on the incremental borrowing rate at the lease commencement date and have a weighted-average remaining lease term of 25 years and 26 years, at December 31, 2022 and 2021, respectively. NEP's finance lease liabilities were calculated based on a weighted average discount rate of 3.55% and 3.55% with a weighted-average remaining lease term of 34 years and 35 years, at December 31, 2022 and 2021, respectively. Lease payments under the land use agreements, which convey exclusive use of the land during the arrangement, are either fixed based on the terms of the related lease agreement or variable primarily based on the amount of generation at the renewable energy project. NEP’s operating and finance leases with fixed payments have expiration dates ranging from 2028 to 2057. NEP recognized approximately $2 million, $3 million and $3 million in 2022, 2021 and 2020, respectively, of operating lease costs associated with its ROU assets and lease obligations which are included in O&M expenses in NEP’s consolidated statements of income (loss). In addition, approximately $8 million, $7 million and $6 million was recorded related to variable lease costs in 2022, 2021 and 2020, respectively. Other operating and finance lease-related amounts were not material to NEP’s consolidated statements of income (loss) or cash flows for the periods presented. At December 31, 2022, NEP's lease agreements call for fixed payments of approximately $3 million in 2023, $4 million annually over the next four years and $112 million thereafter. During 2022, NEP's ROU assets obtained in exchange for operating and finance lease obligations resulted in a decrease of approximately $11 million, primarily relating to lease remeasurements offset by operating leases acquired during 2022 (see Note 3). During 2021, NEP's ROU assets obtained in exchange for operating and finance lease obligations totaled approximately $51 million and primarily relate to finance leases acquired in the December 2021 acquisition from NEER (see Note 3).

NEP has operating leases and a sales-type lease relating to battery storage facilities that sell their electric output under power sales agreements to third parties which provide the customers the ability to dispatch the facilities. At both December 31, 2022 and 2021, the net investment in sales-type lease is approximately $16 million. At December 31, 2022, the power sales agreements have expiration dates from 2037 to 2041 and NEP expects to receive approximately $118 million of lease payments over the remaining term of the power sales agreement with no one year being material. Operating and sales-type lease-related amounts relating to battery storage facilities were not material to NEP's consolidated statements of income for the periods presented.

12. Debt

NEP's long-term debt agreements require monthly, quarterly or semi-annual payments of interest. Principal payments on the senior secured limited-recourse debt is primarily due monthly or semi-annually. The carrying value of NEP's long-term debt consists of the following:

	December 31,				
		2022		2021	
	Maturity Date	Balance	Weighted-Average Interest Rate	Balance	Weighted-Average Interest Rate
		(millions)		(millions)	
NEP:					
Senior unsecured convertible notes – fixed[a]	2024 – 2026	$ **1,600**	0.78 %	$ 1,100	— %
NEP OpCo:					
Senior unsecured notes – fixed[b]	2024 – 2027	**1,800**	4.22 %	1,800	4.22 %
Revolving credit facility – variable[a][c]	2027	**—**	— %	554	1.61 %
Project level:					
Senior secured limited-recourse debt – fixed	2033	**20**	4.52 %	21	4.52 %
Senior secured limited-recourse debt – variable[c][d]	2026 – 2032	**1,529**	5.83 %	1,544	1.55 %
Bank loan[c][d]	2023	**200**	6.13 %	205	1.90 %
Other long-term debt – variable[c][d]	2028	**141**	6.73 %	154	2.16 %
Other long-term debt – fixed[e]	2026 – 2031[e]	**49**	0.13 %	—	
Unamortized debt issuance costs and discount		**(51)**		(51)	
Total long-term debt		**5,288**		5,327	
Less current portion of long-term debt		**38**		33	
Long-term debt, excluding current portion		$ **5,250**		$ 5,294	

(a) See additional discussion of the convertible notes and the NEP OpCo credit facility below.
(b) The NEP OpCo senior unsecured notes are absolutely and unconditionally guaranteed, on a senior unsecured basis, by NEP and a subsidiary of NEP OpCo.
(c) Variable rate is based on an underlying index plus a margin.
(d) Interest rate contracts, primarily swaps, have been entered into for a majority of these debt issuances. See Note 5.
(e) See Note 14 – Related Party Long-term Debt.

Minimum annual maturities of long-term debt are approximately $38 million, $1,528 million, $680 million, $1,878 million and $607 million for 2023, 2024, 2025, 2026 and 2027, respectively.

NEP OpCo and its direct subsidiary (loan parties) are parties to a variable rate, senior secured revolving credit facility (NEP OpCo credit facility). At December 31, 2022, the NEP OpCo credit facility provided up to $2.5 billion of revolving credit loans and included borrowing capacity of up to $400 million for letters of credit and incremental commitments to increase the NEP OpCo credit facility to up to $3.25 billion in the aggregate, subject to certain conditions. Borrowings under the NEP OpCo credit facility can be used by the loan parties to fund working capital and expansion projects, to make acquisitions and for general business purposes. The NEP OpCo credit facility is subject to a facility fee ranging from 0.20% to 0.35% per annum depending on NEP OpCo's leverage ratio (as defined in the NEP OpCo credit facility). At December 31, 2022, approximately $118 million of letters of credit were issued under the NEP OpCo credit facility primarily related to debt service reserves and as security for certain financing agreements of NEP OpCo's subsidiaries. In February 2023, the loan parties extended the maturity date for substantially all of the NEP OpCo credit facility to 2028 and NEP OpCo borrowed approximately $50 million under the NEP OpCo credit facility.

In addition, at December 31, 2022, South Texas Midstream Holdings, LLC (STX Holdings) is party to a credit agreement which provides up to $270 million under a revolving credit facility (STX Holdings revolving credit facility). Proceeds from any borrowings under the STX Holdings revolving credit facility are available exclusively to fund the cash portion of NEP's repurchase, if any, of the Class B noncontrolling interests related to STX Midstream (see Note 13 – Class B Noncontrolling Interests), subject to certain limitations.

The long-term debt agreements discussed above contain default and related acceleration provisions relating to the failure to make required payments or to observe other covenants in the respective financing agreements and related documents including financial covenants primarily related to debt service coverage ratios, as well as a maximum leverage ratio and a minimum interest coverage ratio. Additionally, under the NEP OpCo credit facility, NEP OpCo and its direct subsidiary are required to comply with certain financial covenants on a quarterly basis and NEP OpCo's ability to pay cash distributions is subject to certain other restrictions. All borrowings under the NEP OpCo credit facility and the NEP OpCo senior unsecured notes are guaranteed by NEP OpCo and NEP.

