UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **September 1, 2016**

NRG YIELD, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**001-36002**	**46-1777204**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

804 Carnegie Center, Princeton, New Jersey 08540
(Address of principal executive offices, including zip code)

(609) 524-4500
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01. Completion of Acquisition or Disposition of Assets.

On September 1, 2016, NRG Yield Operating LLC (the "Purchaser"), a subsidiary of NRG Yield, Inc. ("NRG Yield" or the "Company") and owner of a 48.95% interest in CVSR Holdco LLC ("CVSR"), completed its previously announced acquisition of the remaining 51.05% interest in CVSR, which indirectly owns the CVSR solar facility through its ownership of High Plains Ranch II, LLC, from NRG Solar CVSR Holdings 2 LLC (the "Seller"), a wholly-owned subsidiary of NRG Energy, Inc. (the "Transaction"), pursuant to the purchase and sale agreement (the "Purchase and Sale Agreement") with the Seller.

As part of the Transaction, the Purchaser paid a total purchase price of $78.5 million in cash consideration, excluding adjustments for working capital. The Purchaser also assumed $496 million of non-recourse project debt as of the closing date. The cash purchase price was funded with cash on hand.

The foregoing description of the Purchase and Sale Agreement is not complete and is qualified in its entirety by reference to the full text of the Purchase and Sale Agreement, a copy of which is filed as Exhibit 2.1 to NRG Yield's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 9, 2016, and is incorporated herein by reference.

The terms of the Transaction were unanimously approved by the independent members of the board of directors of NRG Yield, which retained independent legal and financial advisors to assist in evaluating and negotiating the Transaction. In approving the Transaction, the independent members of the board of directors of NRG Yield based their decisions in part on an opinion from their independent financial advisor.

NRG Energy, Inc. owns 55.1% of the combined voting power of NRG Yield's Class A, Class B, Class C and Class D common stock. In addition, NRG Yield depends on management and administration services provided by or under the direction of NRG Energy, Inc. under NRG Yield's Management Services Agreement.

Item 8.01. Other Events.

As described above, on September 1, 2016, the Purchaser completed the Transaction. This Current Report on Form 8-K includes the financial statements relating to the Transaction and the pro forma financial information required by Items 9.01(a) and 9.01(b), respectively, and includes the exhibits listed under Item 9.01(d) of this Current Report on Form 8-K. Also as part of this Current Report on Form 8-K, the Company is revising (i) its unaudited historical consolidated financial statements as of June 30, 2016, and for the three months and six months ended June 30, 2016 and 2015, (ii) its unaudited historical consolidated financial statements as of March 31, 2016, and for the three months ended March 31, 2016 and 2015 and (iii) its audited historical consolidated financial statements as of December 31, 2015 and 2014 and for each of the years ended December 31, 2015, 2014 and 2013 to reflect the retrospective effect of the Transaction, which is an acquisition accounted for as a transfer of entities under common control, completed by the Company subsequent to the Company's most recent fiscal year, which was significant pursuant to Rule 11-01(b) of Regulation S-X. Exhibits 99.4, 99.5, 99.6, 99.7, 99.8, 99.9 and 99.10 included in this Current Report on Form 8-K give retrospective effect to the Transaction.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired.*

The audited financial statements of High Plains Ranch II, LLC as of December 31, 2015 and 2014 and for the years ended December 31, 2015 and 2014, and the unaudited financial statements of High Plains Ranch II, LLC as of June 30, 2016 and for the six months ended June 30, 2016 and 2015 are attached to this Current Report on Form 8-K as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

(b) *Pro Forma Financial Information.*

The unaudited pro forma consolidated combined financial statements and explanatory notes relating to the Transaction are attached as Exhibit 99.3 to this Current Report on Form 8-K and are incorporated herein by reference.

(d) *Exhibits.*

Exhibit No.	Document
2.1	Purchase and Sale Agreement, dated as of August 8, 2016, between NRG Solar CVSR Holdings 2 LLC and NRG Yield Operating LLC (incorporated by reference to Exhibit 2.1 to NRG Yield, Inc.'s Current Report on Form 8-K filed on August 9, 2016).
23.1	Consent of KPMG LLP.
23.2	Consent of KPMG LLP.
99.1	Audited financial statements of High Plains Ranch II, LLC as of December 31, 2015 and 2014 and for the years ended December 31, 2015 and 2014.
99.2	Unaudited financial statements of High Plains Ranch II, LLC as of June 30, 2016 and for the six months ended June 30, 2016.
99.3	Unaudited pro forma consolidated combined financial statements.
99.4	Recast 2015 Form 10-K – Part II, Item 6. Selected Financial Data.
99.5	Recast 2015 Form 10-K – Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.
99.6	Recast 2015 Form 10-K – Part IV, Item 15. Exhibits, Financial Statement Schedules.
99.7	Recast 2016 1Q Form 10-Q – Part I, Item 1. Financial Statements.
99.8	Recast 2016 1Q Form 10-Q – Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
99.9	Recast 2016 2Q Form 10-Q – Part I, Item 1. Financial Statements.
99.10	Recast 2016 2Q Form 10-Q – Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
101 INS	XBRL Instance Document.
101 SCH	XBRL Taxonomy Extension Schema.
101 CAL	XBRL Taxonomy Extension Calculation Linkbase.
101 DEF	XRBL Taxonomy Extension Definition Linkbase.
101 LAB	XBRL Taxonomy Extension Label Linkbase.
101 PRE	XBRL Taxonomy Extension Presentation Linkbase.

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 hereunto duly authorized.

NRG Yield, Inc.
(Registrant)

By: /s/ Brian E. Curci
Brian E. Curci
Corporate Secretary

Dated: September 6, 2016

EXHIBIT INDEX

Exhibit No.	Document
2.1	Purchase and Sale Agreement, dated as of August 8, 2016, between NRG Solar CVSR Holdings 2 LLC and NRG Yield Operating LLC (incorporated by reference to Exhibit 2.1 to NRG Yield, Inc.'s Current Report on Form 8-K filed on August 9, 2016).
23.1	Consent of KPMG LLP.
23.2	Consent of KPMG LLP.
99.1	Audited financial statements of High Plains Ranch II, LLC as of December 31, 2015 and 2014 and for the years ended December 31, 2015 and 2014.
99.2	Unaudited financial statements of High Plains Ranch II, LLC as of June 30, 2016 and for the six months ended June 30, 2016.
99.3	Unaudited pro forma consolidated combined financial statements.
99.4	Recast 2015 Form 10-K – Part II, Item 6. Selected Financial Data.
99.5	Recast 2015 Form 10-K – Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.
99.6	Recast 2015 Form 10-K – Part IV, Item 15. Exhibits, Financial Statement Schedules.
99.7	Recast 2016 1Q Form 10-Q – Part I, Item 1. Financial Statements.
99.8	Recast 2016 1Q Form 10-Q – Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
99.9	Recast 2016 2Q Form 10-Q – Part I, Item 1. Financial Statements.
99.10	Recast 2016 2Q Form 10-Q – Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
101 INS	XBRL Instance Document.
101 SCH	XBRL Taxonomy Extension Schema.
101 CAL	XBRL Taxonomy Extension Calculation Linkbase.
101 DEF	XRBL Taxonomy Extension Definition Linkbase.
101 LAB	XBRL Taxonomy Extension Label Linkbase.
101 PRE	XBRL Taxonomy Extension Presentation Linkbase.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
NRG Yield, Inc.:

We consent to the incorporation by reference in the registration statements No. 333-206061 on Form S-8, No. 333-190071 on Form S-8, No. 333-212096 on Form S-3, No. 333-205140 on Form S-3 and No. 333-204589 on Form S-3 of NRG Yield, Inc. of our report dated September 6, 2016, with respect to the consolidated balance sheets of NRG Yield, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' equity, cash flows, and comprehensive income for each of the years in the three-year period ended December 31, 2015, which report appears in the Current Report on Form 8-K of NRG Yield, Inc. dated September 6, 2016.

/s/ KPMG LLP
Philadelphia, Pennsylvania
September 6, 2016

Exhibit 23.2

Consent of Independent Auditors

The Members
High Plains Ranch II, LLC:

We consent to the incorporation by reference in the registration statements No. 333-206061 on Form S-8, No. 333-190071 on Form S-8, No. 333-212096 on Form S-3, No. 333-205140 on Form S-3 and No. 333-204589 on Form S-3 of NRG Yield, Inc. of our report dated March 30, 2016, except for Note 9, as to which the date is September 6, 2016, with respect to the balance sheets of High Plains Ranch II, LLC as of December 31, 2015 and 2014, and the related statements of income and comprehensive income, members' equity and cash flows for the years ended December 31, 2015 and 2014, which report appears in the Form 8-K of NRG Yield, Inc. dated September 6, 2016.

(signed) KPMG LLP
Philadelphia, Pennsylvania
September 6, 2016

Exhibit 99.1

HIGH PLAINS RANCH II, LLC

Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

HIGH PLAINS RANCH II, LLC

Table of Contents

Independent Auditors' Report

The Members
High Plains Ranch II, LLC:

We have audited the accompanying financial statements of High Plains Ranch II, LLC, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations and comprehensive income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of High Plains Ranch II, LLC as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

/s/ KPMG LLP
Philadelphia, Pennsylvania
March 30, 2016, except for Note 9,
as to which the date is September 6, 2016

HIGH PLAINS RANCH II, LLC

Balance Sheets

December 31, 2015 and 2014

(In thousands)

Assets		**2015**	**2014**
Current assets:			
Cash	$	45	228
Restricted cash		82,725	83,048
Accounts receivable – trade		3,648	3,300
Notes receivable		9,623	9,624
Spare parts inventory		1,079	428
Renewable energy grant receivable		—	75,000
Prepayments and other current assets		1,308	1,271
Total current assets		98,428	172,899
Property, plant, and equipment, net of accumulated depreciation of $80,638 and $49,270, respectively		821,554	833,521
Other assets:			
Notes receivable		20,049	29,672
Other receivable – SunPower indemnity		75,000	—
Total other assets		95,049	29,672
Total assets	$	1,015,031	1,036,092
Liabilities and Members' Equity			
Current liabilities:			
Current portion of long-term debt	$	22,652	21,081
Accounts payable – trade		384	241
Accounts payable – affiliate		1,099	1,654
Accrued interest expense		9,105	9,347
Other current liabilities		82	555
Total current liabilities		33,322	32,878
Other liabilities:			
Long-term debt		766,673	789,128
Asset retirement obligation		3,825	2,806
Other noncurrent liabilities		3,918	2,344
Total noncurrent liabilities		774,416	794,278
Total liabilities		807,738	827,156
Commitments and contingencies			
Members' equity		207,293	208,936
Total liabilities and members' equity	$	1,015,031	1,036,092

See accompanying notes to financial statements.

HIGH PLAINS RANCH II, LLC

Statements of Operations and Comprehensive Income

Years ended December 31, 2015 and 2014

(In thousands)

		2015	2014
Operating revenues	$	83,493	82,469
Total operating revenues		83,493	82,469
Operating costs and expenses:			
Cost of operations		9,103	11,211
Depreciation and accretion expense		31,748	30,858
Total operating costs and expenses		40,851	42,069
Operating income		42,642	40,400
Other income (expense):			
Interest income		1,110	2,784
Interest expense		(24,806)	(25,910)
Total other expense		(23,696)	(23,126)
Net income		18,946	17,274
Other comprehensive income:			
Unrealized income on derivatives		2,124	2,257
Other comprehensive income		2,124	2,257
Comprehensive income	$	21,070	19,531

See accompanying notes to financial statements.

HIGH PLAINS RANCH II, LLC

Statements of Members' Equity

Years ended December 31, 2015 and 2014

(In thousands)

		Contributed capital	Retained earnings	Accumulated other comprehensive loss	Total members' equity
Balance at December 31, 2013	$	236,686	—	(31,218)	205,468
Net income		—	17,274	—	17,274
Amortization of other comprehensive income		—	—	2,257	2,257
Noncash contribution from NRG		6,835	—	—	6,835
Cash dividend/return of capital to members		(47,483)	(17,274)	—	(64,757)
Noncash settlement of affiliate borrowing		34,119	—	—	34,119
Cash contribution from NRG		7,740	—	—	7,740
Balance at December 31, 2014		237,897	—	(28,961)	208,936
Net income		—	18,946	—	18,946
Amortization of other comprehensive income		—	—	2,124	2,124
Cash dividend/return of capital to members		(23,238)	(18,946)	—	(42,184)
Noncash contribution from NRG		19,471	—	—	19,471
Balance at December 31, 2015	$	234,130	—	(26,837)	207,293

See accompanying notes to financial statements.

HIGH PLAINS RANCH II, LLC

Statements of Cash Flows

Years ended December 31, 2015 and 2014

(In thousands)

		2015	2014
Cash flows from operating activities:			
Net income	$	18,946	17,274
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense		31,368	30,649
Accretion of asset retirement obligation		380	209
Amortization of debt issuance costs		197	469
Amortization of swaption premiums		2,124	2,257
Cash (used) provided by changes in other working capital:			
Accounts receivable – trade		(348)	576
Spare parts inventory		68	(428)
Prepayments and other current assets		(37)	(96)
Accounts payable – trade		133	(1,103)
Accounts payable – affiliate		(555)	(39)
Other current liabilities		(473)	261
Accrued interest expense		(242)	10,455
Noncurrent liabilities		1,575	150
Net cash provided by operating activities		53,136	60,634
Cash flows from investing activities:			
Capital expenditures		—	(26,920)
Receipt of indemnity from supplier		—	57,509
Decrease in notes receivable		9,624	5,795
Decrease (increase) in restricted cash		323	(24,410)
Proceeds from renewable energy grants		—	285,012
Net cash provided by investing activities		9,947	296,986
Cash flows from financing activities:			
Proceeds from issuance of long-term debt		—	48,427
Payments for long-term debt		(21,081)	(348,802)
Dividend paid/return of capital to members		(42,185)	(64,757)
Capital contributions from NRG		—	7,740
Net cash used in financing activities		(63,266)	(357,392)
Net change in cash		(183)	228
Cash, beginning of period		228	—
Cash, end of period	$	45	228
Supplemental disclosure:			
Interest paid	$	22,727	12,261
Noncash investing activities:			
Increase of fixed assets for deferred tax asset	$	19,471	7,172
Increase of fixed assets for renewable energy grant shortfall		—	33,663
Increase in asset retirement asset		1,228	—
Increase in debt due to accrued interest converted to debt		—	10,629
Noncash financing activities:			
Dividend to members	$	—	6,835
Contributions from NRG related to forgiveness of affiliate borrowing		—	(34,119)

See accompanying notes to financial statements.

(1) Nature of Business

High Plains Ranch II, LLC, or the Company, a Delaware limited liability company, was a wholly owned subsidiary of NRG Solar CVSR Holdings, LLC, a Delaware limited liability company, which is a wholly owned subsidiary of NRG Solar Sunrise, LLC, a Delaware limited liability company, which is a wholly owned subsidiary of NRG Renew LLC, or NRG Renew, a Delaware limited liability company, which is a wholly owned subsidiary of NRG Repowering Holdings LLC, a Delaware limited liability company, which is a wholly owned subsidiary of NRG Energy, Inc., or NRG or the Parent.

The Company was organized to develop, construct, and own a 250-megawatt, or MW, photovoltaic solar facility located in San Luis Obispo County, California known as California Valley Solar Ranch, or CVSR or the Facility. CVSR sells electricity to Pacific Gas & Electric Co., or PG&E, an electric utility based in San Francisco, California, under two 25-year power purchase agreements, or PPA, one for 210 MW and the other for 40 MW for resale to its customers.

On February 13, 2013, NRG Solar Sunrise, LLC assigned 51.05% of its membership shares in the Company to NRG Solar CVSR Holdings 2, LLC, a wholly owned subsidiary of NRG Solar Sunrise, LLC. On July 22, 2013, NRG Solar CVSR Holdings, LLC assigned 48.95% of its interest in the Company to NRG Yield Operating LLC, a consolidated subsidiary of NRG Yield LLC. NRG Yield, Inc. owns 44.7% of NRG Yield LLC and NRG owns the remaining portion.

Operations commenced on the first 22 MW phase in September 2012 and 105 MWs for phases two and four in December 2012. For the completion of the final phase, 21 MWs commenced operation in the third quarter of 2013 and 102 MWs commenced operation on October 31, 2013.

A summary of the major agreements entered into by the Company is set forth below:

(a) ***Power Purchase Agreement***
Effective September 23, 2011, the Company entered into two amended and restated PPAs with PG&E, whereby the Company is obligated to deliver up to 250 MW of electric energy output, including renewable attributes, generated by the Facility for a period of 25 years.

(b) ***Operation and Maintenance Agreement***

Effective September 30, 2011, the Company entered into an Operations and Maintenance agreement with NRG Energy Services LLC for an initial term of five years, with an automatic five-year incremental renewal term unless either party delivers written notice of termination to the other party no later than 180 days prior to the expiration of the initial term or the applicable renewal term. On July 15, 2015, NRG Energy Services assigned the O&M Agreement to NRG Renew Operations & Maintenance LLC, or RENOM. For the years ended December 31, 2015 and 2014, the Company paid $5.4 million and $6.3 million, respectively, for services provided under these agreements. These costs were included in cost of operations on the statements of operations and comprehensive income.

(2) Summary of Significant Accounting Policies

(a) ***Basis of Presentation***
The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The Accounting Standards Codification, or ASC, established by the Financial Accounting Standards Board, or FASB, is the source of authoritative U.S. GAAP to be applied by nongovernmental entities.

(b) ***Cash and Cash Equivalents***
Cash and cash equivalents include highly liquid investments with an original maturity of three months or less at the time of purchase.

(c) ***Restricted Cash***
Restricted cash consists primarily of funds from operating activities that are restricted under the California Valley Solar Ranch Financing Agreement with the Federal Financing Bank to fund future debt repayment and operating costs.

(d) ***Accounts Receivable - Trade***
Trade accounts receivable are recorded at the invoiced amount and do not bear interest. There was no allowance for doubtful accounts as of December 31, 2015 or 2014.

(e) ***Spare Parts Inventory***
Spare parts inventory is valued at a weighted average cost, since the Company expects to recover these costs in the ordinary course of business. The Company removes these inventories when they are used for repairs, maintenance, or capital projects.

(f) ***Property, Plant, and Equipment***
Property, plant, and equipment are stated at cost. Significant additions or improvements extending asset lives are capitalized as incurred, while repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Certain assets and their related accumulated depreciation amounts are adjusted for asset retirements and disposals with the resulting gain or loss included in cost of operations on the statements of operations and comprehensive income. See note 4, *Property, Plant, and Equipment*.

(g) ***Asset Impairments***
Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. Such reviews are performed in accordance with ASC 360, *Property, Plant, and Equipment*. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured by the difference between an asset's carrying amount and fair value with the difference recorded in cost of operations in the statements of operations and comprehensive income. Fair values are determined by a variety of valuation methods, including third-party appraisals, sales prices of similar assets, and present value techniques. There were no indicators of impairment loss as of December 31, 2015 and 2014.

(h) ***Debt Issuance Costs***
Debt issuance costs are capitalized and are amortized over the term of the related debt as a component of interest expense on a basis that approximates the effective-interest method. Amortization expense included as part of interest expense in the statements of operations and comprehensive income was $197,000 and $469,000 for the years ended December 31, 2015 and 2014, respectively. As of December 31, 2015, the Company adopted Accounting Standards Update No. 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* and, as a result, reclassified $4.3 million of debt issuance costs as of December 31, 2014 and $4.1 million as of December 31, 2015 to be presented as a direct deduction from the carrying amount of the related debt in both the current and prior periods.

(i) ***Notes Receivable***
As part of the Company's obligations under its interconnection agreements, the Company paid the costs to construct certain interconnection facilities to allow the Facility to connect to the power grid. A portion of these costs is reimbursable from PG&E over a five-year period beginning on the date of commercial operations, which was October 31, 2013. Accordingly, a note receivable was established for these costs and at December 31, 2015 and 2014, the balance was $29.7 million and $39.3 million, respectively. The

note accrues interest at a variable rate based on Federal Energy Regulatory Commission's regulation at 18 C.F.R.§35.19a(a)(2)(iii), which was 3.25% at December 31, 2015.

(j) ***Income Taxes***

The Company is a disregarded entity of a partnership for federal and state income tax purposes. Therefore, federal and state income taxes are assessed at the partner level. Accordingly, no provision has been made for federal or state income taxes in the accompanying financial statements.

(k) ***Revenue Recognition***

All of the Company's revenue is recognized as billable under the provisions of the PPA for energy delivered to PG&E, which has a term of 25 years. Revenue recognized under the PPA is calculated based on power output and established prices, as defined in the PPA. The PPA is recorded as an operating lease in accordance with ASC 840, *Leases*, or ASC 840. ASC 840 requires minimum lease payments to be amortized over the term of the lease and contingent rentals are recorded when the achievement of the contingency becomes probable. The PPA has no minimum lease payments and accordingly, all lease payments are recorded as contingent rent on an actual basis when the electricity is delivered.

(l) ***Derivative Financial Instruments***

The Company accounts for derivatives and hedging activities in accordance with ASC 815, *Derivatives and Hedging*, which requires entities to recognize all derivative instruments as either assets or liabilities on the balance sheet at their respective fair values. For derivatives designated in hedging relationships, changes in the fair value are either offset through earnings against the change in fair value of the hedged item attributable to the risk being hedged or recognized in accumulated other comprehensive income, or OCI, to the extent the derivative is effective at offsetting the changes in cash flows being hedged until the hedged item affects earnings.

The Company discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting cash flows attributable to the hedged risk, the derivative expires or is sold, terminated, or exercised, the forecasted transaction is not probable of occurring, or management chooses to remove the designation of the cash flow hedge.

In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company continues to record the derivative at its fair value on the balance sheet and recognizes any subsequent changes in fair value in earnings. When it is probable that a forecasted transaction will not occur, the Company discontinues hedge accounting and recognizes immediately in earnings gains and losses that were accumulated in OCI related to the hedging relationship. See note 3, *Accounting for Derivative Instruments and Hedging Activities*, for more information.

(m) ***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of restricted cash, accounts receivable - trade, and notes receivable. Restricted cash is held in a bank deposit account. Accounts receivable are concentrated in the energy industry. The concentration within one industry may impact the Company's overall exposure to credit risk, either positively or negatively, in that the customer may be similarly affected by changes in economic, industry, or other conditions. The Company is exposed to credit losses in the event of noncompliance by counterparties on its derivative financial instruments.

The Company sells 100% of the power it generates to a single customer, PG&E, through a PPA. At December 31, 2015 and 2014, the accounts receivable balance with this customer totaled $3.6 million and $3.3 million, respectively. The maximum amount of loss due to credit risk, should the customer fail to perform, is the amount of the outstanding receivable, and any losses associated with replacing this one customer.

(n) ***Fair Value Measurements***

The Company accounts for the fair value of financial instruments in accordance with ASC 820, *Fair Value Measurements and Disclosures*, or ASC 820. The Company does not hold or issue financial instruments for trading purposes.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 - Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In accordance with ASC 820, the Company determines the level in the fair value hierarchy within which each fair value measurement in its entirety falls, based on the lowest-level input that is significant to the fair value measurement in its entirety.

The carrying amounts of cash, restricted cash, accounts receivable - trade, accounts payables - trade, accounts payable - affiliate, and other current liabilities approximate their fair value because of the short-term maturity of these instruments and are classified as Level 1 within the fair value hierarchy.

The carrying value of notes receivable approximates fair value as it carries a variable interest rate. The carrying value of long-term debt approximates fair value as recent borrowings were drawn at substantially similar interest rates. The fair value of notes receivable and long-term debt is based on expected future cash flows discounted at market interest rates or current interest rates for similar instruments with equivalent credit quality, and are classified as Level 3 within the fair value hierarchy.

(o) ***Asset Retirement Obligations***

The Company accounts for its asset retirement obligations, or AROs, in accordance with ASC 410-20, *Asset Retirement Obligations*, or ASC 410-20. Retirement obligations associated with long-lived assets included within the scope of ASC 410-20 are those for which a legal obligation exists under enacted laws, statutes, and written or oral contracts, including obligations arising under the doctrine of promissory estoppel, and for which the timing and/or method of settlement may be conditional on a future event. ASC 410-20 requires the Company to recognize the fair value of a liability for an ARO in the period in which it is incurred and a reasonable estimate of fair value can be made.