The NEP OpCo credit facility contains various covenants and restrictive provisions that limit NEP OpCo’s ability to, among other things:

- incur or guarantee additional debt;
- make distributions on or redeem or repurchase common units;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
- merge or consolidate with another company; and
- transfer, sell or otherwise dispose of projects.

The long-term debt agreements listed above all contain provisions which, under certain conditions, restrict the payment of dividends and other distributions. At December 31, 2022, NEP and its subsidiaries were in compliance with all financial debt covenants under their respective financing agreements.

During 2022, NEP issued $500 million principal amount of senior unsecured convertible notes (2022 convertible notes). The 2022 convertible notes are unsecured obligations of NEP and are absolutely and unconditionally guaranteed, on a senior unsecured basis, by NEP OpCo. A holder may convert all or a portion of its 2022 convertible notes in accordance with the related indenture. Upon conversion of the 2022 convertible notes, NEP will pay cash up to the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, NEP common units or a combination of cash and common units, at NEP's election, in respect of the remainder, if any, of NEP's conversion obligation in excess of the aggregate principal amount of the notes being converted. At December 31, 2022, the conversion rate, which is subject to certain adjustments, was 10.5339 NEP common units per $1,000 of the 2022 convertible notes, which is equivalent to an initial conversion price of approximately $94.9316 per NEP common unit. The conversion rate is subject to adjustment in certain circumstances, as set forth in the related indenture. Upon the occurrence of a fundamental change (as defined in the related indenture), holders of the 2022 convertible notes may require NEP to repurchase all or a portion of their convertible notes for cash in an amount equal to the principal amount of the 2022 convertible notes to be repurchased, plus accrued and unpaid interest, if any. The 2022 convertible notes are not redeemable at NEP’s option prior to maturity. In connection with the issuance of the 2022 convertible notes, NEP entered into a registration rights agreement pursuant to which, among other things, NEP has agreed to file a shelf registration statement with the Securities and Exchange Commission and use its commercially reasonable efforts to cause such registration statement to become effective on or prior to December 12, 2023, covering resales of NEP common units, if any, issuable upon a conversion of the 2022 convertible notes.

NEP entered capped call transactions (2022 capped call) in connection with the issuance of the 2022 convertible notes. Under the 2022 capped call, NEP purchased capped call options with an initial strike price of $94.9316 and an initial cap price of $118.6650, subject to certain adjustments. The 2022 capped call was purchased for approximately $31 million, which was recorded as a reduction to common units equity on NEP's consolidated balance sheets. If, upon conversion of the 2022 convertible notes, the price per NEP common unit during the relevant valuation period is above the strike price, there would generally be a payment to NEP (if NEP elects to cash settle) or an offset of potential dilution to NEP's common units (if NEP elects to settle in NEP common units).

During 2021, NEP issued $500 million principal amount of senior unsecured convertible notes (2021 convertible notes). The 2021 convertible notes are unsecured obligations of NEP and are absolutely and unconditionally guaranteed, on a senior unsecured basis, by NEP OpCo. A holder may convert all or a portion of its 2021 convertible notes in accordance with the related indenture. Upon conversion of the 2021 convertible notes, NEP will pay cash up to the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, NEP common units or a combination of cash and common units, at NEP's election, in respect of the remainder, if any, of NEP's conversion obligation in excess of the aggregate principal amount of the notes being converted. At December 31, 2022, the conversion rate, which is subject to certain adjustments, was 11.0492 NEP common units per $1,000 of the 2021 convertible notes, which is equivalent to an initial conversion price of approximately $90.5043 per NEP common unit. The conversion rate is subject to adjustment in certain circumstances, as set forth in the related indenture. Upon the occurrence of a fundamental change (as defined in the related indenture), holders of the 2021 convertible notes may require NEP to repurchase all or a portion of their convertible notes for cash in an amount equal to the principal amount of the 2021 convertible notes to be repurchased, plus accrued and unpaid special interest, if any. The 2021 convertible notes are not redeemable at NEP’s option prior to maturity.

NEP entered capped call transactions (2021 capped call) in connection with the issuance of the 2021 convertible notes. Under the 2021 capped call, NEP purchased capped call options with an initial strike price of $90.5043 and an initial cap price of $113.1300, subject to certain adjustments. The 2021 capped call was purchased for approximately $31 million, which was recorded as a reduction to common units equity on NEP's consolidated balance sheets. If, upon conversion of the 2021 convertible notes, the price per NEP common unit during the relevant valuation period is above the strike price, there would generally be a payment to NEP (if NEP elects to cash settle) or an offset of potential dilution to NEP's common units up to the cap price (if NEP elects to settle in NEP common units).

During 2020, approximately $300 million of senior unsecured convertible notes issued in 2017 (2017 convertible notes) were converted and NEP issued 5.7 million NEP common units and received $30 million in cash related to the unwinding of a capped call transaction that was entered into in connection with the issuance of the 2017 convertible notes. Also during 2020, NEP issued $600 million principal amount of senior unsecured convertible notes (2020 convertible notes). In connection with the issuance of the 2020 convertible notes, NEP recorded the value of the conversion option of approximately $64 million in common units equity (see Note 2 – Distinguishing Liabilities and Equity). The 2020 convertible notes are unsecured obligations of NEP and are absolutely and unconditionally guaranteed, on a senior unsecured basis, by NEP OpCo. A holder may convert all or a portion of its 2020 convertible notes in accordance with the related indenture. Upon conversion of the 2020 convertible notes, NEP will pay cash up to the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, NEP common units or a combination of cash and common units, at NEP's election, in respect of the remainder, if any, of NEP's conversion obligation in excess of the aggregate principal amount of the notes being converted. At December 31, 2022, the conversion rate, which is subject to certain adjustments, was 13.2748 NEP common units per $1,000 of the 2020 convertible notes, which rate is equivalent to a conversion price of approximately $75.3305 per NEP common unit. Upon the occurrence of a fundamental change (as defined in the related indenture), holders of the 2020 convertible notes may require NEP to repurchase all or a portion of their convertible notes for cash in an amount equal to the principal amount of the 2020 convertible notes to be repurchased, plus accrued and unpaid special interest, if any. The 2020 convertible notes are not redeemable at NEP’s option prior to maturity.