Upon initial recognition of a liability for an ARO, the Company capitalizes the asset retirement cost by increasing the carrying amount of the related long-lived asset by the same amount. Over time, the liability is accreted to its future value, while the capitalized cost is depreciated over the useful life of the related asset. See note 6, *Asset Retirement Obligations*, for more information.

(p) ***Use of Estimates***

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used for such items as impairment of long-lived assets, and contingencies among others.

(3) Accounting for Derivative Instruments and Hedging Activities

CVSR Interest Rate Swaption

Under the terms of the CVSR Financing Agreement, on November 17, 2011, the Company entered into a series of LIBOR-based swaption agreements with a notional value of $686 million with certain counterparties in order to hedge the interest rate risk related to the CVSR Financing Agreement. The Company paid approximately $41.9 million in 2011 to execute these agreements. These swaptions mature over a series of seven scheduled settlement dates, which began in July 2012 and concluded in October 2013, to correspond with the completion dates of the project.

As of June 2013, the CVSR swaptions, designated as cash flow hedges, had a notional amount that exceeded the actual debt advances on the project. As such, the cash flow hedge accounting was discontinued for these contracts and $6 million of loss previously included in OCI was recognized in earnings for the year ended December 31, 2013. The remaining OCI balance, which represents the effective portion of the hedges at the date that cash flow hedge accounting was discontinued, will be amortized to interest expense over the term of the related debt.

Accumulated Other Comprehensive Loss

The following table summarizes the effects of the swaptions on the Company's accumulated OCI balance, which reflects the amortization of the swaptions described above (in thousands):

Accumulated OCI balance at December 31, 2013	$	(31,218)
Amortization of swaptions to interest expense		2,257
Accumulated OCI balance at December 31, 2014		(28,961)
Amortization of swaptions to interest expense		2,124
Accumulated OCI balance at December 31, 2015	$	(26,837)

As of December 31, 2015, $2,071 of losses are expected to be realized from OCI during the next 12 months.

(4) Property, Plant, and Equipment

At December 31, 2015 and 2014, major classes of property, plant, and equipment consist of the following (in thousands):

		2015	2014	Depreciable lives
Plant equipment	$	899,119	880,357	20–35 years
Asset retirement obligation		3,073	2,434	30 years
Total property, plant, and equipment		902,192	882,791	
Less accumulated depreciation		(80,638)	(49,270)	
Net property, plant, and equipment	$	821,554	833,521	

Through December 31, 2013, the Company applied for cash grants in lieu of investment tax credits from the U.S. Treasury Department in the amount of $413.7 million for the CVSR project, which is a qualified renewable energy project. The renewable energy grant receivables were recorded when the cash grant applications were filed, which resulted in a reduction to the book basis of the property, plant, and equipment.

In 2013, a reserve was established for a portion of the renewable energy grant receivable that was not expected to be realized as a result of the U.S. Government's budget sequestration. The $29.8 million reserve resulted in an increase in the book basis of the property, plant, and equipment.

In addition, as of December 31, 2013, the related deferred tax assets of $112.7 million recognizable by the Parent were assigned to the Company through the contributed capital account, and further reduced the book value of the related property, plant, and equipment. In connection with the cash grants and related tax assets, the book value of the Company's property, plant, and equipment was reduced by a total of $496.6 million at December 31, 2013.

In 2014, cash grant proceeds of $285 million were received from the U.S. Treasury. Liquidated damages related to the cash grant shortfall of $57.5 million were received from SunPower. SunPower also provided a $75 million indemnification to NRG under the Amended and Restated Purchase and Sale Agreement, or PSA, dated September 31, 2011. The indemnification states that SunPower shall indemnify NRG for an amount equal to ninety percent (90%) of the Treasury Grant that was not issued by the U.S. Department of Treasury.

The $75 million is receivable as the Company expects to fully recover the balance resulting from the current litigation with SunPower pursuant to the existing indemnity on the project. As of December 31, 2014, the sequestration amount was adjusted based on the actual cash grant awarded and the deferred tax asset was adjusted to $105.5 million, resulting in an increase in the book basis of the property, plant, and equipment. The change in the related deferred tax asset was recorded as an adjustment to NRG's capital account.

In 2015, the $75 million receivable from SunPower was reclassified from cash grant receivable to other receivable. As a result, the deferred tax asset was adjusted down $19.5 million to $86 million, resulting in an increase in the book basis of the property, plant, and equipment.

(5) Long-Term Debt

On September 30, 2011, the Company entered into the California Valley Solar Ranch Financing Agreement, or CVSR Financing Agreement, with the Federal Financing Bank, or FFB, to borrow up to $1.2 billion to fund the costs of constructing the Facility, which matures in September 2037. Amounts borrowed under the CVSR Financing Agreement accrue interest at a fixed rate based on U.S. Treasury rates determined at the time of the borrowing, plus a spread of 0.375%, and are secured by the assets of the Company. Interest rates on the Company's debt range from 2.339% to 3.775%. Funding requests were submitted to the FFB on a monthly basis and the loans provided by the FFB are guaranteed by the U.S. Department of Energy. As of December 31, 2015 and 2014, there was $793 million and $815 million outstanding under this agreement, respectively.
Long-term debt maturities at December 31, 2015 are summarized as follows (in thousands):

2016	$	22,652
2017		24,470
2018		26,230
2019		23,886
2020		21,262
Thereafter		674,974
Total	$	793,474

(6) Asset Retirement Obligation

The Company's ARO is the estimated cost to remove the above ground solar equipment and restore the site to conditions similar to the surrounding parcels.
The following table presents the balance of the ARO obligation as of December 31, 2015 and 2014, along with revisions to estimates and accretion expense related to the Company's ARO for the year ended December 31, 2015 (in thousands):

Balance as of December 31, 2014	$	2,806
Revisions to ARO estimates		639
Accretion expense		380
Balance as of December 31, 2015	$	3,825

(7) Related-Party Transactions

In August 2013, NRG provided $34 million to CVSR for the repayment of the first bridge loan. In April 2014, the $34 million payable to affiliate was reclassified from accounts payable - affiliate on the accompanying balance sheet to an equity contribution.

On September 30, 2011, the Company entered into an Operations and Maintenance agreement with NRG Energy Services LLC, a wholly owned subsidiary of NRG. On July 15, 2015, this agreement was assumed by NRG Renew Operation & Maintenance LLC. See note 1, *Nature of Business*, for further discussion.

(8) Commitments and Contingencies

In the normal course of business, the Company is subject to various claims and litigation. Management of the Company expects that these various litigation items will not have a material adverse effect on the results of operations, cash flows, or financial position of the Company.

Lease Commitment

On September 30, 2011, the Company entered into a solar facility ground lease with High Plains Ranch IV, LLC to lease certain real property and real property interests in the County of San Luis Obispo, California for an initial term of 30 years with the option for four renewal terms of up to five years each.

This lease agreement includes scheduled rent increases. The Company recognizes the scheduled rent increases on a straight-line basis over the lease term. Lease expense charged to cost of operations in 2015 and 2014 was $1.3 million and $1.3 million, respectively. The deferred rent is located in other noncurrent liabilities with a balance of $2.5 million and $2.3 million at December 30, 2015 and 2014, respectively.

On August 10, 2015, the lease was amended, resulting in the Company being responsible for all property taxes on the improvements to the property being leased. The landlord paid the Company $1.5 million for future taxes for the underlying value of the property itself. This amount is held in other current and other noncurrent liabilities and is being amortized straight line over the 28 years remaining on the lease against the property tax expense.

The following table summarizes the Company's future minimum noncancelable lease commitments as of December 31, 2015 (in thousands):

2016	$	1,207
2017		1,228
2018		1,249
2019		1,271
2020		1,293
Thereafter		30,326
Total	$	36,574

(9) Subsequent Events

In connection with the SunPower litigation described in Note 4, *Property, Plant and Equipment*, it was determined that SunPower overpaid for liquidated damages by $7 million. Accordingly, during 2016, the Company recorded a payable to SunPower for $7 million with a corresponding increase to the related property, plant and equipment.

On April 18, 2016, CVSR Holdco LLC was created whereas NRG Yield Operating LLC owns 48.95% and NRG Solar CVSR Holdings 2 LLC owns 51.05% of the entity. CVSR Holdco LLC owns 100% of NRG Solar CVSR Holdings LLC, which in turn owns 100% of the Company.

On July 15, 2016, CVSR Holdco LLC, issued $200 million of senior secured notes that bear interest at 4.68% and mature on March 31, 2037. Interest on the notes is payable semi-annually on March 31 and September 30 of each year, and commence on September 30, 2016. Net proceeds were distributed to NRG Yield Operating LLC and NRG based on the ownership as of July 15, 2016.

On September 1, 2016, NRG Yield Operating LLC acquired the remaining 51.05% of the Company, through its acquisition of membership interests in CVSR Holdco LLC. In connection with the purchase and sale agreement and prior to close of the transaction, the $75 million receivable and $7 million payable resulting from the litigation with SunPower were transferred to NRG as a net reduction to its ownership interest in the Company.

The Company has evaluated subsequent events from the balance sheet date through September 6, 2016, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

Exhibit 99.2

HIGH PLAINS RANCH II, LLC

Financial Statements

As of June 30, 2016 and for the six months ended June 30, 2016 and 2015

HIGH PLAINS RANCH II, LLC

Table of Contents

HIGH PLAINS RANCH II, LLC

Balance Sheets

(In thousands)

		June 30, 2016	December 31, 2015
		(unaudited)	
Assets			
Current assets:			
Cash	$	3	45
Restricted cash		68,324	82,725
Accounts receivable – trade		11,968	3,648
Notes receivable		9,623	9,623
Spare parts inventory		1,062	1,079
Prepayments and other current assets		643	1,308
Total current assets		91,623	98,428
Property, plant, and equipment, net of accumulated depreciation of $96,439 and $80,638		813,262	821,554
Other assets:			
Notes receivable		15,237	20,049
Other receivable - SunPower indemnity		75,000	75,000
Total other assets		90,237	95,049
Total assets	$	995,122	1,015,031
Liabilities and Members' Equity			
Current liabilities:			
Current portion of long-term debt	$	23,548	22,652
Accounts payable – trade		536	384
Accounts payable – affiliate		807	1,099
Accrued interest expense		8,835	9,105
Other current liabilities		92	82
Total current liabilities		33,818	33,322
Other liabilities:			
Long-term debt		752,837	766,673
Asset retirement obligation		3,988	3,825
Other non-current liabilities		11,500	3,918
Total non-current liabilities		768,325	774,416
Total liabilities		802,143	807,738
Commitments and Contingencies			
Member's equity		192,979	207,293
Total liabilities and members' equity	$	995,122	1,015,031

See accompanying notes to financial statements.

HIGH PLAINS RANCH II, LLC

Statements of Operations and Comprehensive Income

(In thousands)

(unaudited)

		Six months ended June 30, 2016	Six months ended June 30, 2015
Operating revenues			
Total operating revenues	$	39,360	38,619
Operating costs and expenses:			
Cost of operations		4,004	5,187
Depreciation and accretion expense		15,964	15,670
Total operating costs and expenses		19,968	20,857
Operating income		19,392	17,762
Other income (expense):			
Interest income		435	597
Interest expense		(12,109)	(12,376)
Total other expense		(11,674)	(11,779)
Net income		7,718	5,983
Other comprehensive income:			
Unrealized income on derivatives		1,036	1,059
Other comprehensive income		1,036	1,059
Comprehensive income	$	8,754	7,042

See accompanying notes to financial statements.

HIGH PLAINS RANCH II, LLC

Statements of Cash Flows

(In thousands)

(unaudited)

		Six months ended June 30, 2016	Six months ended June 30, 2015
Cash flows from operating activities:			
Net income	$	7,718	5,983
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense		15,801	15,539
Accretion of asset retirement obligation		163	131
Amortization of debt issuance costs		97	98
Amortization of swaption premiums		1,036	1,059
Cash (used) provided by changes in other working capital:			
Accounts receivable – trade		(8,320)	(7,920)
Spare parts inventory		17	(709)
Prepayments and other current assets		665	765
Accounts payable – trade		(663)	(55)
Accounts payable – affiliate		(292)	(386)
Non-current liabilities		628	1,338
Net cash provided by operating activities		16,850	15,843
Cash flows from investing activities:			
Capital expenditures		0	(520)
Decrease in note receivable		4,812	4,851
Decrease in restricted cash		14,401	14,737
Net cash provided by (used in) investing activities		19,213	19,068
Cash flows from financing activities:			
Payments for long-term debt		(13,037)	(12,173)
Dividend paid/return of capital to members		(23,068)	(22,738)
Net cash (used in) provided by financing activities		(36,105)	(34,911)
Net change in cash		(42)	0
Cash, beginning of period		45	228
Cash, end of period	$	3	228

See accompanying notes to financial statements.

(1) Nature of Business

High Plains Ranch II, LLC, or the Company, a Delaware limited liability company, was a wholly owned subsidiary of NRG Solar CVSR Holdings, LLC, a Delaware limited liability company, which is a wholly owned subsidiary of NRG Solar Sunrise, LLC, a Delaware limited liability company, which is a wholly owned subsidiary of NRG Renew LLC, or NRG Renew, a Delaware limited liability company, which is a wholly owned subsidiary of NRG Repowering Holdings LLC, a Delaware limited liability company, which is a wholly owned subsidiary of NRG Energy, Inc., or NRG or the Parent.

The Company was organized to develop, construct, and own a 250-megawatt, or MW, photovoltaic solar facility located in San Luis Obispo County, California known as California Valley Solar Ranch, or CVSR or the Facility. CVSR sells electricity to Pacific Gas & Electric Co., or PG&E, an electric utility based in San Francisco, California, under two 25-year power purchase agreements, or PPA, one for 210 MW and the other for 40 MW for resale to its customers.

On February 13, 2013, NRG Solar Sunrise, LLC assigned 51.05% of its membership shares in the Company to NRG Solar CVSR Holdings 2, LLC, a wholly owned subsidiary of NRG Solar Sunrise, LLC. On July 22, 2013, NRG Solar CVSR Holdings, LLC assigned 48.95% of its interest in the Company to NRG Yield Operating LLC, a consolidated subsidiary of NRG Yield LLC. NRG Yield, Inc. owns 44.7% of NRG Yield LLC and NRG owns the remaining portion. During 2016, CVSR Holdco LLC was formed to own NRG Solar CVSR Holdings, LLC. On September 1, 2016, as further described in Note 3, *Subsequent Events*, NRG Yield Operating LLC acquired the remaining 51.05% interest in the Company through its acquisition of 51.05% of CVSR Holdco LLC.

Operations commenced on the first 22 MW phase in September 2012 and 105 MWs for phases two and four in December 2012. For the completion of the final phase, 21 MWs commenced operation in the third quarter of 2013 and 102 MWs commenced operation on October 31, 2013.

The following notes should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the Company's annual financial statements. Interim results are not necessarily indicative of results of a full year.

(2) Accounting for Derivative Instruments and Hedging Activities

CVSR Interest Rate Swaption

The Company continues to amortize to interest expense the frozen OCI representing the value of the CVSR swaptions, previously designated as cash flow hedges, at the point when cash flow hedge accounting was discontinued. The Company will amortize the remaining amount over the term of the related debt. The swaps matured on dates ending in 2013.

Accumulated Other Comprehensive Loss

The following table summarizes the effects of the swaptions on the Company's accumulated OCI balance, which reflects the amortization of the swaptions described above (in thousands):

Accumulated OCI balance at December 31, 2015	$	(26,837)
Amortization of swaptions to interest expense		1,036
Accumulated OCI balance at June 30, 2016	$	(25,801)

(3) **Subsequent Events**

On April 18, 2016, CVSR Holdco LLC was created whereas NRG Yield Operating LLC owns 48.95% and NRG Solar CVSR Holdings 2 LLC owns 51.05% of the entity. CVSR Holdco LLC owns 100% of NRG Solar CVSR Holdings LLC, which in turn owns 100% of the Company.

On July 15, 2016, CVSR Holdco LLC, issued $200 million of senior secured notes that bear interest at 4.68% and mature on March 31, 2037. Interest on the notes is payable semi-annually on March 31 and September 30 of each year, and commence on September 30, 2016. Net proceeds were distributed to NRG Yield Operating LLC and NRG based on the ownership as of July 15, 2016.

On September 1, 2016, NRG Yield Operating LLC acquired the remaining 51.05% of the Company, through its acquisition of membership interests in CVSR Holdco LLC. In connection with the purchase and sale agreement and prior to close of the transaction, the $75 million receivable and $7 million payable resulting from the litigation with SunPower were transferred to NRG as a net reduction to its ownership interest in the Company.

The Company has evaluated subsequent events from the balance sheet date through September 6, 2016, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

Exhibit 99.3

Unaudited Pro Forma Consolidated Combined Financial Statements

The Unaudited Pro Forma Consolidated Combined Financial Statements, (the “pro forma financial statements”) combine the historical consolidated financial statements of NRG Yield, Inc., or the Company, and the financial statements of the entity that was acquired by the Company to illustrate the potential effect of the acquisition. The Company acquired the remaining 51.05% interest in CVSR Holdco LLC ("CVSR"), which indirectly owns the CVSR solar facility through its ownership of High Plains Ranch II, LLC, from NRG Solar CVSR Holdings 2 LLC, a wholly-owned subsidiary of NRG Energy, Inc.

The pro forma financial statements are based on, and should be read in conjunction with, the:

- accompanying notes to the Unaudited Pro Forma Consolidated Combined Financial Statements;
- consolidated financial statements of the Company for the year ended December 31, 2015 and for the six months ended June 30, 2016, and the notes relating thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016; and
- financial statements of High Plains Ranch II, LLC for the year ended December 31, 2015, and for the six months ended June 30, 2016, and the notes relating thereto included within Exhibits 99.1 and 99.2 to this Form 8-K.

The historical consolidated financial statements have been adjusted in the pro forma financial statements to give effect to pro forma events that are (1) directly attributable to the acquisition of the remaining 51.05% of CVSR, (2) factually supportable and (3) with respect to the pro forma statements of operations, expected to have a continuing impact on the combined results. The Unaudited Pro Forma Consolidated Combined Statements of Operations or the pro forma statement of operations, for the year ended December 31, 2015, and for the six months ended June 30, 2016, give effect to the acquisition as if it occurred on January 1, 2015. The Unaudited Pro Forma Consolidated Combined Balance Sheet, or the pro forma balance sheet, as of June 30, 2016, gives effect to the acquisition as if it occurred on June 30, 2016.

CVSR was acquired by NRG on September 30, 2011, and NRG applied the acquisition method of accounting and recorded the acquired assets and liabilities at fair market value on the date of the acquisition. As CVSR and the Company are under common control, all of the assets were transferred to the Company at historical carrying value.

The pro forma financial statements have been presented for informational purposes only and are not necessarily indicative of what the combined company’s results of operations and financial position would have been had the acquisition of the remaining 51.05% of CVSR been completed on the date indicated. The Company could incur significant costs to integrate the business. The pro forma financial statements do not reflect the cost of any integration activities or benefits that may result from synergies that may be derived from any integration activities. In addition, the pro forma financial statements do not purport to project the future results of operations or financial position of the combined company.

Unaudited Pro Forma Consolidated Combined Income Statement
Six Months Ended June 30, 2016

(In millions, except per share amounts)	NRG Yield, Inc. Historical	CVSR	Pro Forma Adjustments		NRG Yield, Inc. Pro Forma
Operating Revenues					
Total operating revenues	$ 478	$ 39	$ —		$ 517
Operating Costs and Expenses					
Cost of operations	158	4	—		162
Depreciation and amortization	133	16	—		149
General and administrative	6	—	—		6
Total operating costs and expenses	297	20	—		317
Operating Income	181	19	—		200
Other Income (Expense)					
Equity in earnings of unconsolidated affiliates	20	—	(4)	(a)	16
Other income, net	1	1	—		2
Loss on debt extinguishment	—	—	—		—
Interest expense	(130)	(12)	(3)	(b)	(145)
Total other expense, net	(109)	(11)	(7)		(127)
Income Before Income Taxes	72	8	(7)		73
Income tax expense	12	—	—		12
Net Income	60	8	(7)		61
Less: Pre-acquisition net loss of Drop Down Assets	—	—	—		—
Net Income Excluding Pre-acquisition Net Loss of Drop Down Assets	60	8	(7)		61
Less: Net income attributable to noncontrolling interests	23	—	—		23
Net Income Attributable to NRG Yield, Inc.	$ 37	$ 8	$ (7)		$ 38
Earnings Per Share Attributable to NRG Yield, Inc. Class A and Class C Common Stockholders					
Weighted average number of Class A common shares outstanding - basic	35				35
Weighted average number of Class A common shares outstanding - diluted	35				50
Weighted average number of Class C common shares outstanding - basic and diluted	63				63
Earnings per Weighted Average Class A and Class C Common Share - Basic	$ 0.38				$ 0.39
Earnings per Weighted Average Class A Common Share - Diluted	0.38				0.37
Earnings per Weighted Average Class C Common Share - Diluted	0.38				0.39

Unaudited Pro Forma Consolidated Combined Income Statement
Year Ended December 31, 2015

(In millions, except per share amounts)	NRG Yield, Inc. Historical	CVSR	Pro Forma Adjustments		NRG Yield, Inc. Pro Forma
Operating Revenues					
Total operating revenues	$ 869	$ 84	$ —		$ 953
Operating Costs and Expenses					
Cost of operations	312	9	—		321
Depreciation and amortization	265	32	—		297
General and administrative	12	—	—		12
Acquisition-related transaction and integration costs	3	—	—		3
Total operating costs and expenses	592	41	—		633
Operating Income	277	43	—		320
Other Income (Expense)					
Equity in earnings of unconsolidated affiliates	35	—	(9)	(a)	26
Other income, net	2	1	—		3
Loss on debt extinguishment	(9)	—	—		(9)
Interest expense	(238)	(25)	(5)	(b)	(268)
Total other expense, net	(210)	(24)	(14)		(248)
Income Before Income Taxes	67	19	(14)		72
Income tax expense	12	—	1	(c)	13
Net Income	55	19	(15)		59
Less: Pre-acquisition net loss of Drop Down Assets	(20)	—	—		(20)
Net Income Excluding Pre-acquisition Net Loss of Drop Down Assets	75	19	(15)		79
Less: Net income attributable to noncontrolling interests	42		2	(d)	44
Net Income Attributable to NRG Yield, Inc.	$ 33	$ 19	$ (17)		$ 35
Earnings Per Share Attributable to NRG Yield, Inc. Class A and Class C Common Stockholders					
Weighted average number of Class A common shares outstanding - basic and diluted	35				35
Weighted average number of Class C common shares outstanding - basic and diluted	49				49
Earnings per Weighted Average Class A - Basic and Diluted	$ 0.40				$ 0.41
Earnings per Weighted Average Class C Common Share - Basic and Diluted	$ 0.40				$ 0.42

Unaudited Pro Forma Consolidated Combined Balance Sheet
As of June 30, 2016

(In millions)	NRG Yield, Inc. Historical	CVSR	Pro Forma Adjustments		NRG Yield, Inc. Pro Forma
ASSETS					
Current Assets					
Cash and cash equivalents	$ 89	$ —	$ (4)	(e), (f)	$ 85
Restricted cash	55	68	—		123
Accounts receivable — trade	109	12	—		121
Accounts receivable — affiliate	1	—	—		1
Inventory	35	1	—		36
Derivative instruments	1	—	—		1
Notes receivable	7	10	—		17
Prepayments and other current assets	22	1	—		23
Total current assets	319	92	(4)		407
Property, plant and equipment, net of accumulated depreciation of $832 and $701	4,947	814	—		5,761
Other Assets					—
Equity investments in affiliates	778	—	(95)	(a)	683
Notes receivable	6	15	—		21
Intangible assets, net of accumulated amortization of $132 and $93	1,321	—	—		1,321
Deferred income taxes	170	—	—		170
Other non-current assets	66	75	(75)	(g)	66
Total other assets	2,341	90	(170)		2,261
Total Assets	$ 7,607	$ 996	$ (174)		$ 8,429
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Current portion of long-term debt	$ 251	$ 23	$ (125)	(b)	$ 149
Accounts payable — trade	21	1	—		22
Accounts payable — affiliate	32	1	—		33
Derivative instruments	37	—	—		37
Accrued expenses and other current liabilities	39	9	(7)	(g)	41
Total current liabilities	380	34	(132)		282
Other Liabilities					
Long-term debt	4,465	753	200	(e)	5,418
Accounts payable — affiliate	20	—	—		20
Derivative instruments	122	—	—		122
Other non-current liabilities	63	16	—		79
Total non-current liabilities	4,670	769	200		5,639
Total Liabilities	5,050	803	68		5,921
Commitments and Contingencies					
Stockholders' Equity					
Common Stock	1	—			1
Additional paid-in capital	1,835	219	(219)	(h)	1,835
Retained earnings	26	—			26
Accumulated other comprehensive loss	(47)	(26)	12	(h)	(61)
Noncontrolling interest	742	—	(35)	(g), (h)	707
Total Stockholders' Equity	2,557	193	(242)		2,508
Total Liabilities and Stockholders' Equity	$ 7,607	$ 996	$ (174)		$ 8,429

Notes to the Unaudited Pro Forma Consolidated Combined Financial Statements

(a) Represents the removal of the equity-method investment and related equity earnings associated with the Company's historical 48.95% ownership of CVSR.

(b) Reflects the estimated net increase in interest expense for borrowings necessary to fund the purchase price of the acquisition. To fund the purchase price of the acquisition, in July 2016 CVSR Holdco, the indirect owner of the CVSR project, issued $200 million of senior unsecured notes that bear interest at 4.68% and mature on March 31, 2037.

(c) Represents the adjustment to record the tax effect of the increase in net income resulting from the acquisition of the remaining 51.05% interest in CVSR, partially offset by the increase in interest expense and the increase in noncontrolling interest, calculated utilizing the Company’s estimated combined statutory federal and state tax rate of 40.0%.

(d) Represents the adjustment to record noncontrolling interest associated with the results of the acquisition of the remaining 51.05% interest in CVSR in Yield Inc.'s results.

(e) Represents the cash received from the $200 million financing borrowings necessary to fund the purchase price of the acquisition. To fund the purchase price of the acquisition, in July 2016 CVSR Holdco, the indirect owner of the CVSR project, issued $200 million of senior unsecured notes. Net proceeds of $97.5 million were distributed to NRG Yield Operating LLC based on its historical pro rata ownership. The Company used its net proceeds of $97.5 million along with $28 million of cash on hand, to reduce borrowings under the Company's revolving credit facility, resulting in a net cash increase of $75 million.

(f) Represents cash of $78.5 million utilized to fund the purchase price of the remaining 51.05% interest in CVSR.

(g) The agreement between NRG and the Company for the acquisition specified that all amounts related to the litigation with SunPower, as further described in Note 2, *Summary of Significant Accounting Policies*, to the Company's audited financial statements, are excluded from the acquisition. Accordingly, prior to close of the transaction, the $75 million receivable and $7 million payable were transferred to NRG as a net reduction to its ownership interest in CVSR.

(h) Represents the adjustment to reclassify the equity of the acquired 51.05% interest in CVSR to non-controlling interest. The acquisition represents a transfer of interests under common control and the equity was transferred at carrying value with no gain or loss recorded.

Exhibit 99.4

Item 6 — Selected Financial Data

The following table presents the Company's historical selected financial data, which has been recast to include the remaining 51.05% interest in CVSR Holdco LLC acquired by Yield Operating LLC on September 1, 2016, as if the transfer had taken place from the date the respective entity was under common control, which was September 30, 2011. The acquisition is further described in Item 15 — Note 3, *Business Acquisitions*, to the Consolidated Financial Statements. Additionally, for all periods prior to the initial public offering, the data below reflects the Company's accounting predecessor, or NRG Yield, the financial statements of which were prepared on a "carve-out" basis from NRG and are intended to represent the financial results of the contracted renewable energy and conventional generation and thermal infrastructure assets in the U.S. that were acquired by NRG Yield LLC on July 22, 2013. For all periods subsequent to the initial public offering, the data below reflects the Company's consolidated financial results.

This historical data should be read in conjunction with the Consolidated Financial Statements and the related notes thereto in Item 15 and Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

(In millions, except per share data)	Fiscal year ended December 31, 2015	2014	2013	2012	2011
Statement of Income Data:					
Operating Revenues					
Total operating revenues	$ 953	$ 828	$ 434	$ 186	$ 173
Operating Costs and Expenses					
Cost of operations	321	277	154	118	112
Depreciation and amortization	297	233	92	39	35
General and administrative	12	8	7	7	6
Acquisition-related transaction and integration costs	3	4	—	—	—
Total operating costs and expenses	633	522	253	164	153
Operating Income	320	306	181	22	20
Other Income (Expense)					
Equity in earnings of unconsolidated affiliates	26	17	20	19	13
Other income, net	3	6	4	3	2
Loss on extinguishment of debt	(9)	(1)	—	—	—
Interest expense	(263)	(216)	(72)	(29)	(21)
Total other expense, net	(243)	(194)	(48)	(7)	(6)
Income Before Income Taxes	77	112	133	15	14
Income tax expense	12	4	8	10	9
Net Income	65	108	125	$ 5	$ 5
Less: Pre-acquisition net (loss) income of Drop Down Assets	(10)	44	16		
Net Income Excluding Pre-acquisition Net (Loss) Income of Drop Down Assets	75	64	109		
Less: Predecessor income prior to initial public offering on July 22, 2013	—	—	54		
Less: Net income attributable to noncontrolling interests	42	48	42		
Net Income Attributable to NRG Yield, Inc.	$ 33	$ 16	$ 13		
Earnings Per Share Attributable to NRG Yield, Inc. Class A and Class C Common Stockholders					
Earnings per Weighted Average Class A and Class C Common Share - Basic and Diluted	$ 0.40	$ 0.30	$ 0.29	N/A	N/A
Dividends per Class A common share [(a)]	$ 1.015	$ 1.42	$ 0.23	N/A	N/A
Dividends per Class C common share [(a)]	0.625	N/A	N/A	N/A	N/A
Other Financial Data:					
Capital expenditures	$ 29	$ 60	$ 782	$ 1,398	$ 466
Cash Flow Data:					
Net cash provided by (used in):					
Operating activities	$ 405	$ 362	$ 168	$ 57	$ 32
Investing activities	(1,108)	(739)	(965)	(1,421)	(495)
Financing activities	385	747	834	1,362	454
Balance Sheet Data (at period end):					
Cash and cash equivalents	$ 111	$ 429	$ 59	$ 22	$ 24
Property, plant and equipment, net	5,878	6,009	3,388	3,392	1,290
Total assets	8,689	8,794	4,717	3,790	1,636
Long-term debt, including current maturities	5,593	5,731	2,849	1,880	445
Total liabilities	5,951	6,062	3,129	2,449	743
Total stockholders' equity	2,738	2,732	1,588	1,341	893

(a) The Company began paying dividends on Class A common stock after the initial public offering on July 22, 2013. The Company began paying dividends on Class C common stock after the Recapitalization on May 14, 2015.

Exhibit 99.5

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

The following discussion analyzes the Company's historical financial condition and results of operations, which were recast to include the effect of the June 2014 Drop Down Assets, the January 2015 Drop Down Assets, the November 2015 Drop Down Assets and the CVSR Drop Down, which were acquired on June 30, 2014, January 2, 2015, November 3, 2015 and September 1, 2016, respectively. As further discussed in Item 15 — Note 1, *Nature of Business*, to the Consolidated Financial Statements, the purchases of these assets were accounted for in accordance with ASC 805-50*, Business Combinations - Related Issues*, whereas the assets and liabilities transferred to the Company relate to interests under common control by NRG and, accordingly, were recorded at historical cost. The difference between the cash proceeds and historical value of the net assets was recorded as a distribution to/from NRG and offset to the noncontrolling interest. The guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control. Accordingly, the Company prepared its consolidated financial statements to reflect the transfers as if they had taken place from the beginning of the financial statements period (January 1, 2013), or from the date the entities were under common control (if later than the beginning of the financial statements period). The financial statements reflect the transfers as if they had taken place on May 13, 2013, for Kansas South, March 28, 2013, for TA High Desert and April 1, 2014, for the January 2015 Drop Down Assets and the majority of the November 2015 Drop Down Assets, which represents the date these entities were acquired by NRG. The Company reduces net income attributable to its Class A and Class C common stockholders by the pre-acquisition net income for the Drop Down Assets, as it is not available to the stockholders.

In addition, for all periods prior to the initial public offering, the discussion reflects the Company's accounting predecessor, NRG Yield, the financial statements of which were prepared on a "carve-out" basis from NRG and are intended to represent the financial results of the contracted renewable energy and conventional generation and thermal infrastructure assets in the U.S. that were acquired by NRG Yield LLC on July 22, 2013. For all periods subsequent to the initial public offering, the discussion reflects the Company's consolidated financial results.

As you read this discussion and analysis, refer to the Company's recast Consolidated Statements of Operations to this Form 8-K, which present the results of operations for the years ended December 31, 2015, 2014 and 2013. Also refer to Item 1 — *Business* and Item 1A — *Risk Factors*, to the Company's 2015 Form 10-K, which include detailed discussions of various items impacting the Company's business, results of operations and financial condition.

The discussion and analysis below has been organized as follows:

- Executive Summary, including a description of the business and significant events that are important to understanding the results of operations and financial condition;
- Results of operations, including an explanation of significant differences between the periods in the specific line items of the consolidated statements of operations;
- Financial condition addressing liquidity position, sources and uses of cash, capital resources and requirements, commitments, and off-balance sheet arrangements;
- Known trends that may affect the Company’s results of operations and financial condition in the future; and
- Critical accounting policies which are most important to both the portrayal of the Company's financial condition and results of operations, and which require management's most difficult, subjective or complex judgment.

Executive Summary

Introduction and Overview

The Company is a dividend growth-oriented company formed to serve as the primary vehicle through which NRG owns, operates and acquires contracted renewable and conventional generation and thermal infrastructure assets. The Company believes it is well positioned to be a premier company for investors seeking stable and growing dividend income from a diversified portfolio of lower-risk high-quality assets.

The Company owns a diversified portfolio of contracted renewable and conventional generation and thermal infrastructure assets in the U.S. The Company's contracted generation portfolio collectively represents 4,563 net MW. Each of these assets sells substantially all of its output pursuant to long-term offtake agreements with creditworthy counterparties. The average remaining contract duration of these offtake agreements was approximately 17 years as of December 31, 2015, based on CAFD. The Company also owns thermal infrastructure assets with an aggregate steam and chilled water capacity of 1,315 net MWt and electric generation capacity of 124 net MW. These thermal infrastructure assets provide steam, hot water and/or chilled water, and in some instances electricity, to commercial businesses, universities, hospitals and governmental units in multiple locations, principally through long-term contracts or pursuant to rates regulated by state utility commissions.

Government Incentives

Government incentives can enhance the economics of the Company's generating assets or investments by providing, for example, loan guarantees, cash grants, favorable tax treatment, favorable depreciation rules, or other incentives. Certain changes in law enhance federal incentives for renewable generation — including through the extensions of the wind power PTC and the solar power ITC — and could incentivize the development of additional renewable energy projects that would fit within the Company's asset portfolio. In addition, direct cash incentives may encourage additional renewable energy development by entities that cannot presently benefit from tax credits.

Significant Events During the Year Ended December 31, 2015

- On November 3, 2015, the Company acquired 75% of the Class B interests of NRG Wind TE Holdco, or the November 2015 Drop Down Assets, which owns a portfolio of 12 wind facilities totaling 814 net MW, from NRG for total cash consideration of $209 million. In February 2016, NRG made a final working capital payment of $2 million, reducing total cash consideration to $207 million. The Company is responsible for its pro-rata share of non-recourse project debt of $193 million and noncontrolling interest associated with a tax equity structure of $159 million (as of the acquisition date).
- On June 30, 2015, the Company sold an economic interest in the Alta X and Alta XI wind facilities through a tax equity financing arrangement and received $119 million in net proceeds. These proceeds, as well as proceeds obtained from the Company's June 2015 equity and debt offerings discussed below, were utilized to repay all of the outstanding project indebtedness associated with the Alta X and Alta XI wind facilities.
- On June 29, 2015, the Company issued 28,198,000 shares of Class C common stock for net proceeds, after underwriting discounts and expenses, of $599 million. The Company utilized the proceeds of the offering to acquire 28,198,000 additional Class C units of NRG Yield LLC and, as a result, it currently owns 53.3% of the economic interests of NRG Yield LLC, with NRG retaining 46.7% of the economic interests of NRG Yield LLC. Additionally, on June 29, 2015, the Company completed an offering of $287.5 million aggregate principal amount of 3.25% Convertible Notes due 2020, which proceeds were subsequently lent to NRG Yield LLC.
- On June 29, 2015, the Company acquired 25% of the membership interest in Desert Sunlight Investment Holdings, LLC, which owns two solar photovoltaic facilities totaling 550 MW, located in Desert Center, California, from EFS Desert Sun, LLC, a subsidiary of GE Energy Financial Services, for a purchase price of $285 million, utilizing a portion of the proceeds from the Class C common stock issuance. The Company's pro-rata share of non-recourse project level debt was $272 million as of December 31, 2015.
- Effective May 14, 2015, the Company amended its certificate of incorporation to create two new classes of capital stock, Class C common stock and Class D common stock, and distributed shares of the Class C common stock and Class D common stock to holders of the Company's outstanding Class A common stock and Class B common stock, respectively, through a stock split, which is referred to as the Recapitalization. The Recapitalization enhances the Company's ability to focus on growth opportunities without the constraints of NRG's capital allocation to the Company, while maintaining the Company's relationship with NRG. The Recapitalization preserves NRG's management and operational expertise,

asset development and acquisition track record, financing experience and provides flexibility for the Company to raise capital to fund its growth.

The Class C common stock and Class D common stock have the same rights and privileges and rank equally, share ratably and are identical in all respects to the shares of Class A common stock and Class B common stock, respectively, as to all matters, except that each share of Class C common stock and Class D common stock is entitled to 1/100th of a vote on all stockholder matters.

In connection with the Recapitalization, the ROFO Agreement was amended to make additional assets available to the Company should NRG choose to sell them, including (i) two natural gas facilities totaling 795 MW of net capacity that are expected to reach COD in 2017 and 2020, (ii) an equity interest in a wind portfolio that includes wind facilities totaling approximately 934 MW of net capacity, the majority of which was sold to the Company on November 3, 2015, and (iii) up to $250 million of equity interests in one or more residential or distributed solar generation portfolios developed by affiliates of NRG.

- On May 8, 2015, the Company and NRG entered into a partnership by forming NRG DGPV Holdco 1 LLC, or DGPV Holdco 1, the purpose of which is to own or purchase solar power generation projects and other ancillary related assets from NRG Renew DG Holdings LLC, via intermediate funds, including: (i) a tax equity-financed portfolio of 10 recently completed community solar projects representing approximately 8 MW with a weighted average remaining PPA term of 20 years; and (ii) a tax equity-financed portfolio of approximately 12 commercial photovoltaic systems representing approximately 37 MW with a weighted average remaining PPA term of 19 years. Under this partnership, the Company committed to fund up to $100 million of capital. On February 29, 2016, the Company and NRG entered into an additional partnership by forming NRG DGPV Holdco 2 LLC, or DGPV Holdco 2, to own or purchase solar power generation projects and other ancillary related assets from NRG Renew LLC or its subsidiaries, via intermediate funds. Under this partnership, the Company committed to fund up to $50 million of capital.

- On May 7, 2015, the Company acquired a 90.1% interest in Spring Canyon II, a 32 MW wind facility, and Spring Canyon III, a 28 MW wind facility, each located in Logan County, Colorado, from Invenergy Wind Global LLC. The purchase price was funded with cash on hand. Power generated by Spring Canyon II and Spring Canyon III is sold to Platte River Power Authority under long-term PPAs with approximately 24 years of remaining contract life.

- On April 30, 2015, the Company completed the acquisition of the University of Bridgeport Fuel Cell project in Bridgeport, Connecticut from FuelCell Energy, Inc. The project added an additional 1.4 MW of thermal capacity with a 12-year contract, with the option for a 7-year extension.

- On April 9, 2015, the Company and NRG entered into a partnership by forming RPV Holdco, to invest in and hold operating portfolios of residential solar assets developed by NRG Home Solar, a subsidiary of NRG, including: (i) an existing, unlevered portfolio of over 2,200 leases across nine states representing approximately 17 MW with a weighted average remaining lease term of approximately 17 years, in which the Company invested $26 million in April 2015; and (ii) a tax equity financed portfolio of approximately 5,700 leases representing approximately 40 MW, with an average lease term for the existing and new leases of approximately 17 to 20 years, in which the Company invested $36 million of its $150 million commitment through December 31, 2015. On February 29, 2016, the Company and NRG amended the RPV Holdco partnership to reduce the aggregate commitment of $150 million to $100 million in connection with the formation of DGPV Holdco 2 discussed above.

- On January 2, 2015, the Company acquired the following projects from NRG: (i) Laredo Ridge, an 80 MW wind facility located in Petersburg, Nebraska, (ii) Tapestry, which includes Buffalo Bear, a 19 MW wind facility in Buffalo, Oklahoma; Taloga, a 130 MW wind facility in Putnam, Oklahoma; and Pinnacle, a 55 MW wind facility in Keyser, West Virginia, and (iii) Walnut Creek, a 485 MW natural gas facility located in City of Industry, California, for total cash consideration of $489 million, including $9 million for working capital, plus assumed project-level debt of $737 million. The Company funded the acquisition with cash on hand and drawings under its revolving credit facility.

- In January 2015, El Segundo experienced a steam turbine water intrusion resulting in a forced outage on Units 5 and 6. The units returned to service in April 2015. The Company completed a root cause analysis and has implemented steps to prevent a recurrence of the event. The Company reviewed the financial impact of repair costs and lost capacity revenue and collected approximately $4 million of insurance proceeds in the fourth quarter of 2015.

Significant Events During the Year Ended December 31, 2014

- On August 12, 2014, the Company acquired 100% of the membership interests of Alta Wind Asset Management Holdings, LLC, Alta Wind Company, LLC, Alta Wind X Holding Company, LLC and Alta Wind XI Holding Company, LLC, which collectively own seven wind facilities that total 947 MW located in Tehachapi, California, and a portfolio of associated land leases, or the Alta Wind Portfolio. The purchase price for the Alta Wind Portfolio was $923 million, which included a base purchase price of $870 million, and a payment for working capital of $53 million, plus the assumption of $1.6 billion of non-recourse project-level debt. In order to fund the purchase price, the Company completed an equity offering of 12,075,000 shares of its Class A common stock on July 29, 2014, which resulted in net proceeds of $630 million, after underwriting discounts and expenses, that were utilized to acquire additional Class A units in NRG Yield LLC. In addition, on August 5, 2014, NRG Yield Operating LLC, or Yield Operating, the holder of the project assets that belong to Yield LLC, issued $500 million of Senior Notes, as described in Item 15 — Note 9, *Long-term Debt*, to the Consolidated Financial Statements.
- On June 30, 2014, the Company acquired from NRG: (i) El Segundo, a 550 MW fast-start, gas-fired facility located in Los Angeles County, California; (ii) TA High Desert, a 20 MW solar facility located in Los Angeles County, California; and (iii) Kansas South, a 20 MW solar facility located in Kings County, California. The assets were acquired pursuant to the ROFO Agreement. The Company paid NRG total cash consideration of $357 million, which represents a base purchase price of $349 million and a payment for working capital of $8 million. In addition, the acquisition included the assumption of $612 million in project-level debt.
- During the first quarter of 2014, the Company issued $345 million in aggregate principal amount of its convertible notes as described in Item 15 — Note 9, *Long-term Debt*, to the Consolidated Financial Statements.

Significant Events During the Year Ended December 31, 2013

- On December 31, 2013, NRG Energy Center Omaha Holdings, LLC, an indirect wholly owned subsidiary of NRG Yield LLC, acquired Energy Systems Company, or Energy Systems, an operator of steam and chilled thermal facilities that provides heating and cooling services to nonresidential customers in Omaha, Nebraska. See Item 15 — Note 3, *Business Acquisitions*, to the Consolidated Financial Statements for information related to the acquisition.
- During 2013, Alpine, Avra, Borrego, CVSR, El Segundo, Marsh Landing, Kansas South, and TA High Desert achieved COD. In addition, Borrego completed financing arrangements with a group of lenders. See Item 15 — Note 9, *Long-term Debt*, to the Consolidated Financial Statements for information related to these financing activities.
- The Company completed its initial public offering of its Class A common stock on July 22, 2013. See Item 15 — Note 1, *Nature of Business*, to the Consolidated Financial Statements for information related to the initial public offering.

Environmental Matters and Regulatory Matters

Details of environmental matters and regulatory matters are presented in Item 1 — *Business, Regulatory Matters* and Item 1A— *Risk Factors*. Details of some of this information relate to costs that may impact the Company's financial results.

Trends Affecting Results of Operations and Future Business Performance

Wind and Solar Resource Availability

Wind and solar resource availability can affect the Company's results. The Company's results were impacted by lower than normal wind resource availability in 2015. While the Company's wind facilities were available, adverse weather had a negative impact on wind resources. The Company cannot predict wind and solar resource availability and their related impacts on future results.

Capital Market Conditions

The Company and its peer group have recently experienced difficult conditions in the capital markets. The Company's growth strategy depends on its ability to identify and acquire additional conventional and renewable facilities from NRG and unaffiliated third parties. A prolonged disruption in the equity capital market conditions could make it difficult for the Company to successfully acquire attractive projects from NRG or third parties and may also limit the Company's ability to obtain debt or equity financing to complete such acquisitions. If the Company is unable to raise adequate proceeds when needed to fund such acquisitions, the ability to grow its project portfolio may be limited, which could have a material adverse effect on the Company's ability to implement its growth strategy. A full description of the risks applicable to the Company's business is presented in Item 1A, *Risk Factors*.

Consolidated Results of Operations

2015 compared to 2014

The following table provides selected financial information:

(In millions, except otherwise noted)	Year ended December 31, 2015	2014	Change %
Operating Revenues			
Energy and capacity revenues	$ 1,009	$ 855	18
Contract amortization	(54)	(29)	86
Mark-to-market economic hedging activities	(2)	2	(200)
Total operating revenues	953	828	15
Operating Costs and Expenses			
Cost of fuels	71	89	(20)
Operations and maintenance	178	140	27
Other cost of operations	72	48	50
Depreciation and amortization	297	233	27
General and administrative	12	8	50
Acquisition-related transaction and integration costs	3	4	(25)
Total operating costs and expenses	633	522	21
Operating Income	320	306	5
Other Income (Expense)			
Equity in earnings of unconsolidated affiliates	26	17	53
Other income, net	3	6	(50)
Loss on extinguishment of debt	(9)	(1)	NM
Interest expense	(263)	(216)	22
Total other expense, net	(243)	(194)	25
Income Before Income Taxes	77	112	(31)
Income tax expense	12	4	200
Net Income	65	108	(40)
Less: Pre-acquisition net (loss) income of Drop Down Assets	(10)	44	(123)
Net Income Excluding Pre-acquisition Net (Loss) Income of Drop Down Assets	75	64	17
Less: Net income attributable to noncontrolling interests	42	48	(13)
Net Income Attributable to NRG Yield, Inc.	$ 33	$ 16	106

Business metrics:	Year ended December 31, 2015	2014
Renewable MWh sold (in thousands) [(a)]	6,412	4,659
Thermal MWt sold (in thousands)	1,946	2,060
Thermal MWh sold (in thousands)	297	205

[(a)] Volumes sold do not include the MWh generated by the Company's equity method investments.
NM - Not meaningful.