NEP entered a capped call transaction (2020 capped call) in connection with the issuance of the 2020 convertible notes. Under the 2020 capped call, NEP purchased capped call options which at December 31, 2022 have a strike price of $75.3305 and a cap price of $119.2736, subject to certain adjustments. The 2020 capped call was purchased for approximately $63 million, which was recorded as a reduction to common units equity on NEP's consolidated balance sheets. If, upon conversion of the 2020 convertible notes, the price per NEP common unit during the relevant valuation period is above the strike price, there would generally be a payment to NEP (if NEP elects to cash settle) or an offset of potential dilution to NEP's common units (if NEP elects to settle in NEP common units).

13. Equity

Distributions – During 2022, 2021 and 2020, NEP distributed approximately $254 million, $198 million and $154 million, respectively, to its common unitholders. In addition, NEP paid approximately $70 million in distributions to its common unitholders in February 2023.

Earnings Per Unit – Diluted earnings per unit are based on the weighted-average number of common units and potential common units outstanding during the period, including the dilutive effect of the convertible notes and preferred units (see Preferred Units below). Following the adoption of a new accounting standard on January 1, 2021 (see Note 2 – Distinguishing Liabilities from Equity), the dilutive effect of the 2020 convertible notes, the 2021 convertible notes and the 2022 convertible notes is calculated using the if-converted method. During 2020, the dilutive effect of the preferred units was computed using the if-converted method and the dilutive effect of the 2020 convertible notes was computed using the treasury stock method.

The reconciliation of NEP's basic and diluted earnings (loss) per unit is as follows:

	Years Ended December 31,		
	2022	2021	2020
	(millions, except per unit amounts)		
Numerator:			
Net income (loss) attributable to NEP – basic	**$ 477**	$ 137	$ (55)
Adjustments for convertible notes and preferred units[(a)]	**—**	—	—
Net income (loss) attributable to NEP used to compute diluted earnings per unit	**$ 477**	$ 137	$ (55)
Denominator:			
Weighted-average number of common units outstanding – basic	**84.9**	77.2	68.4
Effect of dilutive convertible notes and preferred units[(a)]	**—**	0.2	—
Weighted-average number of common units outstanding and assumed conversions	**84.9**	77.4	68.4
Earnings (loss) per unit attributable to NEP:			
Basic	**$ 5.62**	$ 1.77	$ (0.81)
Assuming dilution	**$ 5.62**	$ 1.77	$ (0.81)

(a) Due to the net loss incurred during the year ended December 31, 2020, the weighted-average number of common units issuable pursuant to the convertible notes and preferred units totaling approximately 7.5 million was not included in the calculation of diluted earnings per unit due to their antidilutive effect.

ATM Program – NEP has an at-the-market equity issuance program (ATM program), which was renewed in 2021, pursuant to which NEP may issue, from time to time, up to $300 million of its common units. During the years ended December 31, 2022 and 2021, NEP issued approximately 1.8 million common units and 0.7 million common units under the ATM program for gross proceeds of approximately $145 million and $50 million, respectively. During the year ended December 31, 2020, NEP did not issue any common units under the ATM program. Fees related to the ATM program totaled approximately $1 million and less than $1 million in 2022 and 2021, respectively.

Preferred Units – In 2017, NEP issued and sold Series A convertible preferred units representing limited partner interests in NEP. During the year ended December 31, 2020, NEP issued approximately 4.7 million NEP common units upon the conversion of the remaining convertible preferred units on a one-for-one basis.

Common Unit Issuances – In July 2022, NEP issued 0.8 million NEP common units upon NEE Equity's exchange of NEP OpCo common units on a one-for-one basis. In January 2023, NEE Equity delivered notice to NEP OpCo of its election to exchange 0.9 million NEP OpCo common units for NEP common units on a one-for-one basis. The exchange of common units, and related issuance of NEP common units, is expected to occur in the second quarter of 2023.

Class B Noncontrolling Interests – Subsidiaries of NEP sold Class B noncontrolling membership interests in NEP Renewables II, NEP Pipelines, STX Midstream, Genesis Holdings, NEP Renewables III and NEP Renewables IV as described below:

	NEP Renewables II	NEP Pipelines	STX Midstream	Genesis Holdings	NEP Renewables III	NEP Renewables IV
Underlying projects/pipelines	Renewable energy projects with a combined net generating capacity of approximately 1,192 MW[(a)]	Equity method interest in a natural gas pipeline located in Pennsylvania	Six natural gas pipeline assets located in Texas	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 1,992 MW[(b)]
Date of sale	June 11, 2019	November 13, 2019	December 4, 2019	December 18, 2020	December 28, 2021	December 15, 2022
Gross proceeds	$900 million[(a)]	$168 million	$750 million[(c)]	$1,243 million[(d)]	$816 million[(e)]	$710 million[(f)]
Initial allocation of distributable cash to Class B investors	5%	1%	12.5%	25%[(d)]	65%[(e)]	17%[(f)]
Period for initial allocation	6 years	6 years	4 years	10 years	10 years	10 years
Period for initial allocation if minimum buyouts have not occurred	4.5 years	5 years	3.5 years	6.75 years	6 years	6.5 years
Allocation of distributable cash to Class B investors after initial allocation period	99%	99%	75%[(g)]	80%[(d)]	99%	99%
Date buyout period begins	December 11, 2022	May 13, 2023	December 4, 2022	December 18, 2025	December 28, 2026	December 15, 2027
Buyout right timing[(h)]	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 3 and 7	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[(i)]	70%	100%	70%	100%	100%	100%

———————————

(a) In January 2023, NEP sold its ownership interests in one wind project with a net generating capacity of approximately 62 MW to a third party and approximately $45 million of the cash proceeds from the sale were distributed to the third-party owner of Class B membership interests (see Note 2 – Disposal of Wind Project).

(b) Excludes net generating capacity of approximately 54 MW relating to a wind facility in New York which is expected to be transferred to NEP Renewables IV in the first quarter of 2023. See Note 3.

(c) In April 2022, NEP sold its ownership interests in one pipeline to a third party and approximately $70 million of the cash proceeds from the sale were distributed to the third-party owner of Class B membership interests (see Note 2 – Disposal of Pipeline).

(d) At December 31, 2020, NEP retained certain Class B membership interests in Genesis Holdings which were sold to the Class B investors for approximately $493 million at a final funding in June 2021. Prior to the final Class B funding, NEP received approximately 83% of Genesis Holdings' cash distributions and the third-party investors received 17%. The allocation of distributable cash to Class B investors increases to 99% if NEP has not exercised certain buyout rights by September 18, 2027, but after December 18, 2030, the allocation of distributable cash to Class B investors decreases to 80%, subject to certain adjustments.

(e) At December 31, 2021, NEP retained certain Class B membership interests in NEP Renewables III which were sold to the Class B investors for approximately $408 million at a final funding in June 2022. Prior to the final Class B funding, NEP received approximately 67.5% of NEP Renewables III's cash distributions and the third-party investors received 32.5%.

(f) At December 31, 2022, NEP retained certain Class B membership interests in NEP Renewables IV which will be sold to the Class B investors for approximately $178 million at a final funding expected to occur by the end of the third quarter of 2023. Until the final Class B funding, NEP will receive approximately 86% of NEP Renewables IV's cash distributions and the third-party investors will receive 14%.

(g) Increases to 95% if NEP has not exercised its entire buyout right by December 4, 2025.

(h) The buyout right is subject to certain limitations and/or extensions in the respective agreements, including, but not limited to, NEP being able to purchase a maximum of the Class B units following anniversaries specified in certain of the agreements.

(i) NEP may elect to pay the buyout price in NEP non-voting common units or cash (or any combination thereof), subject to conditions and limitations set forth in the applicable agreements. Percentages shown represent the maximum percentages NEP expects it can pay in NEP non-voting common units without the acquiescence of the Class B investor, subject to applicable closing conditions. Holders of the NEP non-voting common units will have the right to receive pro rata quarterly cash distributions and the right to convert, subject to certain limitations, the NEP non-voting common units into NEP common units on a one-for-one basis. The specified percentage of the buyout price for the Class B noncontrolling interests in STX Midstream are payable in NEP common units.

In 2018, a subsidiary of NEP sold Class B membership interests in NEP Renewables, with underlying renewable energy projects with a combined generating capacity of approximately 1,388 MW, to a third-party investor. In November 2021, NEP paid aggregate consideration of approximately $885 million, consisting of 7,253,580 NEP common units and approximately $265 million in cash to the third-party investor after electing to exercise the buyout right and purchase all of the Class B membership interests in NEP Renewables.

Accumulated Other Comprehensive Income (Loss) –

	Accumulated Other Comprehensive Income (Loss)	
	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
	(millions)	
Balances, December 31, 2019	$ (22)	$ (22)
Other comprehensive income related to equity method investee	2	2
Balances, December 31, 2020	(20)	(20)
Other comprehensive income related to equity method investee	2	2
Balances, December 31, 2021	(18)	(18)
Other comprehensive income related to equity method investee	**2**	**2**
Balances, December 31, 2022	**$ (16)**	**$ (16)**
AOCI attributable to noncontrolling interest, December 31, 2022	**$ (9)**	**$ (9)**
AOCI attributable to NextEra Energy Partners, December 31, 2022	**$ (7)**	**$ (7)**

14. Related Party Transactions

Each project entered into O&M and administrative services agreements (ASAs) with subsidiaries of NEER whereby the projects pay a certain annual fee plus actual costs incurred in connection with certain O&M and administrative services performed under these agreements. These services are reflected as operations and maintenance in NEP's consolidated statements of income (loss). Additionally, certain NEP subsidiaries pay affiliates for transmission and retail power services which are reflected as operations and maintenance in NEP's consolidated statements of income (loss). Certain projects have also entered into various types of agreements including those related to shared facilities and transmission lines, transmission line easements, technical support and construction coordination with subsidiaries of NEER whereby certain fees or cost reimbursements are paid to, or received by, certain subsidiaries of NEER.

Management Services Agreement (MSA) – Under the MSA, an indirect wholly owned subsidiary of NEE provides operational, management and administrative services to NEP, including managing NEP’s day-to-day affairs and providing individuals to act as NEP’s executive officers and directors, in addition to those services that are provided under the existing O&M agreements and ASAs described above between NEER subsidiaries and NEP subsidiaries. NEP OpCo pays NEE an annual management fee equal to the greater of 1% of the sum of NEP OpCo’s net income plus interest expense, income tax expense and depreciation and amortization expense less certain non-cash, non-recurring items for the most recently ended fiscal year and $4 million (as adjusted for inflation beginning in 2016), which is paid in quarterly installments with an additional payment each January to the extent 1% of the sum of NEP OpCo’s net income plus interest expense, income tax expense and depreciation and amortization expense less certain non-cash, non-recurring items for the preceding fiscal year exceeds $4 million (as adjusted for inflation beginning in 2016). NEP OpCo also makes certain payments to NEE based on the achievement by NEP OpCo of certain target quarterly distribution levels to its unitholders. NEP’s O&M expenses for the years ended December 31, 2022, 2021 and 2020 include approximately $163 million, $138 million and $112 million, respectively, related to the MSA.

Cash Sweep and Credit Support Agreement (CSCS agreement) – NEP OpCo is a party to the CSCS agreement with NEER under which NEER and certain of its affiliates provide credit support in the form of letters of credit and guarantees to satisfy NEP’s subsidiaries’ contractual obligations. NEP OpCo pays NEER an annual credit support fee based on the level and cost of the credit support provided, payable in quarterly installments. NEP’s O&M expenses for the years ended December 31, 2022, 2021 and 2020 include approximately $7 million, $6 million and $6 million, respectively, related to the CSCS agreement.

NEER and certain of its affiliates may withdraw funds (Project Sweeps) from NEP OpCo under the CSCS agreement or NEP OpCo's subsidiaries in connection with certain long-term debt agreements, and hold those funds in accounts belonging to NEER or its affiliates to the extent the funds are not required to pay project costs or otherwise required to be maintained by NEP's subsidiaries. NEER and its affiliates may keep the funds until the financing agreements permit distributions to be made, or, in the case of NEP OpCo, until such funds are required to make distributions or to pay expenses or other operating costs or NEP OpCo otherwise demands the return of such funds. If NEER or its affiliates fail to return withdrawn funds when required by NEP OpCo's subsidiaries’ financing agreements, the lenders will be entitled to draw on any credit support provided by NEER or its affiliates in the amount of such withdrawn funds. If NEER or one of its affiliates realizes any earnings on the withdrawn funds prior to the return of such funds, it will be permitted to retain those earnings. At December 31, 2022 and 2021, the cash sweep amounts held in accounts belonging to NEER or its affiliates were approximately $298 million and $57 million, respectively, and are included in due from related parties on NEP’s consolidated balance sheets.