Management’s discussion of the results of operations for the years ended December 31, 2015, and 2014

As described in Item 15 — Note 3, *Business Acquisitions*, the Company completed the following acquisitions from NRG during the year ended December 31, 2015:

- On November 3, 2015, the Company acquired 75% of the Class B interests of NRG Wind TE Holdco, or the November 2015 Drop Down Assets, which owns a portfolio of 12 wind facilities totaling 814 net MW, from NRG for total cash consideration of $209 million. In February 2016, NRG made a final working capital payment of $2 million, reducing total cash consideration to $207 million.
- On January 2, 2015, the Company acquired the Laredo Ridge, Tapestry, and Walnut Creek projects, or the January 2015 Drop Down Assets, for total cash consideration of $489 million, plus assumed project-level debt of $737 million.

The January 2015 Drop Down Assets and the November 2015 Drop Down Assets (other than Elbow Creek) were originally acquired by NRG from EME on April 1, 2014, and are collectively referred to as "EME Assets" throughout this discussion. The Company prepared its consolidated financial statements for the periods ending December 31, 2015, and 2014, to reflect the acquisitions as if they had taken place from the date the entities were under common control, which was April 1, 2014 for the EME Assets. Accordingly, the results presented herein reflect the Company's ownership of the EME Assets for the full year ended December 31, 2015, compared to the nine months from April 1, 2014, through December 31, 2014.

Gross Margin and Economic Gross Margin

In addition to gross margin, the Company evaluates its operating performance using the measure of economic gross margin, which is not a GAAP measure and may not be comparable to other companies’ presentations or deemed more useful than the GAAP information provided elsewhere in this report. Economic gross margin should be viewed as a supplement to and not a substitute for the Company' presentation of gross margin, which is the most directly comparable GAAP measure. Economic gross margin is not intended to represent gross margin. The Company believes that economic gross margin is useful to investors as it is a key operational measure reviewed by the Company's chief operating decision maker. Economic gross margin is defined as energy and capacity revenue less cost of fuels. Economic gross margin excludes the following components from GAAP gross margin: contract amortization, mark-to-market results, emissions credit amortization and (losses) gains on economic hedging activities. Mark-to-market results consist of unrealized gains and losses on contracts that are not yet settled.

The below tables present the composition of gross margin, as well as the reconciliation to economic gross margin, for the years ended December 31, 2015 and 2014:

(In millions)	Conventional	Renewables	Thermal	Total
Year ended December 31, 2015				
Energy and capacity revenues	$ 341	$ 492	$ 176	$ 1,009
Cost of fuels	(1)	(1)	(69)	(71)
Contract amortization	(5)	(47)	(2)	(54)
Mark-to-market for economic hedging activities	—	(2)	—	(2)
Gross margin	$ 335	$ 442	$ 105	$ 882
Contract amortization	5	47	2	54
Mark-to-market for economic hedging activities	—	2	—	2
Economic gross margin	$ 340	$ 491	$ 107	$ 938
Year ended December 31, 2014				
Energy and capacity revenues	$ 321	$ 337	$ 197	$ 855
Cost of fuels	(2)	(1)	(86)	(89)
Contract amortization	(4)	(23)	(2)	(29)
Mark-to-market for economic hedging activities	—	2	—	2
Gross margin	$ 315	$ 315	$ 109	$ 739
Contract amortization	4	23	2	29
Mark-to-market for economic hedging activities	—	(2)	—	(2)
Economic gross margin	$ 319	$ 336	$ 111	$ 766

Gross margin increased by $143 million and economic gross margin increased by $172 million during the year ended December 31, 2015, compared to the same period in 2014, driven by:

Renewable:	
Acquisitions of the Alta Wind Portfolio in August 2014 and Spring Canyon in May 2015	$ 126
Acquisition of EME Assets (Wind)	31
Other	(2)
Conventional:	
Acquisition of EME Assets (Walnut Creek)	25
Decrease due to the forced outage at El Segundo in the first half of 2015	(4)
Thermal:	
Decrease due to milder weather conditions in 2015 compared to 2014	(4)
Increase in economic gross margin	**$ 172**
Higher contract amortization primarily due to the amortization of the PPAs acquired in the acquisition of the Alta Wind Portfolio in August 2014	(25)
Losses from mark-to-market for economic hedging activities	(4)
Increase in gross margin	**$ 143**

Mark-to-market for economic hedging activities

Mark-to-market results for the years ended December 31, 2015, and 2014 represent the unrealized losses and gains, respectively, on forward contracts with an NRG subsidiary hedging the sale of power from the Elbow Creek wind facility extending through the end of 2015, as further described in Item 15 — Note 7, *Accounting for Derivative Instruments and Hedging Activities*, to the Consolidated Financial Statements.

Operations and Maintenance Expense

(In millions)	Conventional	Renewables	Thermal	Total
Year ended December 31, 2015	$ 30	$ 97	$ 51	$ 178
Year ended December 31, 2014	30	63	47	140

Operations and maintenance expense increased by $38 million during the year ended December 31, 2015, compared to the same period in 2014, driven by:

Acquisition of Alta Wind Portfolio in August 2014 and Spring Canyon in May 2015	$ 21
Acquisition of EME Assets, primarily in the Renewable segment	16
Other	1
	$ 38

Other Costs of Operations

Other costs of operations increased by $24 million during the year ended December 31, 2015, compared to the same period in 2014, due primarily to an increase in property taxes resulting from the acquisitions of the Alta Wind Portfolio in August 2014 and the EME Assets in April 2014.

Depreciation and Amortization

Depreciation and amortization increased by $64 million during the year ended December 31, 2015, compared to the same period in 2014, due primarily to the acquisitions of the Alta Wind Portfolio in August 2014 and the EME Assets in April 2014.

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates increased by $9 million during the year ended December 31, 2015, compared to the same period in 2014, due primarily to the acquisition of Desert Sunlight in June 2015 as well as the Elkhorn Ridge and San Juan Mesa projects, acquired as part of the EME Assets.

Interest Expense

Interest expense increased by $47 million during the year ended December 31, 2015, compared to the same period in 2014 due to:

(In millions)	
Acquisition of Alta Wind Portfolio in August 2014	$ 32
Issuance of the Senior Notes due 2024 in the third quarter of 2014, 2020 Convertible Notes in the second quarter of 2015, and the 2019 Convertible Notes in the first quarter of 2014	31
Acquisition of EME Assets in April 2014	3
Repricing of project-level financing arrangements and principal repayments	(9)
Changes in the fair value of interest rate swaps	(10)
	$ 47

Income Tax Expense

For the year ended December 31, 2015, the Company recorded income tax expense of $12 million on pretax income of $77 million. For the same period in 2014, the Company recorded income tax expense of $4 million on pretax income of $112 million. For the years ended December 31, 2015, and 2014 the overall effective tax rate was different than the statutory rate of 35% primarily due to taxable earnings allocated to NRG resulting from its interest in NRG Yield LLC and PTCs derived from certain wind generation facilities.

Income Attributable to Noncontrolling Interests

For the year ended December 31, 2015, the Company had income of $56 million attributable to NRG's interest in the Company and a loss of $14 million attributable to noncontrolling interests with respect to its tax equity financing arrangements and the application of the HLBV method. For the year ended December 31, 2014, the Company had income of $48 million attributable to NRG's interest in the Company.

Consolidated Results of Operations

2014 compared to 2013

The following table provides selected financial information:

(In millions, except otherwise noted)	Year ended December 31, 2014	2013	Change %
Operating Revenues			
Energy and capacity revenues	$ 855	$ 435	97
Contract amortization	(29)	(1)	N/M
Mark-to-market economic hedging activities	2	—	100
Total operating revenues	828	434	91
Operating Costs and Expenses			
Cost of fuels	89	68	31
Operations and maintenance	140	71	97
Other cost of operations	48	15	220
Depreciation and amortization	233	92	153
General and administrative — affiliate	8	7	14
Acquisition-related transaction and integration costs	4	—	100
Total operating costs and expenses	522	253	106
Operating Income	306	181	69
Other Income (Expense)			
Equity in earnings of unconsolidated affiliates	17	20	(15)
Other income, net	6	4	50
Loss on extinguishment of debt	(1)	—	100
Interest expense	(216)	(72)	200
Total other expense, net	(194)	(48)	304
Income Before Income Taxes	112	133	(16)
Income tax expense	4	8	(50)
Net Income	108	125	(14)
Less: Pre-acquisition net income of Drop Down Assets	44	16	175
Net Income Excluding Pre-acquisition Net Income of Drop Down Assets	64	109	(41)
Less: Predecessor income prior to initial public offering on July 22, 2013	—	54	(100)
Less: Net income attributable to noncontrolling interests	48	42	14
Net Income Attributable to NRG Yield, Inc.	$ 16	$ 13	23

Business metrics:	Year ended December 31, 2014	2013
Renewable MWh sold (in thousands) [(a)]	4,659	1,625
Thermal MWt sold (in thousands)	2,060	1,679
Thermal MWh sold (in thousands)	205	139

(a) Volumes sold do not include the MWh generated by the Company's equity method investments.

N/M - Not meaningful.

Management's discussion of the results of operations for the years ended December 31, 2014, and 2013

Gross Margin and Economic Gross Margin

In addition to gross margin, the Company evaluates its operating performance using the measure of economic gross margin, which is not a GAAP measure and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Economic gross margin should be viewed as a supplement to and not a substitute for the Company' presentation of gross margin, which is the most directly comparable GAAP measure. Economic gross margin is not intended to represent gross margin. The Company believes that economic gross margin is useful to investors as it is a key operational measure reviewed by the Company's chief operating decision maker. Economic gross margin is defined as energy and capacity revenue less cost of fuels. Economic gross margin excludes the following components from GAAP gross margin: contract amortization, mark-to-market gains, emissions credit amortization and (losses) gains on economic hedging activities. Mark-to-market results consist of unrealized gains and losses on contracts that are not yet settled.

The below tables present the composition of gross margin, as well as the reconciliation to economic gross margin, for the years ended December 31, 2014 and 2013:

(In millions)	Conventional	Renewables	Thermal	Total
Year ended December 31, 2014				
Energy and capacity revenues	$ 321	$ 337	$ 197	$ 855
Cost of fuels	(2)	(1)	(86)	(89)
Contract amortization	(4)	(23)	(2)	(29)
Mark-to-market for economic hedging activities	—	2	—	2
Gross margin	$ 315	$ 315	$ 109	$ 739
Contract amortization	4	23	2	29
Mark-to-market for economic hedging activities	—	(2)	—	(2)
Economic gross margin	$ 319	$ 336	$ 111	$ 766
Year ended December 31, 2013				
Energy and capacity revenues	$ 138	$ 144	$ 153	$ 435
Cost of fuels	(5)	—	(63)	(68)
Contract amortization	—	—	(1)	(1)
Gross margin	$ 133	$ 144	$ 89	366
Contract amortization	—	—	1	1
Economic gross margin	$ 133	$ 144	$ 90	$ 367

Gross margin increased by $373 million and economic gross margin increased by $399 million during the year ended December 31, 2014, compared to the same period in 2013, driven by:

Conventional:		
Marsh Landing and El Segundo reaching commercial operations in 2013	$	109
Acquisition of EME Assets (Walnut Creek)		77
Renewable:		
Acquisition of EME Assets (Wind)		85
Acquisition of Alta Wind Portfolio in August 2014		64
Kansas South, TA High Desert, Borrego and CVSR facilities reaching commercial operations in 2013		41
Other		2
Thermal:		
Acquisition of Energy Systems in December 2013		15
Repowering of Dover facilities in the second quarter of 2013, and increased generation at other Thermal facilities due to weather conditions in the first quarter of 2014		6
Increase in economic gross margin	**$**	**399**
Higher contract amortization due to the amortization of the PPAs acquired in the acquisitions of the Alta Wind Portfolio in August 2014 and the EME Assets in April 2014		(28)
Gain in mark-to-market for economic hedging activities		2
Increase in gross margin	**$**	**373**

Mark-to-market for economic hedging activities

Mark-to-market results for the year ended December 31, 2014, represent the unrealized gains on forward contracts with an NRG subsidiary hedging the sale of power from the Elbow Creek wind facility extending through the end of 2015, as further described in Item 15 — Note 7*, Accounting for Derivative Instruments and Hedging Activities*, to the Consolidated Financial Statements.

Operations and Maintenance Expense

(In millions)	Conventional	Renewables	Thermal	Total
Year ended December 31, 2014	$ 30	$ 63	$ 47	$ 140
Year ended December 31, 2013	11	19	41	71

Operations and maintenance expense increased by $69 million during the year ended December 31, 2014, compared to the same period in 2013, driven by:

Conventional:		
Marsh Landing and El Segundo reaching commercial operations in 2013	$	13
Acquisition of EME Assets (Walnut Creek)		6
Renewable:		
Acquisition of EME Assets (Wind)		27
Acquisition of Alta Wind Portfolio in August 2014		11
Kansas South, TA High Desert, Borrego and CVSR facilities reaching commercial operations in 2013		6
Thermal:		
Acquisition of Energy Systems in December 2013		6
	$	69

Other Costs of Operations

Other costs of operations increased by $33 million during the year ended December 31, 2014, compared to the same period in 2013, primarily due to an increase in property taxes resulting from the acquisitions of the EME Assets in April 2014 and the Alta Wind Portfolio in August 2014, as well as Marsh Landing and El Segundo reaching commercial operations in 2013.

Depreciation and Amortization

Depreciation and amortization increased by $141 million during the year ended December 31, 2014, compared to the same period in 2013, due to:

(In millions)		
Acquisition of the EME Assets	$	54
Marsh Landing and El Segundo, which reached commercial operations in 2013		45
Acquisition of Alta Wind Portfolio in August 2014		23
Acquisition of Energy Systems in December 2013		4
Kansas South, TA High Desert and Borrego facilities reached commercial operations in 2013		2
CVSR reached commercial operations in 2013		13
	$	141

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates decreased by $3 million during the year ended December 31, 2014, compared to the same period in 2013, due primarily to losses from San Juan Mesa, acquired with the EME Assets.

Interest Expense

Interest expense increased by $144 million during the year ended December 31, 2014, compared to the same period in 2013, due to:

(In millions)		
Interest expense on the project-level debt assumed in the Alta Wind Portfolio acquisition in August 2014	$	45
Issuance of Senior Notes due 2024 in August 2014, Convertible Notes due 2019 in March 2014 and, to a lesser extent, increased interest expense on the Company's revolving credit facility		30
Increase due to the acquisition of the EME Assets in April 2014		25
Increase in interest expense primarily related to Alpine interest rate swap		21
Increase in interest expense for the El Segundo and Marsh Landing projects which reached commercial operations in 2013		18
Increase due to CVSR which reached commercial operations in 2013		5
	$	144

Income Tax Expense

For the year ended December 31, 2014, the Company recorded income tax expense of $4 million on pretax income of $112 million. For the same period in 2013, the Company recorded income tax expense of $8 million on pretax income of $133 million. For the year ended December 31, 2014, the Company's overall effective tax rate was different than the statutory rate of 35% primarily due to taxable earnings allocated to NRG resulting from its interest in NRG Yield LLC and PTCs generated from certain wind generation facilities. For the year ended December 31, 2013, the Company's overall effective tax rate was different than the statutory rate of 35% primarily due to taxable earnings allocated to NRG resulting from its interest in NRG Yield LLC.

Income Attributable to Noncontrolling Interests

For the twelve months ended December 31, 2014 and 2013, the Company had income of $48 million and $42 million, respectively, attributable to NRG's interest in the Company.

Liquidity and Capital Resources

The Company's principal liquidity requirements are to meet its financial commitments, finance current operations, fund capital expenditures, including acquisitions from time to time, to service debt and to pay dividends. Historically, the Company's predecessor operations were financed as part of NRG's integrated operations and largely relied on internally generated cash flows as well as corporate and/or project-level borrowings to satisfy its capital expenditure requirements. As a normal part of the Company's business, depending on market conditions, the Company will from time to time consider opportunities to repay, redeem, repurchase or refinance its indebtedness. Changes in the Company's operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause the Company to seek additional debt or equity financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations and additional covenants and operating restrictions.

Liquidity Position

As of December 31, 2015, and December 31, 2014, the Company's liquidity was approximately $375 million and $971 million, respectively, comprised of cash, restricted cash, and availability under the Company's revolving credit facility. The decrease primarily relates to increased borrowings under the revolving credit facility used to fund the acquisition of the November 2015 Drop Down Assets and the use of cash on hand to fund the acquisition of the January 2015 Drop Down Assets. The Company's various financing arrangements are described in Item 15 — Note 9, *Long-term Debt*, to the Consolidated Financial Statements. On June 26, 2015, the Company amended the revolving credit facility to, among other things, increase the availability from $450 million to $495 million. As of December 31, 2015, $306 million of borrowings and $56 million of letters of credit were outstanding.

Management believes that the Company's liquidity position, cash flows from operations and availability under its revolving credit facility will be adequate to meet the Company's financial commitments; debt service obligations; growth, operating and maintenance capital expenditures; and to fund dividends to holders of the Company's Class A common stock and Class C common stock. Management continues to regularly monitor the Company's ability to finance the needs of its operating, financing and investing activity within the dictates of prudent balance sheet management.

Credit Ratings

Credit rating agencies rate a firm's public debt securities. These ratings are utilized by the debt markets in evaluating a firm's credit risk. Ratings influence the price paid to issue new debt securities by indicating to the market the Company's ability to pay principal, interest and preferred dividends. Rating agencies evaluate a firm's industry, cash flow, leverage, liquidity, and hedge profile, among other factors, in their credit analysis of a firm's credit risk.

The following table summarizes the credit ratings for the Company and its Senior Notes as of December 31, 2015:

	S&P	Moody's
NRG Yield, Inc.	BB+	Ba2
5.375% Senior Notes, due 2024	BB+	Ba2

On August 15, 2016, S&P lowered its corporate credit ratings on NRG Yield, Inc. and the Senior Notes due 2024 to BB from BB+. The rating outlook is stable.

Sources of Liquidity

The Company's principal sources of liquidity include cash on hand, cash generated from operations, borrowings under new and existing financing arrangements and the issuance of additional equity and debt securities as appropriate given market conditions. As described in Item 15 — Note 9, *Long-term Debt*, to the Consolidated Financial Statements, and above in *Significant Events During the Year Ended December 31, 2015,* and *Significant Events During the Year Ended December 31, 2014*, the Company's financing arrangements consist of the revolving credit facility, the 2019 Convertible Notes, the 2020 Convertible Notes, the Senior Notes and project-level financings for its various assets.

Recapitalization

As described above in *Significant Events During the Year Ended December 31, 2015*, effective May 14, 2015, NRG Yield, Inc. amended its certificate of incorporation to create two new classes of capital stock, Class C common stock and Class D common stock, and distributed shares of the Class C common stock and Class D common stock to holders of the Company's outstanding Class A common stock and Class B common stock, respectively, through a stock split.

The par value per share of the Company’s Class A common stock and Class B common stock remains unchanged at $0.01 per share after the effect of the stock split. Accordingly, the stock split was accounted for as a stock dividend. The Company recorded a transfer between retained earnings and common stock equal to the par value of each share of Class C common stock and Class D common stock that was issued. The Company also gave retroactive effect to prior period share and per share amounts in the Consolidated Financial Statements for the effect of the stock dividend, such that all periods are comparable.

In connection with the amendment described above, the ROFO Agreement was amended to make additional assets available to the Company should NRG choose to sell them, including (i) two natural gas facilities totaling 795 MW of net capacity that are expected to reach COD in 2017 and 2020, (ii) an equity interest in a wind portfolio that includes wind facilities totaling approximately 934 MW of net capacity, the majority of which was sold to the Company on November 3, 2015, and (iii) up to $250 million of equity interests in one or more residential or distributed solar generation portfolios developed by affiliates of NRG.

On June 29, 2015, NRG Yield, Inc. issued 28,198,000 shares of Class C common stock for net proceeds of $599 million, net of underwriting discounts and commissions of $21 million. The Company utilized the proceeds of the offering to acquire 28,198,000 additional Class C units of NRG Yield LLC and, as a result, it currently owns 53.3% of the economic interests of NRG Yield LLC, with NRG retaining 46.7% of the economic interests of NRG Yield LLC. Additionally, on June 29, 2015, the Company completed an offering of $287.5 million aggregate principal amount of 3.25% Convertible Notes due 2020, which proceeds were subsequently lent to NRG Yield LLC.

Uses of Liquidity

The Company's requirements for liquidity and capital resources, other than for operating its facilities, are categorized as: (i) debt service obligations, as described more fully in Item 15 — Note 9, *Long-term Debt*, to the Consolidated Financial Statements; (ii) capital expenditures; (iii) acquisitions and investments; and (iv) cash dividends to investors.

Debt Service Obligations

Principal payments on debt as of December 31, 2015, are due in the following periods:

Description	**2016**	**2017**	**2018**	**2019**	**2020**	**There-after**	**Total**
				(In millions)			
NRG Yield, Inc. Convertible Notes, due 2019	$ —	$ —	$ —	$ 345	$ —	$ —	$ 345
NRG Yield, Inc. Convertible Notes, due 2020	—	—	—	—	287	—	287
NRG Yield Operating LLC Senior Notes, due 2024	—	—	—	—	—	500	500
NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility, due 2019	—	—	—	306	—	—	306
Total Corporate-level debt	—	—	—	651	287	500	1,438
Project-level debt:							
Alta Wind I, lease financing arrangement, due 2034	10	11	11	12	12	196	252
Alta Wind II, lease financing arrangement, due 2034	7	8	8	8	9	158	198
Alta Wind III, lease financing arrangement, due 2034	7	8	8	8	9	166	206
Alta Wind IV, lease financing arrangement, due 2034	5	5	5	5	6	107	133
Alta Wind V, lease financing arrangement, due 2035	7	8	8	8	9	173	213
Alta Realty Investments, due 2031	1	1	2	2	1	26	33
Alta Wind Asset Management, due 2031	1	1	1	1	1	14	19
Alpine, due 2022	9	9	8	8	8	112	154
Avra Valley, due 2031	3	3	3	3	4	44	60
Blythe, due 2028	2	2	1	2	1	13	21
Borrego, due 2025 and 2038	3	3	3	3	3	57	72
CVSR, due 2037	23	25	26	24	21	674	793
El Segundo Energy Center, due 2023	42	43	48	49	53	250	485
Energy Center Minneapolis, due 2017 and 2025	12	13	7	11	11	54	108
Kansas South, due 2031	2	2	2	2	2	23	33
Laredo Ridge, due 2028	5	5	5	5	6	78	104
Marsh Landing, due 2017 and 2023	48	52	55	57	60	146	418
Other	2	—	—	—	—	—	2
PFMG and related subsidiaries financing agreement, due 2030	2	1	1	2	1	22	29
Roadrunner, due 2031	3	3	3	3	2	26	40
South Trent Wind, due 2020	5	4	4	4	45	—	62
TA High Desert, due 2020 and 2032	3	3	3	3	3	37	52
Tapestry Wind, due 2021	9	10	11	11	11	129	181
Viento, due 2023	11	13	16	18	16	115	189
Walnut Creek, due 2023	41	43	45	47	49	126	351
WCEP Holdings, due 2023	1	1	2	4	4	34	46
Total project-level debt	264	277	286	300	347	2,780	4,254
Total debt	$ 264	$ 277	$ 286	$ 951	$ 634	$ 3,280	$ 5,692

Capital Expenditures

The Company's capital spending program is focused on maintenance capital expenditures, or costs to maintain the assets currently operating such as costs to replace or refurbish assets during routine maintenance, and growth capital expenditures or construction of new assets and completing the construction of assets where construction is in process. The Company develops annual capital spending plans based on projected requirements for maintenance and growth capital. For the years ended December 31, 2015, 2014, and 2013, the Company used approximately $29 million, $60 million, and $782 million, respectively, to fund capital expenditures, including maintenance capital expenditures of $20 million, $8 million and $8 million, respectively. Growth capital expenditures in 2014 and 2013 primarily related to the construction of the Company's solar generating assets, Marsh Landing, El Segundo and CVSR.

In January 2015, El Segundo experienced a steam turbine water intrusion resulting in a forced outage on Units 5 and 6. The units returned to service in April 2015. The Company completed a root cause analysis and has implemented steps to prevent a recurrence of the event. The Company reviewed the financial impact of repair costs and lost capacity revenue and collected approximately $4 million of insurance proceeds in the fourth quarter of 2015.