Guarantees and Letters of Credit Entered into by Related Parties – Certain PPAs include requirements of the project entities to meet certain performance obligations. NextEra Energy Capital Holdings, Inc. (NEECH) or NEER has provided letters of credit or guarantees for certain of these performance obligations and payment of any obligations from the transactions contemplated by the PPAs. In addition, certain financing agreements require cash and cash equivalents to be reserved for various purposes. In accordance with the terms of these financing agreements, guarantees from NEECH have been substituted in place of these cash and cash equivalents reserve requirements. Also, under certain financing agreements, indemnifications have been provided by NEECH. In addition, certain interconnection agreements and site certificates require letters of credit or a surety bond to secure certain payment or restoration obligations related to those agreements. NEECH also guarantees the Project Sweep amounts held in accounts belonging to NEER as described above. In addition, NEECH and NEER provided guarantees associated with obligations, primarily incurred and future construction payables, associated with the December 2022 acquisition from NEER discussed in Note 3. At December 31, 2022, NEECH or NEER guaranteed or provided indemnifications, letters of credit or surety bonds totaling approximately $4.6 billion related to these obligations.

Related Party Long-Term Debt – In connection with the December 2022 acquisition from NEER of Emerald Breeze (see Note 3), a subsidiary of NEP acquired a note payable from a subsidiary of NEER relating to restricted cash reserve funds put in place for certain operational costs at the project based on a requirement of the differential membership investor. At December 31, 2022, the note payable was approximately $48 million and is included in long-term debt on NEP's consolidated balance sheets. The note payable does not bear interest and does not have a maturity date.

Due to Related Parties – Noncurrent amounts due to related parties on NEP's consolidated balance sheets primarily represent amounts owed by certain of NEP's wind projects to NEER to refund NEER for certain transmission costs paid on behalf of the wind projects. Amounts will be paid to NEER as the wind projects receive payments from third parties for related notes receivable recorded in noncurrent other assets on NEP’s consolidated balance sheets.

Transportation and Fuel Management Agreements – A subsidiary of NEP assigned to a subsidiary of NEER certain gas commodity agreements in exchange for entering into transportation agreements and a fuel management agreement whereby the benefits of the gas commodity agreements (net of transportation paid to the NEP subsidiary) are passed back to the NEP subsidiary. During the years ended December 31, 2022, 2021 and 2020, NEP recognized approximately $9 million, $36 million and $15 million, respectively, in revenues related to the transportation and fuel management agreements. The increase in the recognized revenues in 2021 primarily relates to higher demand and the related impact on natural gas prices during extreme winter weather experienced primarily in Texas during February 2021.

Related Party Note Receivable – As part of the 2016 acquisition from NEER of Seiling Wind Investments, LLC, a subsidiary of NEP acquired an approximately $25 million receivable from a subsidiary of NEER (Seiling related party note receivable) relating to operational performance issues at the related projects. The Seiling related party note receivable is intended to compensate NEP for the operational performance issues and is supported in full by compensation expected from an equipment vendor under an undertaking the vendor has with NEER. This receivable bears interest at 7.1% per annum, is payable by NEER in equal semi-annual installments and matures in December 2035. During each of the years ended December 31, 2022, 2021 and 2020, NEP received payments of approximately $2 million. The Seiling related party note receivable, interest and related payments are reflected in noncontrolling interests on NEP's consolidated financial statements.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As of December 31, 2022, NEP had performed an evaluation, under the supervision and with the participation of its management, including its chief executive officer and chief financial officer, of the effectiveness of the design and operation of NEP's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the chief executive officer and the chief financial officer of NEP concluded that NEP's disclosure controls and procedures were effective as of December 31, 2022.

Internal Control Over Financial Reporting

(a) Management's Annual Report on Internal Control Over Financial Reporting

See Item 8. Financial Statements and Supplementary Data.

(b) Attestation Report of the Independent Registered Public Accounting Firm

See Item 8. Financial Statements and Supplementary Data.

(c) Changes in Internal Control Over Financial Reporting

NEP is continuously seeking to improve the efficiency and effectiveness of its operations and of its internal controls. This results in refinements to processes throughout NEP. However, there has been no change in NEP's internal control over financial reporting (as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f)) that occurred during NEP's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, NEP's internal control over financial reporting.

Item 9B. Other Information

None

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable

PART III – OTHER INFORMATION

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included under the headings "Business of the Annual Meeting," "Information About NextEra Energy Partners and Management" and "Corporate Governance and Board Matters" in NEP's Proxy Statement which will be filed with the SEC in connection with the 2023 Annual Meeting of Unitholders (NEP's Proxy Statement) and is incorporated herein by reference.

NEP has adopted the NextEra Energy Partners, LP Code of Ethics for Senior Executive and Financial Officers (the Senior Financial Executive Code), which is applicable to the chief executive officer, the chief financial officer, the chief accounting officer and other senior executive and financial officers. The Senior Financial Executive Code is available under Corporate Governance in the Investor Relations section of NEP's internet website at www.nexteraenergypartners.com. Any amendments or waivers of the Senior Financial Executive Code which are required to be disclosed to unitholders under SEC rules will be disclosed on NEP's website at the address listed above.

Item 11. Executive Compensation

The information required by this item will be included in NEP's Proxy Statement under the headings "Executive Compensation" and "Corporate Governance and Board Matters" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item relating to security ownership of certain beneficial owners and management will be included in NEP's Proxy Statement under the heading "Information About NextEra Energy Partners and Management" and is incorporated herein by reference.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides certain information as of December 31, 2022 with respect to equity compensation under the NextEra Energy Partners, LP 2014 Long-Term Incentive Plan:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	—	N/A	1,009,401
Equity compensation plans not approved by security holders	—	N/A	—
Total	—	N/A	1,009,401

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item, to the extent applicable, will be included in NEP's Proxy Statement under the heading "Corporate Governance and Board Matters" and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be included in NEP's Proxy Statement under the heading "Audit-Related Matters" and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

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(a)	1	Financial Statements	
		Management's Report on Internal Control over Financial Reporting	39
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2 Financial Statement Schedules – Schedules are omitted as not applicable or not required.