Acquisitions

The Company intends to acquire generation assets developed and constructed by NRG in the future, as well as generation and thermal infrastructure assets from third parties where the Company believes its knowledge of the market and operating expertise provides a competitive advantage, and to utilize such acquisitions as a means to grow its CAFD. See *Significant Events During the Year Ended December 31, 2015*, above for a description of the acquisitions and investments that have taken place during the year ended December 31, 2015.

Cash Dividends to Investors

The Company intends to use the amount of cash that it receives from its distributions from NRG Yield LLC to pay quarterly dividends to the holders of its Class A common stock and Class C common stock. NRG Yield LLC intends to distribute to its unit holders in the form of a quarterly distribution all of the CAFD that is generated each quarter, less reserves for the prudent conduct of the business, including among others, maintenance capital expenditures to maintain the operating capacity of the assets. CAFD is defined as net income before interest expense, income taxes, depreciation and amortization, plus cash distributions from unconsolidated affiliates, less cash distributions to noncontrolling interests, maintenance capital expenditures, pro-rata EBITDA from unconsolidated affiliates, cash interest paid, income taxes paid, principal amortization of indebtedness and changes in other assets. Dividends on the Class A common stock and Class C common stock are subject to available capital, market conditions, and compliance with associated laws, regulations and other contractual obligations. The Company expects that, based on current circumstances, comparable cash dividends will continue to be paid in the foreseeable future.

The following table lists the dividends paid on the Company's Class A common stock and Class C common stock during the year ended December 31, 2015:

	Fourth Quarter 2015	Third Quarter 2015	Second Quarter 2015	First Quarter 2015
Dividends per Class A share	$ 0.215	$ 0.21	$ 0.20	$ 0.39
Dividends per Class C share	$ 0.215	$ 0.21	$ 0.20	N/A

On February 17, 2016, the Company declared a quarterly dividend on its Class A and Class C common stock of $0.225 per share payable on March 15, 2016, to stockholders of record as of March 1, 2016.

Cash Flow Discussion

Year Ended December 31, 2015, Compared to Year Ended December 31, 2014

The following table reflects the changes in cash flows for the year ended December 31, 2015, compared to 2014:

Year ended December 31, (In millions)	2015	2014	Change
Net cash provided by operating activities	$ 405	$ 362	$ 43
Net cash used in investing activities	(1,108)	(739)	(369)
Net cash provided by financing activities	385	747	(362)

Net Cash Provided By Operating Activities

Changes to net cash provided by operating activities were driven by:	(In millions)
Increase in operating income adjusted for non-cash items	$ 40
Higher net distributions from unconsolidated affiliates for the period ending December 31, 2015, compared to the same period in 2014	13
Changes in working capital primarily driven by timing of the capacity payments	(10)
	$ 43

Net Cash Used In Investing Activities

Changes to net cash used in investing activities were driven by:	(In millions)
Payments to acquire businesses, net of cash acquired (primarily the Alta acquisition in 2014)	$ 864
Higher payments made to acquire Drop Down Assets in 2015 compared to payments made in 2014	(387)
Decrease in capital expenditures due to several projects being placed in service in early 2014	31
Changes in restricted cash primarily due to cash transfers in connection with higher debt principal payments in 2015	(26)
Increase in net investments in unconsolidated affiliates in 2015, compared to 2014, primarily due to the investment in Desert Sunlight made in 2015	(364)
Proceeds from renewable energy grants in 2014	(422)
Receipt of indemnity from supplier for CVSR	(57)
Other	(8)
	$ (369)

Net Cash Provided By Financing Activities

Changes in net cash provided by financing activities were driven by:	(In millions)
Lower contributions from tax equity investors in 2015	$ (68)
Lower payments of dividends and returns of capital to NRG, partially offset by contributions from NRG in 2014	274
Lower net proceeds from Class C equity offering on June 29, 2015, compared to the net proceeds from Class A equity offering on July 29, 2014	(31)
Increase in debt payments, as well as a decrease in proceeds from long-term debt in 2015, compared to 2014	(522)
Increase in dividends and distributions paid	(38)
Decrease in debt issuance costs due to lower borrowings in 2015	23
	$ (362)

Year Ended December 31, 2014, Compared to Year Ended December 31, 2013

The following table reflects the changes in cash flows for the year ended December 31, 2014, compared to 2013:

Year ended December 31,	**2014**	**2013**	**Change**
(In millions)			
Net cash provided by operating activities	$ 362	$ 168	$ 194
Net cash used in investing activities	(739)	(965)	226
Net cash provided by financing activities	747	834	(87)

Net Cash Provided By Operating Activities

Changes to net cash provided by operating activities were driven by:	**(In millions)**
Increase in operating income due to El Segundo, Marsh Landing, CVSR and a number of the Renewable projects being placed in service in 2013, as well as the acquisitions of the Alta Wind Portfolio and the EME Assets, adjusted for non-cash charges	$ 140
Higher net distributions from unconsolidated affiliates for the period ending December 31, 2014, compared to the same period in 2013	8
Decreased working capital requirements due to assets placed in service in 2013	46
	$ 194

Net Cash Used In Investing Activities

Changes to net cash used in investing activities were driven by:	**(In millions)**
Increase in cash paid for Alta Wind Portfolio in 2014 compared to cash paid for Energy Systems in 2013	$ (781)
Payment to NRG for Drop Down Assets, net of cash acquired	(311)
Decrease in capital expenditures for El Segundo, Marsh Landing and some Renewable projects, as the assets were placed in service in 2013	722
Decrease in restricted cash, primarily for Marsh Landing, Borrego, Alta Wind Portfolio, El Segundo, Alpine and High Desert	115
Increase in notes receivable, including affiliates	18
Increase in proceeds from renewable grants in 2014 compared to 2013	397
Decrease in investments in unconsolidated affiliates in 2014 compared to 2013	(2)
Receipt of indemnity from supplier for CVSR	57
Other	11
	$ 226

Net Cash Provided By Financing Activities

Changes in net cash provided by financing activities were driven by:	**(In millions)**
Decrease in dividends and returns of capital to NRG, net of change in cash contributions from NRG	$ 144
Contributions from tax equity investors in 2014	190
Increase in proceeds from the issuance of Class A common stock on July 29, 2014, compared to the prior year initial public offering	162
Increase in dividends paid in 2014 compared to 2013	(86)
Increase in debt payments, as well as a decrease in proceeds from long-term debt in 2014, compared to 2013	(462)
Gain on settlement of swaptions in 2013	(4)
Increase in cash paid for deferred financing costs	(31)
	$ (87)

NOLs, Deferred Tax Assets and Uncertain Tax Position Implications, under ASC 740

As of December 31, 2015, the Company has a cumulative federal NOL carry forward balance of $519 million for financial statement purposes, which will begin expiring in 2033, and does not anticipate any federal income tax payments for 2016. As a result of the Company's tax position, and based on current forecasts, the Company does not anticipate significant income tax payments for state and local jurisdictions in 2016. Based on the Company's current and expected NOL balances generated primarily by accelerated tax depreciation of its property, plant and equipment, the Company does not expect to pay significant federal income tax for a period of approximately nine years.

The Company has no uncertain tax benefits.

Off-Balance Sheet Arrangements

Obligations under Certain Guarantee Contracts

The Company may enter into guarantee arrangements in the normal course of business to facilitate commercial transactions with third parties.

Retained or Contingent Interests

The Company does not have any material retained or contingent interests in assets transferred to an unconsolidated entity.

Obligations Arising Out of a Variable Interest in an Unconsolidated Entity

Variable interest in equity investments — As of December 31, 2015, the Company has several investments with an ownership interest percentage of 50% or less in energy and energy-related entities that are accounted for under the equity method. NRG DGPV Holdco 1 LLC, NRG RPV Holdco 1 LLC and GenConn are variable interest entities for which the Company is not the primary beneficiary.

The Company's pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately $454 million as of December 31, 2015. This indebtedness may restrict the ability of these subsidiaries to issue dividends or distributions to the Company. See also Item 15 — Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities*, to the Consolidated Financial Statements.

Contractual Obligations and Commercial Commitments

The Company has a variety of contractual obligations and other commercial commitments that represent prospective cash requirements in addition to the Company's capital expenditure programs. The following table summarizes the Company's contractual obligations. See Item 15 — Note 9, *Long-term Debt,* and Note 15, *Commitments and Contingencies*, to the Consolidated Financial Statements for additional discussion.

	By Remaining Maturity at December 31,					
	2015					2014
Contractual Cash Obligations	Under 1 Year	1-3 Years	3-5 Years	Over 5 Years	Total	Total
	(In millions)					
Long-term debt (including estimated interest)	$ 454	$ 930	$ 1,866	$ 3,766	$ 7,016	$ 8,484
Operating leases	14	20	20	165	219	241
Fuel purchase and transportation obligations	12	9	6	21	48	53
Other liabilities	9	18	16	62	105	118
Total	$ 489	$ 977	$ 1,908	$ 4,014	$ 7,388	$ 8,896

Fair Value of Derivative Instruments

The Company may enter into fuel purchase contracts and other energy-related financial instruments to mitigate variability in earnings due to fluctuations in spot market prices and to hedge fuel requirements at certain generation facilities. In addition, in order to mitigate interest rate risk associated with the issuance of variable rate debt, the Company enters into interest rate swap agreements.

The tables below disclose the activities of non-exchange traded contracts accounted for at fair value in accordance with ASC 820. Specifically, these tables disaggregate realized and unrealized changes in fair value; disaggregate estimated fair values at December 31, 2015, based on their level within the fair value hierarchy defined in ASC 820; and indicate the maturities of contracts at December 31, 2015. For a full discussion of the Company's valuation methodology of its contracts, see *Derivative Fair Value Measurements* in Item 15 — Note 6, *Fair Value of Financial Instruments*, to the Consolidated Financial Statements.

Derivative Activity (Losses)/Gains	**(In millions)**
Fair value of contracts as of December 31, 2014	$ (125)
Contracts realized or otherwise settled during the period	64
Changes in fair value	(39)
Fair Value of contracts as of December 31, 2015	$ (100)

	Fair Value of contracts as of December 31, 2015				
	Maturity				
Fair Value Hierarchy Losses	**1 Year or Less**	**Greater Than 1 Year to 3 Years**	**Greater Than 3 Years to 5 Years**	**Greater Than 5 Years**	**Total Fair Value**
	(In millions)				
Level 2	$ (39)	$ (38)	$ (15)	$ (8)	$ (100)

The Company has elected to disclose derivative assets and liabilities on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. As discussed below in *Quantitative and Qualitative Disclosures about Market Risk -Commodity Price Risk,* NRG, on behalf of the Company, measures the sensitivity of the portfolio to potential changes in market prices using VaR, a statistical model which attempts to predict risk of loss based on market price and volatility. NRG's risk management policy places a limit on one-day holding period VaR, which limits the net open position.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of the financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements and related disclosures in compliance with U.S. GAAP requires the application of appropriate technical accounting rules and guidance as well as the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. The application of these policies necessarily involves judgments regarding future events, including the likelihood of success of particular projects, legal and regulatory challenges, and the fair value of certain assets and liabilities. These judgments, in and of themselves, could materially affect the financial statements and disclosures based on varying assumptions, which may be appropriate to use. In addition, the financial and operating environment may also have a significant effect, not only on the operation of the business, but on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting policies has not changed.

On an ongoing basis, the Company evaluates these estimates, utilizing historic experience, consultation with experts and other methods the Company considers reasonable. In any event, actual results may differ substantially from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the information that gives rise to the revision becomes known.

The Company's significant accounting policies are summarized in Item 15 — Note 2, *Summary of Significant Accounting Policies*, to the Consolidated Financial Statements. The Company identifies its most critical accounting policies as those that are the most pervasive and important to the portrayal of the Company's financial position and results of operations, and that require the most difficult, subjective and/or complex judgments by management regarding estimates about matters that are inherently uncertain. The Company's critical accounting policies include income taxes and valuation allowance for deferred tax assets, impairment of long lived assets and other intangible assets, and acquisition accounting.

Accounting Policy	Judgments/Uncertainties Affecting Application
Income Taxes and Valuation Allowance for Deferred Tax Assets	Ability to withstand legal challenges of tax authority decisions or appeals
	Anticipated future decisions of tax authorities
	Application of tax statutes and regulations to transactions
	Ability to utilize tax benefits through carry backs to prior periods and carry forwards to future periods
Impairment of Long Lived Assets	Recoverability of investments through future operations
	Regulatory and political environments and requirements
	Estimated useful lives of assets
	Operational limitations and environmental obligations
	Estimates of future cash flows
	Estimates of fair value
	Judgment about triggering events
Acquisition Accounting	Identification of intangible assets acquired
	Inputs for fair value of assets and liabilities acquired
	Application of various methodologies

Income Taxes and Valuation Allowance for Deferred Tax Assets

In assessing the recoverability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The realization of deferred tax assets is primarily dependent upon earnings in federal and various state and local jurisdictions.

The Company's operating entities, as former subsidiaries of NRG, continue to be under audit for multiple years by taxing authorities in other jurisdictions. Considerable judgment is required to determine the tax treatment of a particular item that involves interpretations of complex tax laws. The project-level entities, as former subsidiaries of NRG, are subject to examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and various state and local jurisdictions. NRG is no longer subject to U.S. federal income tax examinations for years prior to 2012. With few exceptions, state and local income tax examinations are no longer open for years before 2009.

Evaluation of Assets for Impairment and Other Than Temporary Decline in Value

In accordance with ASC 360, *Property, Plant, and Equipment*, or ASC 360, property, plant and equipment and certain intangible assets are evaluated for impairment whenever indicators of impairment exist. Examples of such indicators or events are:

- Significant decrease in the market price of a long-lived asset;
- Significant adverse change in the manner an asset is being used or its physical condition;
- Adverse business climate;
- Accumulation of costs significantly in excess of the amount originally expected for the construction or acquisition of an asset;
- Current-period loss combined with a history of losses or the projection of future losses; and
- Change in the Company's intent about an asset from an intent to hold to a greater than 50% likelihood that an asset will be sold or disposed of before the end of its previously estimated useful life.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by the asset, through considering project specific assumptions for long-term power pool prices, escalated future project operating costs and expected plant operations. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets by factoring in the probability weighting of different courses of action available to us. Generally, fair value will be determined using valuation techniques such as the present value of expected future cash flows. The Company uses its best estimates in making these evaluations and considers various factors, including forward price curves for energy, fuel costs and operating costs. However, actual future market prices and project costs could vary from the assumptions used in the Company's estimates, and the impact of such variations could be material.

The Company is also required to evaluate its equity method investments to determine whether or not they are impaired. ASC 323, *Investments - Equity Method and Joint Ventures*, or ASC 323, provides the accounting requirements for these investments. The standard for determining whether an impairment must be recorded under ASC 323 is whether the value is considered an "other than a temporary" decline in value. The evaluation and measurement of impairments under ASC 323 involves the same uncertainties as described for long-lived assets that the Company owns directly and accounts for in accordance with ASC 360. Similarly, the estimates that the Company makes with respect to its equity method investments are subjective, and the impact of variations in these estimates could be material. Additionally, if the projects in which the Company holds these investments recognize an impairment under the provisions of ASC 360, the Company would record its proportionate share of that impairment loss and would evaluate its investment for an other than temporary decline in value under ASC 323.

Acquisition Accounting

The Company applies ASC 805, *Business Combinations*, when accounting for the acquisition of a business, with identifiable assets acquired and liabilities assumed recorded at their estimated fair values on the acquisition date. The Company completes the accounting for an acquisition when the evaluations are completed to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. The allocation of the purchase price may be modified up to one year from the date of the acquisition as more information is obtained about the fair value of assets acquired and liabilities assumed. Consideration is measured based on fair value of the assets transferred to the seller.

Significant judgment is required in determining the acquisition date fair value of the assets acquired and liabilities assumed, predominantly with respect to property, plant and equipment, power purchase agreements, asset retirement obligations and other contractual arrangements. Evaluations include numerous inputs including forecasted cash flows that incorporate the specific attributes of each asset including age, useful life, equipment condition and technology, as well as current replacement costs for similar assets. Other key inputs that require judgment include discount rates, comparable market transactions, estimated useful lives and probability of future transactions. The Company evaluates all available information, as well as all appropriate methodologies when determining the fair value of assets acquired and liabilities assumed in a business combination. In addition, once the appropriate fair values are determined, the Company must determine the remaining useful life for property, plant and equipment and the amortization period and method of amortization for each finite-lived intangible asset.

Recent Accounting Developments

See Item 15 — Note 2, *Summary of Significant Accounting Policies*, to the Consolidated Financial Statements for a discussion of recent accounting developments.

Exhibit 99.6

Item 15 — Exhibits, Financial Statement Schedules

(a)(1) Financial Statements

The following consolidated financial statements of NRG Yield, Inc. and related notes thereto, together with the reports thereon of KPMG LLP, are included herein:

Consolidated Statements of Income — Years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Comprehensive Income — Years ended December 31, 2015, 2014 and 2013

Consolidated Balance Sheets — As of December 31, 2015 and 2014

Consolidated Statements of Cash Flows — Years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Stockholders' Equity — Years ended December 31, 2015, 2014 and 2013

Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules

The following schedules of NRG Yield, Inc. are filed as part of Item 15 of this report and should be read in conjunction with the Consolidated Financial Statements:

NRG Yield, Inc. Financial Statements for the year ended December 31, 2015, 2014 and 2013, are included in NRG Yield, Inc.'s Annual Report on Form 10-K pursuant to the requirements of Rule 5-04(c) of Regulation S-X

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
NRG Yield, Inc.:

We have audited the accompanying consolidated balance sheets of NRG Yield, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule "Schedule I. Condensed Financial Information of Registrant." These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NRG Yield, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), NRG Yield, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

(signed) KPMG LLP

Philadelphia, PA
September 6, 2016

NRG YIELD, INC.

CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share amounts)	Year ended December 31, 2015 [a]	2014 [a]	2013 [a]
Operating Revenues			
Total operating revenues	$ 953	$ 828	$ 434
Operating Costs and Expenses			
Cost of operations	321	277	154
Depreciation and amortization	297	233	92
General and administrative	12	8	7
Acquisition-related transaction and integration costs	3	4	—
Total operating costs and expenses	633	522	253
Operating Income	320	306	181
Other Income (Expense)			
Equity in earnings of unconsolidated affiliates	26	17	20
Other income, net	3	6	4
Loss on extinguishment of debt	(9)	(1)	—
Interest expense	(263)	(216)	(72)
Total other expense, net	(243)	(194)	(48)
Income Before Income Taxes	77	112	133
Income tax expense	12	4	8
Net Income	65	108	125
Less: Pre-acquisition net (loss) income of Drop Down Assets	(10)	44	16
Net Income Excluding Pre-acquisition Net (Loss) Income of Drop Down Assets	75	64	109
Less: Predecessor income prior to initial public offering on July 22, 2013	—	—	54
Less: Net income attributable to noncontrolling interests	42	48	42
Net Income Attributable to NRG Yield, Inc.	$ 33	$ 16	$ 13
Earnings Per Share Attributable to NRG Yield, Inc. Class A and Class C Common Stockholders			
Weighted average number of Class A common shares outstanding - basic and diluted	35	28	23
Weighted average number of Class C common shares outstanding - basic and diluted	49	28	23
Earnings per Weighted Average Class A and Class C Common Share - Basic and Diluted	$ 0.40	$ 0.30	$ 0.29
Dividends Per Class A Common Share	$ 1.015	$ 1.42	$ 0.23
Dividends Per Class C Common Share	$ 0.625	N/A	N/A

(a) Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2015 [a]	2014 [a]	2013 [a]
	(In millions)		
Net Income	$ 65	$ 108	$ 125
Other Comprehensive (Loss) Income, net of tax			
Unrealized (loss) gain on derivatives, net of income tax benefit (expense) of $10, $5, and ($16)	(7)	(60)	52
Other comprehensive (loss) income	(7)	(60)	52
Comprehensive Income	58	48	$ 177
Less: Predecessor comprehensive income prior to initial public offering on July 22, 2013	—	—	73
Less: Pre-acquisition net (loss) income of Drop Down Assets	(10)	44	16
Less: Comprehensive income (loss) attributable to noncontrolling interests	53	(3)	73
Comprehensive Income Attributable to NRG Yield Inc.	$ 15	$ 7	$ 15

[a] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2015 [a]	December 31, 2014 [a]
	(In millions)	
Current Assets		
Cash and cash equivalents	$ 111	$ 429
Restricted cash	131	130
Accounts receivable — trade	98	93
Accounts receivable — affiliate	—	28
Inventory	36	32
Derivative instruments — affiliate	—	2
Notes receivable	17	16
Prepayments and other current assets	23	98
Total current assets	416	828
Property, plant and equipment		
In service	6,651	6,487
Under construction	9	9
Total property, plant and equipment	6,660	6,496
Less accumulated depreciation	(782)	(487)
Net property, plant and equipment	5,878	6,009
Other Assets		
Equity investments in affiliates	697	308
Notes receivable	30	45
Intangible assets, net of accumulated amortization of $93 and $38	1,362	1,424
Derivative instruments	—	2
Deferred income taxes	170	134
Other non-current assets	136	44
Total other assets	2,395	1,957
Total Assets	$ 8,689	$ 8,794

[a] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

CONSOLIDATED BALANCE SHEETS (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2015 [a]	December 31, 2014 [a]
	(In millions, except share information)	
Current Liabilities		
Current portion of long-term debt	$ 264	$ 245
Accounts payable	23	22
Accounts payable — affiliate	86	48
Derivative instruments	39	52
Accrued expenses and other current liabilities	77	75
Total current liabilities	489	442
Other Liabilities		
Long-term debt	5,329	5,486
Derivative instruments	61	77
Other non-current liabilities	72	57
Total non-current liabilities	5,462	5,620
Total Liabilities	5,951	6,062
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, $0.01 par value; 10,000,000 shares authorized; none issued	—	—
Class A, Class B, Class C and Class D common stock, $0.01 par value; 3,000,000,000 shares authorized (Class A 500,000,000, Class B 500,000,000, Class C 1,000,000,000, Class D 1,000,000,000); 182,848,000 shares issued and outstanding (Class A 34,586,250, Class B 42,738,750, Class C 62,784,250, Class D 42,738,750) at December 31, 2015 and 154,650,000 shares issued and outstanding (Class A 34,586,250, Class B 42,738,750, Class C 34,586,250, Class D 42,738,750) at December 31, 2014	1	—
Additional paid-in capital	1,855	1,240
Retained earnings	12	3
Accumulated other comprehensive loss	(27)	(9)
Noncontrolling interest	897	1,498
Total Stockholders' Equity	2,738	2,732
Total Liabilities and Stockholders' Equity	$ 8,689	$ 8,794

[a] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2015 [a]	2014 [a]	2013 [a]
	(In millions)		
Cash Flows from Operating Activities			
Net income	$ 65	$ 108	$ 125
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in earnings of unconsolidated affiliates	(26)	(17)	(20)
Distributions from unconsolidated affiliates	43	21	16
Depreciation, amortization and accretion	299	235	93
Amortization of financing costs and debt discount/premiums	18	13	12
Amortization of intangibles and out-of-market contracts	54	28	1
Adjustment for debt extinguishment	9	1	—
Change in income taxes	12	4	8
Changes in derivative instruments	(45)	(14)	(21)
Noncash interest expense	—	—	13
Disposal of asset components	3	—	—
Changes in prepaid and accrued capacity payments	(12)	—	4
Changes in other working capital	(15)	(17)	(63)
Net Cash Provided by Operating Activities	405	362	168
Cash Flows from Investing Activities			
Acquisition of businesses, net of cash acquired	(37)	(901)	(120)
Acquisition of Drop Down Assets, net of cash acquired	(698)	(311)	—
Capital expenditures	(29)	(60)	(782)
Receipt of indemnity from supplier	—	57	—
(Increase) decrease in restricted cash	(1)	25	(90)
Decrease in notes receivable, including affiliates	17	14	(4)
Proceeds from renewable energy grants	—	422	25
Return of investment from unconsolidated affiliates	42	4	6
Investments in unconsolidated affiliates	(402)	—	—
Other	—	11	—
Net Cash Used in Investing Activities	(1,108)	(739)	(965)
Cash Flows from Financing Activities			
Contributions from tax equity investors	122	190	—
Capital contributions from NRG	—	2	171
Net distributions and return of capital to NRG prior to the acquisition of Drop Down Assets and IPO	(59)	(335)	(648)
Proceeds from the issuance of common stock	599	630	468
Payment of dividends and distributions	(139)	(101)	(15)
Proceeds from long-term debt — external	293	523	933
Payments of long-term debt — external	(724)	(626)	(72)
Net borrowings from the revolving credit facility	306	500	—
Payment of debt issuance costs	(13)	(36)	(5)
Payments for long-term debt — affiliate	—	—	(2)
Gain on settlement of swaptions	—	—	4
Net Cash Provided by Financing Activities	385	747	834
Net (Decrease) Increase in Cash and Cash Equivalents	(318)	370	37
Cash and Cash Equivalents at Beginning of Period	429	59	22
Cash and Cash Equivalents at End of Period	$ 111	$ 429	$ 59
Supplemental Disclosures			
Interest paid, net of amount capitalized	$ (274)	$ (192)	$ (63)
Non-cash investing and financing activities:			
Additions (reductions) to fixed assets for accrued capital expenditures	1	(21)	3
Increase (decrease) to fixed assets for grant shortfall (accrued grants)	—	34	(547)
Increase (decrease) to fixed assets for deferred tax asset	19	7	(112)
Non-cash addition to additional paid-in capital for change in tax basis of property, plant and equipment for assets acquired from NRG	38	(14)	153
Increase in debt due to accrued interest converted to debt	—	11	—
Non-cash return of capital and distributions to NRG, net of contributions	$ (13)	$ 1,058	$ (55)

(a) Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In millions)	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Members' Equity	Total Members'/Stockholders' Equity
Balances at December 31, 2012 [a]	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,242	$ 1,242
Members' equity - Acquired Drop Down Assets	—	—	—	—	—	—	99	99
Balances at December 31, 2012	—	—	—	—	—	—	1,341	1,341
Net income	—	—	—	—	—	—	54	54
Pre-acquisition net loss of acquired Drop Down Assets	—	—	—	—	—	—	(6)	(6)
Unrealized gain on derivatives, net of tax	—	—	—	—	—	—	41	41
Capital contributions from NRG, cash	—	—	—	—	—	—	213	213
Capital contributions from NRG, non-cash	—	—	—	—	—	—	71	71
Dividends and return of capital to NRG, cash	—	—	—	—	—	—	(312)	(312)
Dividends and return of capital to NRG, non-cash	—	—	—	—	—	—	(55)	(55)
Balance as of July 22, 2013	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,347	$ 1,347
Net income	—	—	—	13	—	42	—	55
Pre-acquisition net income of acquired Drop Down Assets [c]	—	—	—	—	—	22	—	22
Unrealized (loss) gain on derivatives, net	—	—	—	—	(3)	10	—	7
Capital contributions from NRG, cash	—	—	—	—	—	17	—	17
Distributions and return of capital to NRG, net of contributions, non-cash	—	—	—	—	—	(28)	—	(28)
Distributions and return of capital to NRG, cash	—	—	—	—	—	—	(395)	(395)
Transfer of predecessors' equity to noncontrolling interest	—	—	—	—	3	949	(952)	—
Reduction to non-controlling interest, non-cash	—	—	—	—	—	(43)	—	(43)
Common shares issued in public offering	—	—	468	—	—	—	—	468
Adjustment for change in tax basis of property, plant and equipment, non-cash	—	—	153	—	—	—	—	153
Common stock dividends	—	—	—	(5)	—	(10)	—	(15)
Balances at December 31, 2013	$ —	$ —	$ 621	$ 8	$ —	$ 959	$ —	$ 1,588
Net income	—	—	—	16	—	48	—	64
Pre-acquisition net income of acquired Drop Down Assets [c]	—	—	—	—	—	44	—	44
Unrealized loss on derivatives, net of tax [c]	—	—	—	—	(9)	(51)	—	(60)
Payment for June 2014 Drop Down Assets	—	—	—	—	—	(357)	—	(357)
Capital contributions from NRG, non-cash [b]	—	—	—	—	—	1,058	—	1,058
Distributions and returns of capital to NRG net of contributions, cash [c]	—	—	—	—	—	(333)	—	(333)
Capital contributions from tax equity investors	—	—	—	—	—	190	—	190
Proceeds from the issuance of Class A common stock	—	—	630	—	—	—	—	630
Non-cash adjustment for change in tax basis of property, plant and equipment	—	—	(14)	—	—	—	—	(14)
Equity portion of the Convertible Notes due 2019	—	—	23	—	—	—	—	23
Common stock dividends	—	—	(20)	(21)	—	(60)	—	(101)
Balances at December 31, 2014	$ —	$ —	$ 1,240	$ 3	$ (9)	$ 1,498	$ —	$ 2,732
Net income	—	—	—	33	—	42	—	75
Pre-acquisition net loss of acquired Drop Down Assets	—	—	—	—	—	(10)	—	(10)
Unrealized loss on derivatives, net of tax	—	—	—	—	(18)	11	—	(7)
Payment for January 2015 Drop Down Assets	—	—	—	—	—	(489)	—	(489)
Payment for November 2015 Drop Down Assets	—	—	—	—	—	(209)	—	(209)
Capital contributions from tax equity investors	—	—	—	—	—	122	—	122
Noncontrolling interest acquired in Spring Canyon acquisition	—	—	—	—	—	74	—	74
Distributions and return of capital to NRG, cash	—	—	—	—	—	(59)	—	(59)
Distributions and return of capital to NRG, net of contributions, non-cash	—	—	—	—	—	(13)	—	(13)
Stock-based compensation	—	—	1	—	—	—	—	1
Proceeds from the issuance of Class C Common Stock	—	1	598	—	—	—	—	599
Non-cash adjustment for change in tax basis of property, plant and equipment	—	—	38	—	—	—	—	38
Equity portion of the Convertible Notes due 2021	—	—	23	—	—	—	—	23
Common stock dividends	—	—	(45)	(24)	—	(70)	—	(139)
Balance as of December 31, 2015	$ —	$ 1	$ 1,855	$ 12	$ (27)	$ 897	$ —	$ 2,738

(a) As previously reported in the Company's audited financial statements for the year ended December 31, 2014, included in the Form 8-K dated May 22, 2015.
(b) Capital contributions from NRG, non-cash, primarily represent Drop Down Assets' equity transferred from NRG to the Company in accordance with guidance on business combinations between entities under common control, as further described in Note 1, *Nature of Business*.
(c) Retrospectively adjusted, as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

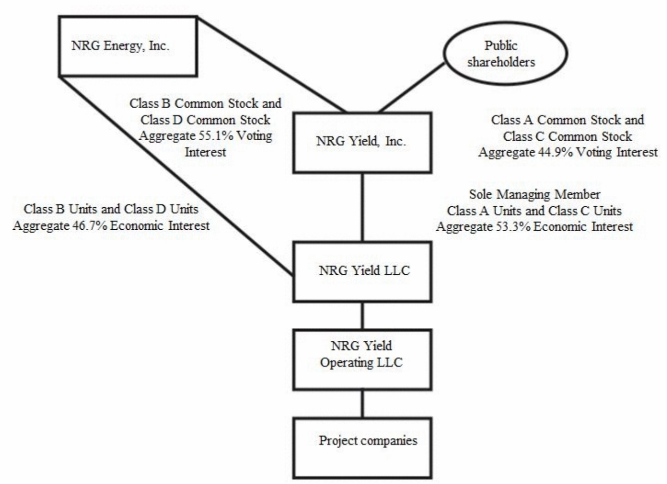
Note 1 — *Nature of Business*

NRG Yield, Inc., together with its consolidated subsidiaries, or the Company, is a dividend growth-oriented company formed by NRG as a Delaware corporation on December 20, 2012, to serve as the primary vehicle through which NRG owns, operates and acquires contracted renewable and conventional generation and thermal infrastructure assets. The Company used the net proceeds from its initial public offering of Class A common stock on July 22, 2013, to acquire 19,011,250 Class A units of NRG Yield LLC from NRG, as well as 3,500,000 Class A units directly from NRG Yield LLC. At the time of the offering, NRG owned 42,738,750 NRG Yield LLC Class B units. NRG Yield LLC, through its wholly owned subsidiary, NRG Yield Operating LLC, is a holder of a portfolio of renewable and conventional generation and thermal infrastructure assets, primarily located in the Northeast, Southwest and California regions of the U.S.

On July 29, 2014, the Company issued 12,075,000 shares of Class A common stock for net proceeds, after underwriting discount and expenses, of $630 million. The Company utilized the proceeds of the offering to acquire 12,075,000 additional Class A units of NRG Yield LLC. On May 14, 2015, the Company completed a stock split in connection with which each outstanding share of Class A common stock was split into one share of Class A common stock and one share of Class C common stock, and each outstanding share of Class B common stock was split into one share of Class B common stock and one share of Class D common stock. The stock split is referred to as the Recapitalization and all references to share or per share amounts in the accompanying consolidated financial statements and applicable disclosures have been retrospectively adjusted to reflect the Recapitalization. In addition, on June 29, 2015, the Company completed the issuance of 28,198,000 shares of Class C common stock for net proceeds of $599 million. See further discussion in Note 11, *Stockholders' Equity*.

The holders of the Company's issued and outstanding shares of Class A and Class C common stock are entitled to dividends as declared. NRG receives its distributions from NRG Yield LLC through its ownership of NRG Yield LLC Class B and Class D units.

The following table represents the structure of the Company as of December 31, 2015:



For the periods prior to the initial public offering, the accompanying combined financial statements represent the combination of the assets that NRG Yield LLC acquired and were prepared using NRG's historical basis in the assets and liabilities. For the purposes of the combined financial statements, the term "NRG Yield" represents the accounting predecessor, or the combination of the acquired businesses. For all periods subsequent to the initial public offering, the accompanying audited consolidated financial statements represent the consolidated results of the Company, which consolidates NRG Yield LLC through its controlling interest.

As of December 31, 2015, the Company's operating assets are comprised of the following projects:

Projects	**Percentage Ownership**	**Net Capacity (MW) [(a)]**	**Offtake Counterparty**	**Expiration**
Conventional				
El Segundo	100%	550	Southern California Edison	2023
GenConn Devon[(b)]	50%	95	Connecticut Light & Power	2040
GenConn Middletown [(b)]	50%	95	Connecticut Light & Power	2041
Marsh Landing	100%	720	Pacific Gas and Electric	2023
Walnut Creek	100%	485	Southern California Edison	2023
		1,945		
Utility Scale Solar				
Alpine	100%	66	Pacific Gas and Electric	2033
Avenal [(b)]	50%	23	Pacific Gas and Electric	2031
Avra Valley	100%	26	Tucson Electric Power	2032
Blythe	100%	21	Southern California Edison	2029
Borrego	100%	26	San Diego Gas and Electric	2038
CVSR	100%	250	Pacific Gas and Electric	2038
Desert Sunlight 250	25%	63	Southern California Edison	2035
Desert Sunlight 300	25%	75	Pacific Gas and Electric	2040
Kansas South	100%	20	Pacific Gas and Electric	2033
Roadrunner	100%	20	El Paso Electric	2031
TA High Desert	100%	20	Southern California Edison	2033
		610		
Distributed Solar				
AZ DG Solar Projects	100%	5	Various	2025 - 2033
PFMG DG Solar Projects	51%	4	Various	2032
		9		
Wind				
Alta I	100%	150	Southern California Edison	2035
Alta II	100%	150	Southern California Edison	2035
Alta III	100%	150	Southern California Edison	2035
Alta IV	100%	102	Southern California Edison	2035
Alta V	100%	168	Southern California Edison	2035
Alta X [(c)(d)]	100%	137	Southern California Edison	2038
Alta XI [(c)(d)]	100%	90	Southern California Edison	2038
Buffalo Bear	100%	19	Western Farmers Electric Co-operative	2033
Crosswinds	74.3%	16	Corn Belt Power Cooperative	2027
Elbow Creek	75%	92	NRG Power Marketing LLC	2022
Elkhorn Ridge	50.3%	41	Nebraska Public Power District	2029
Forward	75%	22	Constellation NewEnergy, Inc.	2017
Goat Wind	74.9%	113	Dow Pipeline Company	2025
Hardin	74.3%	11	Interstate Power and Light Company	2027
Laredo Ridge	100%	80	Nebraska Public Power District	2031
Lookout	75%	29	Southern Maryland Electric Cooperative	2030
Odin	74.9%	15	Missouri River Energy Services	2028
Pinnacle	100%	55	Maryland Department of General Services and University System of Maryland	2031
San Juan Mesa	56.3%	68	Southwestern Public Service Company	2025

Projects	Percentage Ownership	Net Capacity (MW) [(a)]	Offtake Counterparty	Expiration
Sleeping Bear	75%	71	Public Service Company of Oklahoma	2032
South Trent	100%	101	AEP Energy Partners	2029
Spanish Fork	75%	14	PacifiCorp	2028
Spring Canyon II [(c)]	90.1%	29	Platte River Power Authority	2039
Spring Canyon III [(c)]	90.1%	25	Platte River Power Authority	2039
Taloga	100%	130	Oklahoma Gas & Electric	2031
Wildorado	74.9%	121	Southwestern Public Service Company	2027
		1,999		
Thermal				
Thermal equivalent MWt[(e)]	100%	1,315	Various	Various
Thermal generation	100%	124	Various	Various
Total net capacity (excluding equivalent MWt) [(f)]		4,687		

(a) Net capacity represents the maximum, or rated, generating capacity of the facility multiplied by the Company's percentage ownership in the facility as of December 31, 2015.
(b) On September 30, 2015, the Company acquired NRG's remaining 0.05% for an immaterial amount.
(c) Projects are part of tax equity arrangements, as further described in Note 2, *Summary of Significant Accounting Policies* and Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities*.
(d) PPA began on January 1, 2016.
(e) For thermal energy, net capacity represents MWt for steam or chilled water and excludes 134 MWt available under the right-to-use provisions contained in agreements between two of the Company's thermal facilities and certain of its customers.
(f) Total net capacity excludes capacity for RPV Holdco and DGPV Holdco, which are consolidated by NRG, as further described in Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities.*

Substantially all of the Company's generation assets are under long-term contractual arrangements for the output or capacity from these assets. The thermal assets are comprised of district energy systems and combined heat and power plants that produce steam, hot water and/or chilled water and in some instances, electricity at a central plant. Three of the district energy systems are subject to rate regulation by state public utility commissions while the other district energy systems have rates determined by negotiated bilateral contracts.

The historical combined financial statements include allocations of certain NRG corporate expenses. Management believes the assumptions and methodology underlying the allocation of general corporate overhead expenses are reasonable. The allocated costs include legal, accounting, tax, treasury, information technology, insurance, employee benefit costs, and other corporate costs. However, such expenses may not be indicative of the actual level of expense that would have been incurred if the Company had operated as an independent, publicly-traded company during the period prior to the offering or of the costs expected to be incurred in the future. Allocations of NRG corporate expenses were $3 million for the period from January 1, 2013, through July 22, 2013. In connection with the initial public offering, the Company entered into a management services agreement with NRG for various services, including human resources, accounting, tax, legal, information systems, treasury, and risk management. Costs incurred by the Company under this agreement were $3 million for the period from July 23, 2013, through December 31, 2013, $6 million for the year ended December 31, 2014 and $8 million for the year ended December 31, 2015, which included certain direct expenses incurred by NRG on behalf of the Company.

For the period prior to the initial public offering, members' equity represents the combined equity of the Company's subsidiaries, including adjustments necessary to present the Company's financial statements as if the Company were in existence as of the beginning of the periods presented. Member's equity represents NRG's equity in the subsidiaries, and accordingly, in connection with the initial public offering, the historical equity balance as of that date was reclassified into noncontrolling interest. Subsequent to the initial public offering, stockholders' equity represents the equity associated with the Class A and Class C common stockholders, with the equity associated with the Class B and Class D common stockholders, or NRG, classified as noncontrolling interest.

As described in Note 3, *Business Acquisitions*, the Company has completed acquisitions of Drop Down Assets from NRG as follows:

- On September 1, 2016, the Company acquired the remaining 51.05% of CVSR, or the CVSR Drop Down, which indirectly owns the CVSR solar facility, for cash consideration of $78.5 million plus assumed project level debt of $496 million.

- On November 3, 2015, the Company acquired 75% of the Class B interests of NRG Wind TE Holdco, or the November 2015 Drop Down Assets, for total cash consideration of $209 million. In February 2016, NRG made a final working capital payment of $2 million, reducing total cash consideration to $207 million. The Company is responsible for its pro-rata share of non-recourse project debt of $193 million and noncontrolling interest associated with a tax equity structure of $159 million (as of the acquisition date).
- On January 2, 2015, the Company acquired the Laredo Ridge, Tapestry, and Walnut Creek projects, or the January 2015 Drop Down Assets, for total cash consideration of $489 million, plus assumed project-level debt of $737 million.
- On June 30, 2014, the Company acquired the TA High Desert, Kansas South, and El Segundo projects from NRG for total cash consideration of $357 million plus assumed project level debt of $612 million.

The guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control. Accordingly, the Company prepared its consolidated financial statements and the notes to the consolidated financial statements to reflect the transfers as if they had taken place from the beginning of the financial statements period, or from the date the entities were under common control (if later than the beginning of the financial statements period), which was May 13, 2013 for Kansas South, March 28, 2013 for TA High Desert, and April 1, 2014 for the January 2015 Drop Down Assets and the majority of the November 2015 Drop Down Assets, and which represent the dates these entities were acquired by NRG. The recast did not affect net income attributable to NRG Yield, Inc., weighted average number of shares outstanding, earnings per common share, or dividends. With respect to the November 2015 Drop Down Asset acquisition, the Company has recorded all minority interests in NRG Wind TE Holdco as noncontrolling interest in the Consolidated Financial Statements for all periods presented.

With respect to the CVSR Drop Down, prior to the transaction, the Company recorded its 48.95% interest in CVSR as an equity method investment. In connection with the retrospective adjustment of prior periods, the Company has removed the equity method investment from all prior periods and adjusted its financial statements to reflect its results of operations, financial position and cash flows as if it had consolidated CVSR from the beginning of the financial statement period.

Note 2 — *Summary of Significant Accounting Policies*

Basis of Presentation and Principles of Consolidation

The Company's consolidated and combined financial statements have been prepared in accordance with U.S. GAAP. The FASB ASC is the source of authoritative U.S. GAAP to be applied by nongovernmental entities. In addition, the rules and interpretative releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants.

The consolidated and combined financial statements include the Company's accounts and operations and those of its subsidiaries in which it has a controlling interest. All significant intercompany transactions and balances have been eliminated in consolidation. The usual condition for a controlling financial interest is ownership of a majority of the voting interests of an entity. However, a controlling financial interest may also exist through arrangements that do not involve controlling voting interests. As such, the Company applies the guidance of ASC 810, *Consolidations,* or ASC 810, to determine when an entity that is insufficiently capitalized or not controlled through its voting interests, referred to as a variable interest entity, or VIE, should be consolidated.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less at the time of purchase. Cash and cash equivalents held at project subsidiaries was $93 million and $74 million as of December 31, 2015, and 2014, respectively.

Restricted Cash

Restricted cash consists primarily of funds held to satisfy the requirements of certain debt agreements and funds held within the Company's projects that are restricted in their use. Of these funds as of December 31, 2015, approximately $26 million is designated for current debt service payments, $33 million is designated to fund operating expenses and $7 million is designated for distributions to the Company, with the remaining $65 million restricted for reserves including debt service, performance obligations and other reserves as well as capital expenditures.

Trade Receivables and Allowance for Doubtful Accounts

Trade receivables are reported on the balance sheet at the invoiced amount adjusted for any write-offs and the allowance for doubtful accounts. The allowance for doubtful accounts is reviewed periodically based on amounts past due and significance. The allowance for doubtful accounts was immaterial as of December 31, 2015, and 2014.

Inventory

Inventory consists principally of spare parts and fuel oil and is valued at the weighted average cost, unless evidence indicates that the weighted average cost will be recovered with a normal profit in the ordinary course of business. The Company removes fuel inventories as they are used in the production of steam, chilled water or electricity. Spare parts inventory are removed when they are used for repairs, maintenance or capital projects.

NRG Indemnity Receivable

NRG previously applied for cash grants in lieu of investment tax credits from the U.S. Treasury Department in the amount of $414 million for the CVSR project, which is a qualified renewable energy project. In 2013, an initial $30 million reserve was established for a portion of the renewable energy grant receivable that was not expected to be realized as a result of the U.S. Government's budget sequestration.

In addition, the related deferred tax assets of $106 million recognizable by NRG were recorded as a non-cash distribution to NRG and a corresponding reduction to the related property, plant, and equipment. In connection with the cash grants and related tax assets, the book value of the CVSR's property, plant, and equipment was reduced by a total of $490 million.

In 2014, cash grant proceeds of $285 million were received from the U.S. Treasury. The sequestration reserve was increased to $54 million based on the actual cash grant awarded. As of December 31, 2015, the remaining $75 million was receivable as the balance is expected to be fully recovered from the current litigation with SunPower pursuant to the existing indemnity on the project. Pursuant to the purchase and sale agreement for the CVSR project between NRG and SunPower, SunPower agreed to indemnify NRG up to $75 million if the U.S. Treasury Department made certain determinations and awarded a reduced 1603 cash grant for the project. In 2014, NRG filed a lawsuit with respect to the indemnity against SunPower in California state court. Separately, liquidated damages related to the cash grant shortfall of $57 million were received from SunPower and recorded as a reduction to the cost of the related property, plant and equipment. Subsequent to the receipt of this payment and in connection with the SunPower litigation, it was determined that SunPower overpaid by $7 million. Accordingly, during 2016 CVSR recorded a payable to SunPower for $7 million with a corresponding increase to the related property, plant and equipment.

The agreement between NRG and the Company for the CVSR Drop Down specified that all amounts related to the litigation with SunPower are excluded from the acquisition. Accordingly, prior to close of the transaction, the $75 million receivable and $7 million payable were transferred to NRG as a net reduction to its ownership interest in CVSR.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or, in the case of business acquisitions, fair value; however impairment adjustments are recorded whenever events or changes in circumstances indicate that their carrying values may not be recoverable. See Note 3, *Business Acquisitions,* for more information on acquired property, plant and equipment. Significant additions or improvements extending asset lives are capitalized as incurred, while repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives. Certain assets and their related accumulated depreciation amounts are adjusted for asset retirements and disposals with the resulting gain or loss included in cost of operations in the consolidated statements of operations.

Additionally, the Company reduces the book value of the property, plant and equipment of its eligible renewable energy projects for any cash grants that are submitted to the U.S. Treasury Department when the receivable is recorded for the net realizable amount. The related deferred tax asset is also recorded with a corresponding reduction to the book value of the property, plant and equipment.

Asset Impairments

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. Such reviews are performed in accordance with ASC 360. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured by the difference between an asset's carrying amount and fair value with the difference recorded in operating costs and expenses in the statements of operations. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets and present value techniques.

Investments accounted for by the equity method are reviewed for impairment in accordance with ASC 323, *Investments-Equity Method and Joint Ventures*, which requires that a loss in value of an investment that is other than a temporary decline should be recognized. The Company identifies and measures losses in the value of equity method investments based upon a comparison of fair value to carrying value.

Capitalized Interest

Interest incurred on funds borrowed to finance capital projects is capitalized, until the project under construction is ready for its intended use. The amount of interest capitalized for the year ended December 31, 2013, was $26 million. The Company recorded less than $1 million of capitalized interest during the years ended December 31, 2015, and 2014.

When a project is available for operations, capitalized interest is reclassified to property, plant and equipment and depreciated on a straight-line basis over the estimated useful life of the project's related assets.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized as interest expense on a basis which approximates the effective interest method over the term of the related debt. As discussed below, as of December 31, 2015, the Company adopted ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, and reclassified debt issuance costs to be presented as a direct deduction from the carrying amount of the related debt in both the current and prior periods.

Intangible Assets

Intangible assets represent contractual rights held by the Company. The Company recognizes specifically identifiable intangible assets including customer contracts, customer relationships, power purchase agreements and development rights when specific rights and contracts are acquired. These intangible assets are amortized primarily on a straight-line basis.