3 Exhibits (including those incorporated by reference)

Exhibit Number	Description
2.1*	Amended and Restated Purchase and Sale Agreement, dated as of February 22, 2016, by and between NEP US SellCo, LLC and NextEra Energy Partners Acquisitions, LLC, as amended by First Global Amendment to Amended and Restated Purchase and Sale Agreement, dated as of September 8, 2016, by and between NEP US SellCo, LLC, NextEra Energy Partners Acquisitions, LLC and ESI Energy, LLC (filed as Exhibit 2.1 to Form 10-Q for the quarter ended September 30, 2017, File No. 1-36518)
2.2*	Membership Interest Purchase Agreement, dated as of November 2, 2020, among Genesis Solar Holdings, LLC, NextEra Energy Partners, LP, Genesis Solar Funding, LLC, and the Class B purchasers party thereto (filed as Exhibit 2.1 to Form 8-K dated November 2, 2020, File 1-36518)
2.2(a)*	Amendment to Membership Interest Purchase Agreement, dated as of May 16, 2021, among Genesis Solar Holdings, LLC, NextEra Energy Partners, LP, Genesis Solar Funding, LLC and the Class B purchasers thereto (filed as Exhibit 2.1 to Form 8-K dated May 16, 2021, File No. 1-36518)
2.3*	Amendment to Amended and Restated Purchase and Sale Agreement (2020 Projects Annex), dated as of November 2, 2020, by and among NEP US SellCo LLC, NextEra Energy Partners Acquisitions, LLC and ESI Energy, LLC (filed as Exhibit 2.3 to Form 8-K dated November 2, 2020, File 1-36518)
2.4*	Amendment to Amended and Restated Purchase and Sale Agreement (2021-A Projects Annex), dated as of July 22, 2021, by and among NEP US SellCo LLC, NextEra Energy Partners Acquisitions, LLC and ESI Energy, LLC (filed as Exhibit 2.3 to Form 10-Q for the quarter ended June 30, 2021, File No. 1-36518)
2.5*	Amendment to Amended and Restated Purchase and Sale Agreement (2021-B Projects Annex), dated as of October 21, 2021, by and among NEP US SellCo LLC and NEP US SellCo II LLC, NextEra Energy Partners Acquisitions, LLC and ESI Energy, LLC (filed as Exhibit 2.2 to Form 10-Q for the quarter ended September 30, 2021, File No. 1-36518)
2.6*	Membership Interest Purchase Agreement, dated as of October 21, 2021, among NEP Renewables III Holdings, LLC, NextEra Energy Partners, LP, NEP Renewables III, LLC, and the Class B purchasers party thereto (filed as Exhibit 2.3 to Form 10-Q for the quarter ended September 30, 2021, File No. 1-36518)
2.7*	Amendment to Amended and Restated Purchase and Sale Agreement (2022-A Projects Annex), dated as of April 20, 2022, by and among NEP US SellCo LLC, NextEra Energy Partners Acquisitions, LLC and ESI Energy, LLC (filed as Exhibit 2.2 to Form 10-Q for the quarter ended March 31, 2022, File No. 1-36518)
2.8*	Amendment to Amended and Restated Purchase and Sale Agreement (2022-B Projects Annex), dated as of November 17, 2022, by and among NEP US SellCo LLC, NEP US SellCo II LLC, NextEra Energy Partners Acquisitions, LLC and ESI Energy, LLC (filed as Exhibit 2.2 to Form 8-K dated November 17, 2022, File No. 1-36518)
2.9*	Membership Interest Purchase Agreement, dated as of November 17, 2022, among NEP Renewables IV, LLC, NEP Renewables Holdings IV, LLC, NextEra Energy Partners, LP, and the Class B purchasers party thereto (filed as Exhibit 2.3 to Form 8-K dated November 17, 2022, File No. 1-36518)
3.1*	Fifth Amended and Restated Agreement of Limited Partnership of NextEra Energy Partners, LP, dated as of November 12, 2019 (filed as Exhibit 3.1 to Form 8-K dated November 12, 2019, File No. 1-36518)
3.2*	Certificate of Limited Partnership of NextEra Energy Partners, LP (filed as Exhibit 3.3 to Form 10-K for the year ended December 31, 2014, File No. 1-36518)
3.3*	Certificate of Incorporation of NextEra Energy Partners GP, Inc. (filed as Exhibit 3.5 to Form 10-K for the year ended December 31, 2014, File No. 1-36518)
3.4*	Bylaws of NextEra Energy Partners GP, Inc. (filed as Exhibit 3.6 to Form 10-K for the year ended December 31, 2014, File No. 1-36518)
4.1*	Indenture, dated as of September 25, 2017, between NextEra Energy Operating Partners, LP and The Bank of New York Mellon, as trustee (filed as Exhibit 4.1 to Form 8-K dated September 19, 2017, File No. 1-36518)
4.2*	Guarantee Agreement dated as of September 25, 2017, between NextEra Energy Partners, LP and The Bank of New York Mellon, as guarantee trustee (filed as Exhibit 4.2 to Form 8-K dated September 19, 2017, File No. 1-36518)
4.2(a)*	First Amendment to the Guarantee Agreement dated as of September 25, 2017, between NextEra Energy Partners, LP and The Bank of New York Mellon, as guarantee trustee, entered into as of June 27, 2019 (filed as Exhibit 4.5 to Form 8-K dated June 27, 2019, File No. 1-36518)
4.3*	Guarantee Agreement dated as of September 25, 2017, between NextEra Energy US Partners Holdings, LLC and The Bank of New York Mellon, as guarantee trustee (filed as Exhibit 4.3 to Form 8-K dated September 19, 2017, File No. 1-36518)