Notes Receivable

Notes receivable consists of receivables related to the financing of required network upgrades. The notes issued with respect to network upgrades will be repaid within a 5 year period following the date each facility reaches commercial operations.

Income Taxes

The Company accounts for income taxes using the liability method in accordance with ASC 740, *Income Taxes*, or ASC 740, which requires that it use the asset and liability method of accounting for deferred income taxes and provide deferred income taxes for all significant temporary differences.

The Company has two categories of income tax expense or benefit — current and deferred, as follows:

- Current income tax expense or benefit consists solely of current taxes payable less applicable tax credits, and
- Deferred income tax expense or benefit is the change in the net deferred income tax asset or liability, excluding amounts charged or credited to accumulated other comprehensive income.

The Company reports some of its revenues and expenses differently for financial statement purposes than for income tax return purposes, resulting in temporary and permanent differences between the Company's financial statements and income tax returns. The tax effects of such temporary differences are recorded as either deferred income tax assets or deferred income tax liabilities in the Company's consolidated balance sheets. The Company measures its deferred income tax assets and deferred income tax liabilities using income tax rates that are currently in effect. The Company believes it is more likely than not that the results of future operations will generate sufficient taxable income which includes the future reversal of existing taxable temporary differences to realize deferred tax assets, net of valuation allowances. A valuation allowance is recorded to reduce the net deferred tax assets to an amount that is more-likely-than-not to be realized.

The Company accounts for uncertain tax positions in accordance with ASC 740, which applies to all tax positions related to income taxes. Under ASC 740, tax benefits are recognized when it is more-likely-than-not that a tax position will be sustained upon examination by the authorities. The benefit recognized from a position that has surpassed the more-likely-than-not threshold is the largest amount of benefit that is more than 50% likely to be realized upon settlement. The Company recognizes interest and penalties accrued related to uncertain tax benefits as a component of income tax expense.

In accordance with ASC 805 and as discussed further in Note 13, *Income Taxes*, changes to existing net deferred tax assets or valuation allowances or changes to uncertain tax benefits, are recorded to income tax expense.

Revenue Recognition

Thermal Revenues

Steam and chilled water revenue is recognized based on customer usage as determined by meter readings taken at month-end. Some locations read customer meters throughout the month, and recognize estimated revenue for the period between meter read date and month-end. The Thermal Business subsidiaries collect and remit state and local taxes associated with sales to their customers, as required by governmental authorities. These taxes are presented on a net basis in the income statement.

Power Purchase Agreements, or PPAs

The majority of the Company's revenues are obtained through PPAs or other contractual agreements. In order to determine lease classification as operating, the Company evaluates the terms of the PPA to determine if the lease includes any of the following provisions which would indicate capital lease treatment:

- Transfers the ownership of the generating facility,
- Bargain purchase option at the end of the term of the lease,
- Lease term is greater than 75% of the economic life of the generating facility, or
- Present value of minimum lease payments exceeds 90% of the fair value of the generating facility at inception of the lease

In considering the above it was determined that all of Company's PPAs are operating leases. ASC 840 requires the minimum lease payments received to be amortized over the term of the lease and contingent rentals are recorded when the achievement of the contingency becomes probable. Judgment is required by management in determining the economic life of each generating facility, in evaluating whether certain lease provisions constitute minimum payments or represent contingent rent and other factors in determining whether a contract contains a lease and whether the lease is an operating lease or capital lease.

Certain of these leases have no minimum lease payments and all of the rental income under these leases is recorded as contingent rent on an actual basis when the electricity is delivered. The contingent rental income recognized in the years ended December 31, 2015, 2014 and 2013 was $416 million, $296 million and $135 million, respectively.

Derivative Financial Instruments

The Company accounts for derivative financial instruments under ASC 815, *Derivatives and Hedging*, or ASC 815, which requires the Company to record all derivatives on the balance sheet at fair value unless they qualify for a NPNS exception. Changes in the fair value of non-hedge derivatives are immediately recognized in earnings. Changes in the fair value of derivatives accounted for as hedges, if elected for hedge accounting, are either:

- Recognized in earnings as an offset to the changes in the fair value of the related hedged assets, liabilities and firm commitments; or
- Deferred and recorded as a component of accumulated OCI until the hedged transactions occur and are recognized in earnings.

The Company's primary derivative instruments are power sales contracts used to mitigate variability in earnings due to fluctuations in market prices, fuels purchase contracts used to control customer reimbursable fuel cost, and interest rate instruments used to mitigate variability in earnings due to fluctuations in interest rates. On an ongoing basis, the Company assesses the effectiveness of all derivatives that are designated as hedges for accounting purposes in order to determine that each derivative continues to be highly effective in offsetting changes in fair values or cash flows of hedged items. Internal analyses that measure the statistical correlation between the derivative and the associated hedged item determine the effectiveness of such a contract designated as a hedge. If it is determined that the derivative instrument is not highly effective as a hedge, hedge accounting will be discontinued prospectively. In this case, the gain or loss previously deferred in accumulated OCI would be frozen until the underlying hedged item is delivered unless the transaction being hedged is no longer probable of occurring in which case the amount in OCI would be immediately reclassified into earnings. If the derivative instrument is terminated, the effective portion of this derivative deferred in accumulated OCI will be frozen until the underlying hedged item is delivered.

Revenues and expenses on contracts that qualify for the NPNS exception are recognized when the underlying physical transaction is delivered. While these contracts are considered derivative financial instruments under ASC 815, they are not recorded at fair value, but on an accrual basis of accounting. If it is determined that a transaction designated as NPNS no longer meets the scope exception, the fair value of the related contract is recorded on the balance sheet and immediately recognized through earnings.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable, notes receivable and derivative instruments, which are concentrated within entities engaged in the energy and financial industry. These industry concentrations may impact the overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic, industry or other conditions. In addition, many of the Company's projects have only one customer. However, the Company believes that the credit risk posed by industry concentration is offset by the diversification and creditworthiness of its customer base. See Note 6, *Fair Value of Financial Instruments,* for a further discussion of derivative concentrations and Note 12, *Segment Reporting*, for concentration of counterparties.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, intercompany accounts payable and receivable, and accrued expenses and other liabilities approximate fair value because of the short-term maturity of these instruments. See Note 6, *Fair Value of Financial Instruments,* for a further discussion of fair value of financial instruments.

Asset Retirement Obligations

Asset retirement obligations, or AROs, are accounted for in accordance with ASC 410-20, *Asset Retirement Obligations,* or ASC 410-20. Retirement obligations associated with long-lived assets included within the scope of ASC 410-20 are those for which a legal obligation exists under enacted laws, statutes, and written or oral contracts, including obligations arising under the doctrine of promissory estoppel, and for which the timing and/or method of settlement may be conditional on a future event. ASC 410-20 requires an entity to recognize the fair value of a liability for an ARO in the period in which it is incurred and a reasonable estimate of fair value can be made.

Upon initial recognition of a liability for an ARO, the asset retirement cost is capitalized by increasing the carrying amount of the related long-lived asset by the same amount. Over time, the liability is accreted to its future value, while the capitalized cost is depreciated over the useful life of the related asset. The Company's asset retirement obligations were $43 million and $32 million as of December 31, 2015, and 2014, respectively. The Company records AROs as part of other non-current liabilities on its balance sheet.

Guarantees

The Company enters into various contracts that include indemnification and guarantee provisions as a routine part of its business activities. Examples of these contracts include EPC agreements, operation and maintenance agreements, service agreements, commercial sales arrangements and other types of contractual agreements with vendors and other third parties, as well as affiliates. These contracts generally indemnify the counterparty for tax, environmental liability, litigation and other matters, as well as breaches of representations, warranties and covenants set forth in these agreements. Because many of the guarantees and indemnities the Company issues to third parties and affiliates do not limit the amount or duration of its obligations to perform under them, there exists a risk that the Company may have obligations in excess of the amounts agreed upon in the contracts mentioned above. For those guarantees and indemnities that do not limit the liability exposure, it may not be able to estimate what the liability would be, until a claim is made for payment or performance, due to the contingent nature of these contracts.

Investments Accounted for by the Equity Method

The Company has investments in eight energy projects accounted for by the equity method, three of which are VIEs, where the Company is not a primary beneficiary, and two of which are owned by a subsidiary that is consolidated as a VIE, as described in Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities*. The equity method of accounting is applied to these investments in affiliates because the ownership structure prevents the Company from exercising a controlling influence over the operating and financial policies of the projects. Under this method, equity in pre-tax income or losses of the investments is reflected as equity in earnings of unconsolidated affiliates.

Sale Leaseback Arrangements

The Company is party to sale-leaseback arrangements that provide for the sale of certain assets to a third party and simultaneous leaseback to the Company. In accordance with ASC 840-40, *Sale-Leaseback Transactions*, if the seller-lessee retains, through the leaseback, substantially all of the benefits and risks incident to the ownership of the property sold, the sale-leaseback transaction is accounted for as a financing arrangement. An example of this type of continuing involvement would include an option to repurchase the assets or the buyer-lessor having the option to sell the assets back to the Company. This provision is included in most of the Company's sale-leaseback arrangements. As such, the Company accounts for these arrangements as financings.

Under the financing method, the Company does not recognize as income any of the sale proceeds received from the lessor that contractually constitutes payment to acquire the assets subject to these arrangements. Instead, the sale proceeds received are accounted for as financing obligations and leaseback payments made by the Company are allocated between interest expense and a reduction to the financing obligation. Interest on the financing obligation is calculated using the Company's incremental borrowing rate at the inception of the arrangement on the outstanding financing obligation. Judgment is required to determine the appropriate borrowing rate for the arrangement and in determining any gain or loss on the transaction that would be recorded either at the end of or over the lease term.

Business Combinations

The Company accounts for its business combinations in accordance with ASC 805, *Business Combinations,* or ASC 805. ASC 805 requires an acquirer to recognize and measure in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at fair value at the acquisition date. It also recognizes and measures the goodwill acquired or a gain from a bargain purchase in the business combination and determines what information to disclose to enable users of an entity's financial statements to evaluate the nature and financial effects of the business combination. In addition, transaction costs are expensed as incurred.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during the reporting period. Actual results could be different from these estimates.

In recording transactions and balances resulting from business operations, the Company uses estimates based on the best information available. Estimates are used for such items as plant depreciable lives, tax provisions, uncollectible accounts, environmental liabilities, acquisition accounting and legal costs incurred in connection with recorded loss contingencies, among others. As better information becomes available or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

Tax Equity Arrangements

Certain portions of the Company's noncontrolling interests in subsidiaries represent third-party interests in the net assets under certain tax equity arrangements, which are consolidated by the Company, that have been entered into to finance the cost of wind facilities eligible for certain tax credits. Additionally, certain portions of the Company's investments in unconsolidated affiliates reflect the Company's interests in tax equity arrangements, that are not consolidated by the Company, that have been entered into to finance the cost of distributed solar energy systems under operating leases or PPAs eligible for certain tax credits. The Company has determined that the provisions in the contractual agreements of these structures represent substantive profit sharing arrangements. Further, the Company has determined that the appropriate methodology for calculating the noncontrolling interest and investment in unconsolidated affiliates that reflects the substantive profit sharing arrangements is a balance sheet approach utilizing the hypothetical liquidation at book value, or HLBV, method. Under the HLBV method, the amounts reported as noncontrolling interests and investment in unconsolidated affiliates represent the amounts the investors to the tax equity arrangements would hypothetically receive at each balance sheet date under the liquidation provisions of the contractual agreements, assuming the net assets of the funding structures were liquidated at their recorded amounts determined in accordance with U.S. GAAP. The investors' interests in the results of operations of the funding structures are determined as the difference in noncontrolling interests and investment in unconsolidated affiliates at the start and end of each reporting period, after taking into account any capital transactions between the structures and the funds' investors. The calculations utilized to apply the HLBV method include estimated calculations of taxable income or losses for each reporting period.

Reclassifications

Certain prior-year amounts have been reclassified for comparative purposes.

Recent Accounting Developments

ASU 2016-01 — In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, or ASU No. 2016-01. The amendments of ASU No. 2016-01 eliminate available-for-sale classification of equity investments and require that equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be generally measured at fair value with changes in fair value recognized in net income. Further, the amendments require that financial assets and financial liabilities to be presented separately in the notes to the financial statements, grouped by measurement category and form of financial asset. The guidance in ASU No. 2016-01 is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those annual periods. The Company is currently evaluating the impact of the standard on the Company's results of operations, cash flows and financial position.

ASU 2015-17 — In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* , or ASU No. 2015-17. The amendments of ASU No. 2015-17 require that deferred tax liabilities and assets, as well as any related valuation allowance, be presented as noncurrent in a classified statement of financial position. The guidance in ASU No. 2015-17 is effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. The amendments may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. Early adoption is permitted. The Company adopted the standard for the year ended December 31, 2015, and elected to apply the amendments retrospectively. The adoption did not have any impact on the Company's results of operations, cash flows, or net assets.

ASU 2015-16 — In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, or ASU No. 2015-16. The amendments of ASU No. 2015-16 require that an acquirer recognize measurement period adjustments to the provisional amounts recognized in a business combination in the reporting period during which the adjustments are determined. Additionally, the amendments of ASU No. 2015-16 require the acquirer to record in the same period's financial statements the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the measurement period adjustment, calculated as if the accounting had been completed at the acquisition date as well as disclosing on either the face of the income statement or in the notes the portion of the amount recorded in current period earnings that would have been recorded in previous reporting periods. The guidance in ASU No. 2015-16 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The amendments should be applied prospectively. The adoption of this standard is not expected to have a material impact on the Company's results of operations, cash flows or financial position.

ASU 2015-03 and ASU 2015-15 — In April 2015, the FASB issued ASU No. 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, or ASU No. 2015-03. The amendments of ASU No. 2015-03 were issued to reduce complexity in the balance sheet presentation of debt issuance costs. ASU No. 2015-03 requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this standard. Additionally, in August 2015, the FASB issued ASU No. 2015-15, *Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements,* or ASU No. 2015-15, as ASU No. 2015-03 did not specifically address presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU No. 2015-15 allows an entity to continue to defer and present debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The guidance in ASU No. 2015-03 and ASU No. 2015-15 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. The Company adopted ASU No. 2015-03 for the year ended December 31, 2015, which resulted in decreases to other assets and debt of $63 million and $69 million as of December 31, 2015, and December 31, 2014, respectively. The adoption of this standard had no impact on the Company's results of operations, cash flows or net assets.

ASU 2015-02 — In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*, or ASU No. 2015-02. The amendments of ASU No. 2015-02 were issued in an effort to minimize situations under previously existing guidance in which a reporting entity was required to consolidate another legal entity in which that reporting entity did not have: (1) the ability through contractual rights to act primarily on its own behalf; (2) ownership of the majority of the legal entity's voting rights; or (3) the exposure to a majority of the legal entity's economic benefits. ASU No. 2015-02 affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under the revised consolidation model. The guidance in ASU No. 2015-02 is effective for periods beginning after December 15, 2015. Early adoption is permitted. The Company adopted the standard effective January 1, 2015 and the adoption of this standard did not impact the Company's results of operations, cash flows or financial position.

ASU 2014-16 - In November 2014, the FASB issued ASU No. 2014-16, *Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity*, or ASU No. 2014-16. The amendments of ASU No. 2014-16 clarify how U.S. GAAP should be applied in determining whether the nature of a host contract is more akin to debt or equity and in evaluating whether the economic characteristics and risks of an embedded feature are "clearly and closely related" to its host contract. The guidance in ASU No. 2014-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The Company adopted the standard effective January 1, 2015 and the adoption of this standard did not impact the Company's results of operations, cash flows or financial position.

ASU 2014-09 - In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), or ASU No. 2014-09. The amendments of ASU No. 2014-09 complete the joint effort between the FASB and the International Accounting Standards Board, or IASB, to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards, or IFRS, and to improve financial reporting. The guidance in ASU No. 2014-09 provides that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for the goods or services provided and establishes the following steps to be applied by an entity: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies the performance obligation. In August 2015, the FASB issued ASU 2015-14, which formally deferred the effective date by one year to make the guidance of ASU No. 2014-09 effective for annual reporting periods beginning after December 15, 2017, including interim reports therein. Early adoption is permitted, but not prior to the original effective date, which was for annual reporting periods beginning after December 15, 2016. The Company is currently evaluating the impact of the standard on the Company's results of operations, cash flows and financial position.

Note 3 — *Business Acquisitions*

2016 Acquisitions

CVSR Drop Down from NRG

On September 1, 2016, the Company acquired the remaining 51.05% interest of CVSR Holdco LLC, which indirectly owns the CVSR solar facility, from NRG, or the CVSR Drop Down, for total cash consideration of $78.5 million, subject to working capital adjustments. The acquisition was funded with cash on hand.

The assets and liabilities transferred to the Company relate to interests under common control by NRG and were recorded at historical cost in accordance with ASC 805-50, *Business Combinations - Related Issues*. The difference between the cash paid and historical value of the entities' equity was recorded as a contribution from NRG with the offset to noncontrolling interest.

Because the transaction constituted a transfer of net assets under common control, the guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control. Prior to the transaction, the Company recorded its 48.95% interest in CVSR as an equity method investment. In connection with the retrospective adjustment of prior periods, the Company has removed the equity method investment from all prior periods and adjusted its financial statements to reflect its results of operations, financial position and cash flows as if it had consolidated CVSR from the beginning of the financial statement period.

In connection with the acquisition and prior to close of the transaction, a $68 million net receivable resulting from the litigation with SunPower, as described in Note 2, *Summary of Significant Accounting Policies,* was transferred to NRG as a reduction to its ownership interest in the Company.

2015 Acquisitions

November 2015 Drop Down Assets from NRG

On November 3, 2015, the Company acquired 75% of the Class B interests of NRG Wind TE Holdco, or the November 2015 Drop Down Assets, which owns a portfolio of 12 wind facilities totaling 814 net MW, from NRG for cash consideration of $209 million, subject to working capital adjustments. In February 2016, NRG made a final working capital payment of $2 million, reducing total cash consideration to $207 million. The Company is responsible for its pro-rata share of non-recourse project debt of $193 million and noncontrolling interest associated with a tax equity structure of $159 million (as of the acquisition date).

The Company funded the acquisition with borrowings from its revolving credit facility. The assets and liabilities transferred to the Company relate to interests under common control by NRG and were recorded at historical cost in accordance with ASC 805-50, *Business Combinations - Related Issues*. The difference between the cash paid and historical value of the entities' equity was recorded as a distribution from NRG with the offset to noncontrolling interest. Because the transaction constituted a transfer of net assets under common control, the guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control.

The Class A interests of NRG Wind TE Holdco are owned by a tax equity investor, or TE Investor, who receives 99% of allocations of taxable income and other items until the flip point, which occurs when the TE Investor obtains a specified return on its initial investment, at which time the allocations to the TE Investor change to 8.53%. The Company generally receives 75% of CAFD until the flip point, at which time the allocations to the Company of CAFD change to 68.60%. If the flip point has not occurred by a specified date, 100% of CAFD is allocated to the TE Investor until the flip point occurs. NRG Wind TE Holdco is a VIE and the Company is the primary beneficiary, through its position as managing member, and consolidates NRG Wind TE Holdco.

The following is a summary of assets and liabilities transferred in connection with the acquisition as of November 3, 2015:

	NRG Wind TE Holdco
	(In millions)
Current assets	$ 30
Property, plant and equipment	669
Non-current assets	177
Total assets	876
Debt	193
Other current and non-current liabilities	32
Total liabilities	225
Less: noncontrolling interest	282
Net assets acquired	$ 369

The following table presents the historical information summary combining the financial information for the November 2015 Drop Down Assets transferred in connection with the acquisition:

	December 31, 2014		
	As adjusted [(a)]	NRG Wind TE Holdco	As Currently Reported
Current assets	$ 762 [(b)]	$ 66	$ 828
Property, plant and equipment	5,300	709	6,009
Non-current assets	1,773 [(b)(c)]	184	1,957
Total assets	7,835	959	8,794
Debt	5,533 [(c)]	198	5,731
Other current and non-current liabilities	310	21	331
Total liabilities	5,843	219	6,062
Net assets	$ 1,992	$ 740 [(d)]	$ 2,732

[(a)] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.
[(b)] Retrospectively adjusted to reclassify deferred tax assets in accordance with ASU 2015-17, as further discussed in Note 2, *Summary of Significant Accounting Policies.*
[(c)] Retrospectively adjusted to reclassify deferred financing costs in accordance with ASU 2015-03, as further discussed in Note 2, *Summary of Significant Accounting Policies.*
[(d)] Net Assets for NRG Wind TE Holdco as of December 31, 2014, includes noncontrolling interest of $199 million attributable to the TE Investor and $135 million attributable to NRG.

	Year ended December 31, 2014		
	As adjusted [(a)]	NRG Wind TE Holdco	As Currently Reported
Total operating revenues	$ 771	$ 57	$ 828
Operating income	312	(6)	306
Net income	121	(13)	108

[(a)] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

	Year ended December 31, 2013		
	As adjusted [(a)]	NRG Wind TE Holdco	As Currently Reported
Total operating revenues	$ 426	$ 8	$ 434
Operating income	190	(9)	181
Net income	134	(9)	125

[(a)] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

Supplemental Pro Forma Information

As described above, the Company's acquisition of the November 2015 Drop Down Assets was accounted for as a transfer of entities under common control. The following unaudited supplemental pro forma information represents the results of operations as if the Company had acquired the November 2015 Drop Down Assets on January 1, 2014, including the impact of acquisition accounting with respect to NRG's acquisition of the projects, all of which were acquired by NRG on April 1, 2014, except for Elbow Creek. All net income or losses prior to the Company's acquisition of the projects is reflected as attributable to NRG and, accordingly, no pro forma impact to earnings per Class A and Class C common share was calculated.

(In millions)	For the year ended December 31, 2014	
Operating revenues	$	850
Net income		110

Since the acquisition date, the November 2015 Drop Down Assets contributed $14 million in operating revenues and $1 million in net income.

Desert Sunlight **—** On June 29, 2015, the Company acquired 25% of the membership interest in Desert Sunlight Investment Holdings, LLC, which owns two solar photovoltaic facilities that total 550 MW, located in Desert Center, California from EFS Desert Sun, LLC, an affiliate of GE Energy Financial Services for a purchase price of $285 million. Power generated by the facilities is sold to Southern California Edison and Pacific Gas and Electric under long-term PPAs with approximately 20 years and 25 years of remaining contract life, respectively. The Company accounts for its 25% investment as an equity method investment.

Spring Canyon **—** On May 7, 2015, the Company acquired a 90.1% interest in Spring Canyon II, a 32 MW wind facility, and Spring Canyon III, a 28 MW wind facility, each located in Logan County, Colorado, from Invenergy Wind Global LLC. The purchase price was funded with cash on hand. Power generated by Spring Canyon II and Spring Canyon III is sold to Platte River Power Authority under long-term PPAs, each with approximately 24 years of remaining contract life.

University of Bridgeport Fuel Cell **—** On April 30, 2015, the Company completed the acquisition of the University of Bridgeport Fuel Cell project in Bridgeport, Connecticut from FuelCell Energy, Inc. The project added an additional 1.4 MW of thermal capacity to the Company's portfolio, with a 12-year contract, with the option for a 7-year extension. The acquisition is reflected in the Company's Thermal segment.

January 2015 Drop Down Assets from NRG **—** On January 2, 2015, the Company acquired the following projects from NRG: (i) Laredo Ridge, an 80 MW wind facility located in Petersburg, Nebraska, (ii) Tapestry, which includes Buffalo Bear, a 19 MW wind facility in Buffalo, Oklahoma; Taloga, a 130 MW wind facility in Putnam, Oklahoma; and Pinnacle, a 55 MW wind facility in Keyser, West Virginia, and (iii) Walnut Creek, a 485 MW natural gas facility located in City of Industry, California, for total cash consideration of $489 million, including $9 million for working capital, plus assumed project-level debt of $737 million. The Company funded the acquisition with cash on hand and drawings under its revolving credit facility. The assets and liabilities transferred to the Company relate to interests under common control by NRG and were recorded at historical cost in accordance with ASC 805-50, *Business Combinations - Related Issues*. The difference between the cash paid and the historical value of the entities' equity of $61 million, as well as $23 million of AOCL, was recorded as a distribution to NRG and reduced the balance of its noncontrolling interest. Since the transaction constituted a transfer of assets under common control, the guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control. NRG acquired the majority of EME's assets, including Laredo Ridge, Tapestry and Walnut Creek, on April 1, 2014.