Exhibit Number	Description
4.3(a)*	First Amendment to the Guarantee Agreement dated as of September 25, 2017, between NextEra Energy US Partners Holdings, LLC and The Bank of New York Mellon, as guarantee trustee, entered into as of June 27, 2019 (filed as Exhibit 4.6 to Form 8-K dated June 27, 2019, File No. 1-36518)
4.4*	Officer's Certificate of NextEra Energy Operating Partners, LP, dated September 25, 2017, creating the 4.25% Senior Notes due 2024 and the 4.50% Senior Notes due 2027 (filed as Exhibit 4.4 to Form 8-K dated September 19, 2017, File No. 1-36518)
4.5*	Officer's Certificate of NextEra Energy Operating Partners, LP, dated June 27, 2019, creating the 4.25% Senior Notes due July 2024 (filed as Exhibit 4.4 to Form 8-K dated June 27, 2019, File No. 1-36518)
4.6*	Officer's Certificate of NextEra Energy Operating Partners, LP, dated September 23, 2019, creating the 3.875% Senior Notes due 2026 (filed as Exhibit 4.6 to Form 8-K dated September 23, 2019, File No. 1-36518)
4.7*	Indenture, dated as of December 3, 2020, by and among NextEra Energy Partners, LP, NextEra Energy Operating Partners, LP and The Bank of New York Mellon, as trustee (filed as Exhibit 4 to Form 8-K dated December 3, 2020, File No. 1-36518)
4.8*	Indenture, dated as of June 17, 2021, by and among NextEra Energy Partners, LP, NextEra Energy Operating Partners, LP and The Bank of New York Mellon, as trustee (filed as Exhibit 4 to Form 8-K dated June 14, 2021, File No. 1-36518)
4.9*	Indenture, dated as of December 12, 2022, by and among NextEra Energy Partners, LP, NextEra Energy Operating Partners, LP and The Bank of New York Mellon, as trustee (filed as Exhibit 4 to Form 8-K dated December 7, 2022, File No. 1-36518)
4.10	Description of Securities Registered Pursuant to Section 12 of the Exchange Act
10.1*	Third Amended and Restated Management Services Agreement, dated as of June 9, 2022, by and among NextEra Energy Partners, LP, NextEra Energy Operating Partners GP, LLC, NextEra Energy Operating Partners, LP and NextEra Energy Management Partners, LP (filed as Exhibit 10.1 to Form 8-K dated June 14, 2022, File No. 1-36518)
10.2*	Amended and Restated Right of First Offer Agreement by and among NextEra Energy Partners, LP, NextEra Energy Operating Partners, LP and NextEra Energy Resources, LLC, dated as of August 4, 2017 (filed as Exhibit 10.4 to Form 10-Q for the quarter ended September 30, 2017, File No. 1-36518)
10.3*	Exchange Agreement by and among NextEra Energy Equity Partners, LP, NextEra Energy Operating Partners, LP, NextEra Energy Partners GP, Inc. and NextEra Energy Partners, LP, dated as of July 1, 2014 (filed as Exhibit 10.5 to Form 8-K dated July 1, 2014, File No. 1-36518)
10.3(a)*	Amendment No. 1 to Exchange Agreement by and among NextEra Energy Equity Partners, LP, NextEra Energy Operating Partners, LP, NextEra Energy Partners GP, Inc. and NextEra Energy Partners, LP dated as of July 5, 2016 (filed as Exhibit 10 to Form 10-Q dated for the quarter ended June 30, 2016, File No. 1-36518)
10.4*	NextEra Energy Partners, LP Amended and Restated Registration Rights Agreement dated August 4, 2017 (filed as Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2020, File 1-36518)
10.5*	Second Amended and Restated Revolving Credit Agreement by and between NextEra Energy US Partners Holdings, LLC, NextEra Energy Operating Partners, LP and the lenders party thereto, dated as of May 27, 2022 (filed as Exhibit 10.1 to Form 8-K dated May 27, 2022, File No. 1-36518)
10.5(a)	Letter Amendment Agreement and Request for Extension to the Second Amended and Restated Revolving Credit Agreement by and between NextEra Energy US Partners Holdings, LLC, NextEra Energy Operating Partners, LP and the lenders party thereto, dated as of February 8, 2023
10.6*	Amended and Restated Cash Sweep and Credit Support Agreement by and between NextEra Energy Operating Partners, LP and NextEra Energy Resources, LLC, dated as of August 4, 2017 (filed as Exhibit 10.5 to Form 10-Q for the quarter ended September 30, 2017, File No. 1-36518)
10.7*	NextEra Energy Partners, LP Guaranty dated as of July 1, 2014 in favor of Bank of America, N.A., as collateral agent under the Revolving Credit Agreement by and between NextEra Energy US Partners Holdings, LLC, NextEra Energy Operating Partners, LP, Bank of America, N.A., as administrative agent and collateral agent, and the lenders party thereto, dated as of July 1, 2014 (filed as Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2015, File No. 1-36518)
10.8*	Certificate of Limited Partnership of NextEra Energy Operating Partners, LP (filed as Exhibit 3.4 to Form 10-K for the year ended December 31, 2014, File No. 1-36518)
10.9*	Third Amended and Restated Agreement of Limited Partnership of NextEra Energy Operating Partners, LP, dated as of December 21, 2018 (filed as Exhibit 10.1 to Form 8-K dated December 20, 2018, File No. 1-36518)
10.9(a)*	First Amendment to Third Amended and Restated Agreement of Limited Partnership of NextEra Energy Operating Partners, LP, dated July 20, 2021 (filed as Exhibit 10.2 to Form 10-Q dated June 30, 2021, File No. 1-36518)
10.10*	Right of First Refusal Agreement, dated as of August 4, 2017, by and among NextEra Energy Partners, LP, NextEra Energy Operating Partners, LP, and NextEra Energy Resources, LLC (filed as Exhibit 10.3 to Form 8-K dated August 4, 2017, File No. 1-36518)
10.11*	NextEra Energy Partners, LP 2014 Long-Term Incentive Plan (filed as Exhibit 10.8 to Form 8-K dated July 1, 2014, File No. 1-36518)
10.12*	Form of Restricted Unit Award Agreement under the NextEra Energy Partners, LP 2014 Long-Term Incentive Plan (filed as Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2022, File No. 1-36518)
10.13*	Form of NextEra Energy Partners, GP, Inc. Indemnity Agreement (filed as Exhibit 10.10 to Form 10-K for the year ended December 31, 2014, File No. 1-36518)
10.14*	NextEra Energy Partners, LP Compensation Summary for Independent Non-Employee Director of NextEra Energy Partners, LP, effective January 1, 2020 (filed as Exhibit 10.17 to Form 10-K for the year ended December 31, 2019, File No. 1-36518)
10.15*	NextEra Energy Partners, LP Compensation Summary for Independent Non-Employee Director of NextEra Energy Partners, LP, effective January 1, 2021 (filed as Exhibit 10.17 to Form 10-K for the year ended December 31, 2020, File No. 1-36518)
10.16*	NextEra Energy Partners, LP Compensation Summary for Independent Non-Employee Director of NextEra Energy Partners, LP, effective January 1, 2022 (filed as Exhibit 10.17 to Form 10-K for the year ended December 31, 2021, File No. 1-36518)
10.17	NextEra Energy Partners, LP Compensation Summary for Independent Non-Employee Director of NextEra Energy Partners, LP, effective January 1, 2023
10.18*	Amended and Restated Limited Liability Company Agreement of NEP Renewables II, LLC, dated as of June 11, 2019 (filed as Exhibit 10.1 to Form 8-K dated June 10, 2019, File No. 1-36518)
10.19*	Contribution Agreement among South Texas Midstream, LLC, NextEra Energy Partners, LP, South Texas Midstream Holdings, LLC, and EIG NET Holdings III, LLC, dated November 1, 2019 (filed as Exhibit 10.1 to Form 8-K dated November 1, 2019, File No. 1-36518)

Exhibit Number	Description
10.20*	Amended and Restated Limited Liability Company Agreement of NextEra Energy Partners Pipelines, LLC, dated as of November 13, 2019 (filed as Exhibit 10.1 to Form 8-K dated November 12, 2019, File No. 1-36518)
10.21*	Amended and Restated Limited Liability Company Agreement of South Texas Midstream, LLC, dated as of December 4, 2019 (filed as Exhibit 10.1 to Form 8-K dated December 4, 2019, File No. 1-36518)
10.22*	Third Amended and Restated Limited Liability Company Agreement of Genesis Solar Holdings, LLC, dated as of December 18, 2020 (filed as Exhibit 10.1 to Form 8-K dated December 18, 2020, File No. 1-36518)
10.22(a)*	Amendment No. 1 to Third Amended and Restated Limited Liability Company Agreement of Genesis Solar Holdings, LLC, dated as of May 16, 2021 (filed as Exhibit 10.1 to Form 8-K dated May 16, 2021, File No. 1-36518)
10.23*	Amended and Restated Limited Liability Company Agreement of NEP Renewables III, LLC, dated as of December 28, 2021 (filed as Exhibit 10.1 to Form 8-K dated December 22, 2021, File No. 1-36518)
10.24*	Amended and Restated Limited Liability Company Agreement of NEP Renewables IV, LLC, dated as of December 15, 2022 (filed as Exhibit 10.1 to Form 8-K dated December 15, 2022, File No. 1-36518)
21	Subsidiaries of NextEra Energy Partners, LP
23	Consent of Independent Registered Public Accounting Firm
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy Partners, LP
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy Partners, LP
32	Section 1350 Certification of NextEra Energy Partners, LP
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Schema Document
101.PRE	Inline XBRL Presentation Linkbase Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.LAB	Inline XBRL Label Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Incorporated herein by reference.

NEP agrees to furnish to the SEC upon request any instrument with respect to long-term debt that NEP has not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 22, 2023

NEXTERA ENERGY PARTNERS, LP
(Registrant)

JOHN W. KETCHUM
John W. Ketchum
Chairman of the Board, Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities with NextEra Energy Partners, LP and on the date indicated.

Signature and Title as of February 22, 2023:

TERRELL KIRK CREWS II
Terrell Kirk Crews II
Chief Financial Officer and Director
(Principal Financial Officer)

JAMES M. MAY
James M. May
Controller and Chief Accounting Officer
(Principal Accounting Officer)

SUSAN DAVENPORT AUSTIN
Susan Davenport Austin
Director

PETER H. KIND
Peter H. Kind
Director

ROBERT J. BYRNE
Robert J. Byrne
Director

REBECCA J. KUJAWA
Rebecca J. Kujawa
Director

MARK E. HICKSON
Mark E. Hickson
Director

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Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification

I, John W. Ketchum, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2022 of NextEra Energy Partners, LP (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2023

JOHN W. KETCHUM

John W. Ketchum
Chairman and Chief Executive Officer
of NextEra Energy Partners, LP

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification

I, Terrell Kirk Crews II, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2022 of NextEra Energy Partners, LP (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2023

TERRELL KIRK CREWS II

Terrell Kirk Crews II
Chief Financial Officer
of NextEra Energy Partners, LP

Exhibit 32

Section 1350 Certification

We, John W. Ketchum and Terrell Kirk Crews II, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Annual Report on Form 10-K of NextEra Energy Partners, LP (the registrant) for the annual period ended December 31, 2022 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: February 22, 2023

JOHN W. KETCHUM

John W. Ketchum
Chairman and Chief Executive Officer
of NextEra Energy Partners, LP

TERRELL KIRK CREWS II

Terrell Kirk Crews II
Chief Financial Officer
of NextEra Energy Partners, LP

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

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BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

JOHN W. KETCHUM
Chairman of the Board and Chief Executive Officer, Director
Chairman of the Board, President and Chief Executive Officer,
NextEra Energy, Inc.
Director since 2014.

SUSAN D. AUSTIN
Director
Chief Financial Officer, Grace Church School
Director since 2014.
Member: Audit Committee, Conflicts Committee.

ROBERT J. BYRNE
Director
Chairman of the Board and Director,
Masonite International Corporation
(door manufacturer)
Director since 2018.
Chair: Audit Committee.
Member: Conflicts Committee.

TERRELL KIRK CREWS II
Chief Financial Officer, Director
Executive Vice President, Finance and Chief Financial Officer,
NextEra Energy, Inc.
Director since 2022.

MICHAEL H. DUNNE
Treasurer and Assistant Secretary
Treasurer and Assistant Secretary, NextEra Energy, Inc.
Officer since 2023.

MARK E. HICKSON
Executive Vice President, Strategy and Corporate Development, Director
Executive Vice President, Corporate Development and Strategy,
NextEra Energy, Inc.
Director since 2014.

PETER H. KIND
Director
Executive Director, Energy Infrastructure Advocates LLC
(financial and strategic advisory firm)
Director since 2014.
Chair: Conflicts Committee.
Member: Audit Committee.

REBECCA J. KUJAWA
President, Director
President and Chief Executive Officer,
NextEra Energy Resources, LLC
Director since 2019.

JAMES MAY
Controller and Chief Accounting Officer
Vice President, Controller and Chief Accounting Officer,
NextEra Energy, Inc.
Officer since 2019.

CHARLES E. SIEVING
General Counsel
Executive Vice President & General Counsel,
NextEra Energy, Inc.
Officer since 2014.

The Board of Directors of NextEra Energy Partners, LP was formed in August 2017.

INVESTOR INFORMATION

ONLINE INVESTOR INFORMATION
Visit our investor information site at **NextEraEnergyPartners.com** to get stock quotes, earnings reports, financial releases, SEC filings and other news. You can also request and receive information via email. Shareholders of record can receive secure online account access through a link to Computershare.

SEC FILINGS
All Securities and Exchange Commission filings appear at **NextEraEnergyPartners.com.** Copies of SEC filings also are available without charge by writing to NextEra Energy Partners, Shareholder Services.

NEXTERA ENERGY PARTNERS, LP

NextEra Energy Partners, LP (NYSE: NEP) is a growth-oriented limited partnership formed by NextEra Energy, Inc. (NYSE: NEE). NextEra Energy Partners acquires, manages and owns contracted clean energy projects with stable, long-term cash flows. Headquartered in Juno Beach, Florida, NextEra Energy Partners owns interests in geographically diverse wind, solar and energy storage projects in the U.S. as well as natural gas infrastructure assets in Texas and Pennsylvania. For more information about NextEra Energy Partners, please visit: **NextEraEnergyPartners.com.**

NextEra Energy Partners, LP
700 Universe Blvd.
Juno Beach, FL 33408

For more information:
NextEraEnergyPartners.com

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