Supplemental Pro Forma Information

As described above, the Company's acquisition of the January 2015 Drop Down Assets was accounted for as a transfer of entities under common control and all periods were retrospectively adjusted to reflect the entities as if they were transferred on the date the entities were under common control, which was April 1, 2014, the date NRG acquired Walnut Creek, Laredo Ridge and Tapestry. The following unaudited supplemental pro forma information represents the results of operations as if the Company had acquired the January 2015 Drop Down Assets on January 1, 2014, including the impact of acquisition accounting with respect to NRG's acquisition of the projects. While the financial statements have been retrospectively adjusted, all net income or losses prior to the Company's acquisition of the projects is reflected as attributable to NRG and accordingly, no pro forma impact to earnings per Class A and Class C common share was calculated.

(In millions)	For the year ended December 31, 2014	
Operating revenues	$	854
Net income		101

Since the acquisition date, the January 2015 Drop Down Assets contributed $144 million in operating revenues and $44 million in net income.

2014 Acquisitions

Alta Wind Portfolio Acquisition **—** On August 12, 2014, the Company acquired 100% of the membership interests of Alta Wind Asset Management Holdings, LLC, Alta Wind Company, LLC, Alta Wind X Holding Company, LLC and Alta Wind XI Holding Company, LLC, which collectively own seven wind facilities that total 947 MW located in Tehachapi, California, and a portfolio of associated land leases, or the Alta Wind Portfolio. Power generated by the Alta Wind Portfolio is sold to Southern California Edison under long-term PPAs with 21 years of remaining contract life for Alta I-V. The Alta Wind X and XI PPAs began in 2016 with a term of 22 years and sold energy and renewable energy credits on a merchant basis during the years ending December 31, 2014, and 2015.

The purchase price for the Alta Wind Portfolio was $923 million, which consisted of a base purchase price of $870 million, as well as a payment for working capital of $53 million, plus the assumption of $1.6 billion of non-recourse project-level debt. In order to fund the purchase price, the Company completed an equity offering of 12,075,000 shares of its Class A common stock at an offering price of $54.00 per share on July 29, 2014, which resulted in net proceeds of $630 million, after underwriting discounts and expenses. In addition, on August 5, 2014, NRG Yield Operating LLC issued $500 million of Senior Notes, which bear interest at a rate of 5.375% and mature in August 2024.

The acquisition was recorded as a business combination under ASC 805-50, with identifiable assets acquired and liabilities assumed provisionally recorded at their estimated fair values on the acquisition date. The accounting for the business combination was completed as of August 11, 2015, at which point the fair values became final. The following table summarizes the provisional amounts recognized for assets acquired and liabilities assumed as of December 31, 2014, as well as adjustments made through August 11, 2015, when the allocation became final.

The purchase price of $923 million was allocated as follows:

	Acquisition Date Fair Value at December 31, 2014	Measurement period adjustments	Revised Acquisition Date
		(In millions)	
Assets			
Cash	$ 22	$ —	$ 22
Current and non-current assets	49	(2)	47
Property, plant and equipment	1,304	6	1,310
Intangible assets	1,177	(6)	1,171
Total assets acquired	2,552	(2)	2,550
Liabilities			
Debt	1,591	—	1,591
Current and non-current liabilities	38	(2)	36
Total liabilities assumed	1,629	(2)	1,627
Net assets acquired	$ 923	$ —	$ 923

The Company incurred and expensed acquisition-related transaction costs related to the acquisition of the Alta Wind Portfolio of $2 million for the year ended December 31, 2014.

June 2014 Drop Down Assets — On June 30, 2014, the Company acquired from NRG: (i) El Segundo, a 550 MW fast-start, gas-fired facility located in Los Angeles County, California; (ii) TA High Desert, a 20 MW solar facility located in Los Angeles County, California; and (iii) Kansas South, a 20 MW solar facility located in Kings County, California. The Company paid total cash consideration of $357 million, which represents a base purchase price of $349 million and $8 million of working capital adjustments. In addition, the acquisition included the assumption of $612 million of project-level debt. The assets and liabilities transferred to the Company relate to interests under common control by NRG and were recorded at historical cost in accordance with ASC 805-50. The difference between the cash proceeds and the historical value of the net assets was recorded as a distribution to NRG and reduced the balance of its noncontrolling interest. Since the transaction constituted a transfer of entities under common control, the guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the beginning of the financial statements period or the inception of common control (if later than the beginning of the financial statements period). Accordingly, the Company prepared its consolidated financial statements to reflect the transfer as if it had taken place from the beginning of the financial statements period.

2013 Acquisitions

Energy Systems — On December 31, 2013, NRG Energy Center Omaha Holdings, LLC, an indirect wholly owned subsidiary of NRG Yield LLC, acquired Energy Systems Company, or Energy Systems, for approximately $120 million. The acquisition was financed using cash on hand. Energy Systems is an operator of steam and chilled water thermal facilities that provides heating and cooling services to nonresidential customers in Omaha, Nebraska. The acquisition was recorded as a business combination under ASC 805, with identifiable assets acquired and liabilities assumed recorded at their fair values. The purchase price was primarily allocated to property, plant and equipment of $60 million, customer relationships of $59 million, and $1 million of working capital.

Note 4 — *Property, Plant and Equipment*

The Company's major classes of property, plant, and equipment were as follows:

	December 31, 2015	December 31, 2014	Depreciable Lives
	(In millions)		
Facilities and equipment	$ 6,480	$ 6,317	2 - 40 Years
Land and improvements	171	170	
Construction in progress	9	9	
Total property, plant and equipment	6,660	6,496	
Accumulated depreciation	(782)	(487)	
Net property, plant and equipment	$ 5,878	$ 6,009	

Note 5 — *Investments Accounted for by the Equity Method and Variable Interest Entities*

Equity Method Investments

The following table summarizes the Company's equity method investments as of December 31, 2015:

Name	Economic Interest	Investment Balance
		(In millions)
Desert Sunlight	25%	291
GenConn[(a)(b)]	50%	110
Elkhorn Ridge[(c)]	50.3%	96
San Juan Mesa[(c)]	56.3%	80
NRG DGPV Holdco 1 LLC[(d)]	95%	71
NRG RPV Holdco 1 LLC[(e)]	95%	58
Avenal[(b)]	50%	(9)

(a) GenConn is a variable interest entity.
(b) The Company's interest in GenConn and Avenal increased from 49.95% to 50% on September 30, 2015.
(c) San Juan Mesa and Elkhorn Ridge are part of the TE Wind Holdco tax equity structure, as described below. San Juan Mesa and Elkhorn Ridge are owned 75% and 66.7%, respectively, by TE Wind Holdco. The Company owns 75% of the Class B interests in TE Wind Holdco.
(d) NRG DGPV Holdco 1 LLC is a tax equity structure and is a VIE. The related allocations are described below.
(e) NRG RPV Holdco 1 LLC is a tax equity structure and is a VIE. The related allocations are described below.

As of December 31, 2015 the Company had no undistributed earnings from its equity method investments. As of December 31, 2014, the Company had $10 million of undistributed earnings from its equity method investments.

The Company acquired its interest in Desert Sunlight on June 30, 2015, for $285 million, which resulted in a difference between the purchase price and the basis of the acquired assets and liabilities of $171 million. The difference is attributable to the fair value of the property, plant and equipment and power purchase agreements. The Company is amortizing the related basis difference to equity in earnings (losses) over the related useful life of the underlying assets acquired.

Non-recourse project-level debt of unconsolidated affiliates

The Company's pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately $454 million as of December 31, 2015.

Avenal — The Company owns a 50% equity interest in Avenal, which consists of three solar PV projects in Kings County, California totaling approximately 45 MWs. Eurus Energy owns the remaining 50% of Avenal. Power generated by the projects is sold under a 20-year PPA. On September 22, 2010, Avenal entered into a $35 million promissory note facility with the Company. Amounts drawn under the promissory note facility accrue interest at 4.5% per annum. Also, on September 22, 2010, Avenal entered into a $209 million financing arrangement with a syndicate of banks, or the Avenal Facility. As of December 31, 2015, and 2014, Avenal had outstanding $143 million and $107 million, respectively, under the Avenal Facility.

GenConn **—** GenConn has a $237 million project note with an interest rate of 4.73% and a maturity date of July 2041 and a 5-year, $35 million working capital facility that matures in 2018 which can be used to issue letters of credit at an interest rate of 1.875% per annum. As of December 31, 2015, $220 million was outstanding under the note and $14 million was drawn on the working capital facility. The note is secured by all of the GenConn assets.

In March 2015, GenConn entered into a settlement agreement relating to a lawsuit it filed against the electrical contractor responsible for the design and installation of the 5X and 6X circuits at the GenConn Middletown facility and one of its subcontractors. The results of the settlement agreement are not expected to have a material impact on the Company's results of operations, cash flows or financial position.

Desert Sunlight **—** Desert Sunlight 250 and Desert Sunlight 300 each entered into three distinct tranches of debt. As of December 31, 2015, and 2014, Desert Sunlight had total debt outstanding of $1.1 billion and $1.5 billion, respectively, under the three tranches.

The following tables present summarized financial information for the Company's significant equity method investments:

	Year Ended December 31,		
	2015	2014	2013
Income Statement Data:	(In millions)		
GenConn			
Operating revenues	78	82	80
Operating income	40	40	44
Net income	28	28	31
Desert Sunlight			
Operating revenues	206		
Operating income	124		
Net income	73		

	As of December 31,	
	2015	2014
Balance Sheet Data:	(In millions)	
GenConn		
Current assets	36	33
Non-current assets	416	438
Current liabilities	16	20
Non-current liabilities	215	223
Desert Sunlight		
Current assets	310	
Non-current assets	1,435	
Current liabilities	82	
Non-current liabilities	1,086	

Variable Interest Entities, or VIEs

Entities that are Consolidated

NRG Wind TE Holdco — On November 3, 2015, the Company acquired 75% of the Class B interests of NRG Wind TE Holdco, or the November 2015 Drop Down Assets, which owns a portfolio of 12 wind facilities totaling 814 net MW, from NRG for total cash consideration of $209 million, as described in Note 3, *Business Acquisitions*. In February 2016, NRG made a final working capital payment of $2 million, reducing total cash consideration to $207 million. NRG retained a 25% ownership of the Class B interest. The Class A interests of NRG Wind TE Holdco are owned by a tax equity investor, or TE Investor, who receives 99% of allocations of taxable income and other items until the flip point, which occurs when the TE Investor obtains a specified return on its initial investment, at which time the allocations to the TE Investor change to 8.53%. The Company generally receives 75% of CAFD until the flip point, at which time the allocations to the Company of CAFD change to 68.60%. If the flip point has not occurred by a specified date, 100% of CAFD is allocated to the TE Investor until the flip point occurs. NRG Wind TE Holdco is a VIE and the Company is the primary beneficiary, through its position as managing member, and consolidates NRG Wind TE Holdco. The Company utilizes the HLBV method to determine the net income or loss allocated to the TE Investor noncontrolling interest. Net income or loss attributable to the Class B interests is allocated to NRG's noncontrolling interest based on its 25% ownership interest.

Alta TE Holdco — On June 30, 2015, the Company sold an economic interest in Alta TE Holdco to a financial institution in order to monetize certain cash and tax attributes, primarily PTCs. The financial institution, or Alta Investor, receives 99% of allocations of taxable income and other items until the flip point, which occurs when the Alta Investor obtains a specified return on its initial investment, at which time the allocations to the Alta Investor change to 5%. The Company received 100% of CAFD through December 31, 2015, and subsequently will receive 94.34% until the flip point, at which time the allocations to the Company of CAFD will change to 97.12%, unless the flip point will not have occurred by a specified date, which would result in 100% of CAFD allocated to the Alta Investor until the flip point occurs. Alta TE Holdco is a VIE and the Company is the primary beneficiary through its position as managing member, and therefore consolidates Alta TE Holdco, with the Alta Investor's interest shown as noncontrolling interest. The Company utilizes the HLBV method to determine the net income or loss allocated to the noncontrolling interest. The net proceeds of $119 million are reflected as noncontrolling interest in the Company's balance sheet.

Spring Canyon — On May 7, 2015, the Company acquired a 90.1% of the Class B interests in Spring Canyon II, a 32 MW wind facility, and Spring Canyon III, a 28 MW wind facility, each located in Logan County, Colorado, from Invenergy Wind Global LLC. Invenergy owns 9.9% of the Class B interests. Prior to the acquisition date, the projects were financed with a partnership flip tax-equity structure with a financial institution, who owns the Class A interests, to monetize certain cash and tax attributes, primarily PTCs. Until the flip point, the Class A member will receive 34.81% of the cash distributions based on the projects' production level and the Company and Invenergy will receive 65.19%. After the flip point, cash distributions are allocated 5% to the Class A member and 95% to the Company and Invenergy. Spring Canyon is a VIE and the Company is the primary beneficiary through its position as managing member, and therefore consolidates Spring Canyon. The Class A member and Invenergy's interests are shown as noncontrolling interest. The Company utilizes the HLBV method to determine the net income or loss allocated to the Class A member. Net Income or loss attributable to the Class B interests is allocated to Invenergy's noncontrolling interest based on its 9.9% ownership interest.

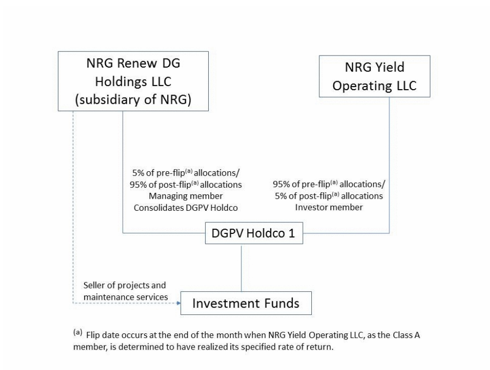
Summarized financial information for the Company's consolidated VIEs consisted of the following as of December 31, 2015:

(In millions)	NRG TE Wind Holdco	Alta Wind TE Holdco	Spring Canyon
Other current and non-current assets	$ 204	$ 18	$ 3
Property, plant and equipment	663	484	104
Intangible assets	2	287	—
Total assets	869	789	107
Current and non-current liabilities	220	10	5
Total liabilities	220	10	5
Noncontrolling interest	268	121	70
Net assets less noncontrolling interests	$ 381	$ 658	$ 32

Entities that are not Consolidated

The Company has interests in entities that are considered VIEs under ASC 810, *Consolidation*, but for which it is not considered the primary beneficiary. The Company accounts for its interests in these entities under the equity method of accounting.

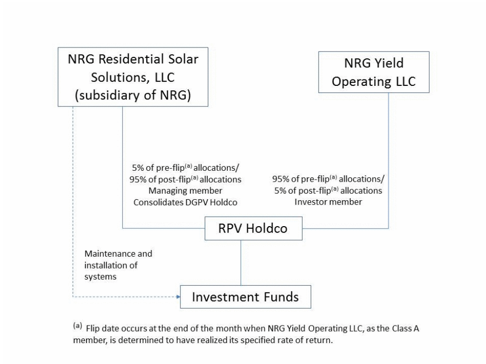
NRG DGPV Holdco 1 LLC **—** On May 8, 2015, NRG Yield DGPV Holding LLC, a subsidiary of the Company and NRG Renew DG Holdings LLC, a subsidiary of NRG, entered into a partnership by forming NRG DGPV Holdco 1 LLC, or DGPV Holdco 1, the purpose of which is to own or purchase solar power generation projects and other ancillary related assets from NRG Renew DG Holdings LLC, via intermediate funds, including: (i) a tax equity-financed portfolio of 10 recently completed community solar projects representing approximately 8 MW with a weighted average remaining PPA term of 20 years; and (ii) a tax equity-financed portfolio of approximately 12 commercial photovoltaic systems representing approximately 37 MW with a weighted average remaining PPA term of 19 years. The following illustrates the structure of DGPV Holdco:



As of December 31, 2015, the Company's investment in DGPV Holdco 1 related to the recently completed community solar projects was $17 million. Additionally, as of December 31, 2015, the Company's investment in DGPV Holdco 1 related to the commercial photovoltaic systems was $55 million, $44 million of which remained payable and is recorded in accounts payable — affiliate on the consolidated balance sheet at December 31, 2015. Both of these investments relate to the Company's $100 million commitment to distributed solar projects in partnership with NRG. The Company's maximum exposure to loss is limited to its equity investment.

NRG DGPV Holdco 2 LLC **—** On February 29, 2016, the Company and NRG entered into an additional partnership by forming NRG DGPV Holdco 2 LLC, or DGPV Holdco 2, to own or purchase solar power generation projects and other ancillary related assets from NRG Renew LLC or its subsidiaries, via intermediate funds. Under this partnership, the Company committed to fund up to $50 million of capital.

NRG RPV Holdco 1 LLC **—** On April 9, 2015, NRG Yield RPV Holding LLC, a subsidiary of the Company and NRG Residential Solar Solutions LLC, a subsidiary of NRG, entered into a partnership by forming NRG RPV Holdco 1 LLC, or RPV Holdco, that will invest in and hold operating portfolios of residential solar assets developed by NRG Home Solar, a subsidiary of NRG, including: (i) an existing, unlevered portfolio of over 2,200 leases across nine states representing approximately 17 MW with a weighted average remaining lease term of approximately 17 years; and (ii) a tax equity-financed portfolio of approximately 5,700 leases representing approximately 40 MW, with an average lease term for the existing and new leases of approximately 17 to 20 years. The following illustrates the structure of RPV Holdco:



The Company invested $26 million in RPV Holdco in April 2015 related to the existing, unlevered portfolio of leases. The Company also invested $36 million of its $150 million commitment in the tax equity-financed portfolio through December 31, 2015. The Company's maximum exposure to loss is limited to its equity investment.

On February 29, 2016, the Company and NRG amended the RPV Holdco partnership to reduce the aggregate commitment of $150 million to $100 million in connection with the formation of DGPV Holdco 2.

On August 5, 2016, the Company and NRG amended the RPV Holdco partnership to further reduce the aggregate commitment of $100 million to $60 million in connection with NRG’s change in business model approach in the residential solar business.

Note 6 — *Fair Value of Financial Instruments*

For cash and cash equivalents, restricted cash, accounts receivable — affiliate, accounts receivable accounts payable, accounts payable — affiliate, accrued expenses and other liabilities, the carrying amount approximates fair value because of the short-term maturity of those instruments and are classified as Level 1 within the fair value hierarchy.

The estimated carrying amounts and fair values of the Company’s recorded financial instruments not carried at fair market value are as follows:

	As of December 31, 2015		As of December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In millions)			
Assets:				
Notes receivable, including current portion	47	47	61	61
Liabilities:				
Long-term debt, including current portion	5,656	5,538	5,800	5,886

The fair value of notes receivable and long-term debt are based on expected future cash flows discounted at market interest rates, or current interest rates for similar instruments and are classified as Level 3 within the fair value hierarchy.

Fair Value Accounting under ASC 820

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2—inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3—unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In accordance with ASC 820, the Company determines the level in the fair value hierarchy within which each fair value measurement in its entirety falls, based on the lowest level input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The Company records its derivative assets and liabilities at fair market value on its consolidated balance sheet. There were no asset positions as of December 31, 2015. The following table presents assets and liabilities measured and recorded at fair value on the Company's consolidated balance sheets on a recurring basis and their level within the fair value hierarchy:

	As of December 31, 2015	As of December 31, 2014
	Fair Value [(a)]	Fair Value [(a)]
(In millions)	Level 2	Level 2
Derivative assets:		
Commodity contracts	$ —	$ 2
Interest rate contracts	—	2
Total assets	$ —	4
Derivative liabilities:		
Commodity contracts	$ 2	3
Interest rate contracts	98	126
Total liabilities	$ 100	$ 129

[(a)] There were no assets or liabilities classified as Level 1 or Level 3 as of December 31, 2015, and 2014.

Derivative Fair Value Measurements

The Company's contracts are non-exchange-traded and valued using prices provided by external sources. For the Company's energy markets, management receives quotes from multiple sources. To the extent that multiple quotes are received, the prices reflect the average of the bid-ask mid-point prices obtained from all sources believed to provide the most liquid market for the commodity.

The fair value of each contract is discounted using a risk free interest rate. In addition, a credit reserve is applied to reflect credit risk, which for interest rate swaps, is calculated based on credit default swaps utilizing the bilateral method. For commodities, to the extent that NRG's net exposure under a specific master agreement is an asset, the Company uses the counterparty's default swap rate. If the exposure under a specific master agreement is a liability, the Company uses NRG's default swap rate. For interest rate swaps and commodities, the credit reserve is added to the discounted fair value to reflect the exit price that a market participant would be willing to receive to assume the liabilities or that a market participant would be willing to pay for the assets. As of December 31, 2015, the credit reserve resulted in a $1 million increase in fair value which is a gain in OCI. It is possible that future market prices could vary from those used in recording assets and liabilities and such variations could be material.

Concentration of Credit Risk

In addition to the credit risk discussion as disclosed in Note 2, *Summary of Significant Accounting Policies*, the following item is a discussion of the concentration of credit risk for the Company's financial instruments. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. The Company monitors and manages credit risk through credit policies that include: (i) an established credit approval process; (ii) daily monitoring of counterparties' credit limits; (iii) the use of credit mitigation measures such as margin, collateral, prepayment arrangements, or volumetric limits; (iv) the use of payment netting agreements; and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty risk by having a diversified portfolio of counterparties.

Counterparty credit exposure includes credit risk exposure under certain long-term agreements, including solar and other PPAs. As external sources or observable market quotes are not available to estimate such exposure, the Company estimates the exposure related to these contracts based on various techniques including but not limited to internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Based on these valuation techniques, as of December 31, 2015, credit risk exposure to these counterparties attributable to the Company's ownership interests was approximately $2.8 billion for the next five years. The majority of these power contracts are with utilities with strong credit quality and public utility commission or other regulatory support, as further described in Note 12, *Segment Reporting.* However, such regulated utility counterparties can be impacted by changes in government regulations, which the Company is unable to predict.

Note 7 — *Accounting for Derivative Instruments and Hedging Activities*

ASC 815 requires the Company to recognize all derivative instruments on the balance sheet as either assets or liabilities and to measure them at fair value each reporting period unless they qualify for a NPNS exception. The Company may elect to designate certain derivatives as cash flow hedges, if certain conditions are met, and defer the effective portion of the change in fair value of the derivatives to accumulated OCI, until the hedged transactions occur and are recognized in earnings. The ineffective portion of a cash flow hedge is immediately recognized in earnings. For derivatives that are not designated as cash flow hedges or do not qualify for hedge accounting treatment, the changes in the fair value will be immediately recognized in earnings. Certain derivative instruments may qualify for the NPNS exception and are therefore exempt from fair value accounting treatment. ASC 815 applies to the Company's energy related commodity contracts and interest rate swaps.

Energy-Related Commodities

To manage the commodity price risk associated with its competitive supply activities and the price risk associated with wholesale power sales, the Company may enter into derivative hedging instruments, namely, forward contracts that commit the Company to sell energy commodities or purchase fuels in the future. The objectives for entering into derivatives contracts designated as hedges include fixing the price for a portion of anticipated future electricity sales and fixing the price of a portion of anticipated fuel purchases for the operation of its subsidiaries. As of December 31, 2015, the Company had forward contracts for the purchase of fuel commodities relating to the forecasted usage of the Company’s district energy centers extending through 2018. At December 31, 2015, these contracts were not designated as cash flow or fair value hedges.

Also, as of December 31, 2015, the Company had other energy-related contracts that did not meet the definition of a derivative instrument or qualified for the NPNS exception and were therefore exempt from fair value accounting treatment as follows:

- Power tolling contracts through 2039, and
- Natural gas transportation contracts through 2028.

Interest Rate Swaps

The Company is exposed to changes in interest rates through the issuance of variable rate debt. In order to manage interest rate risk, it enters into interest rate swap agreements.

As of December 31, 2015, the Company had interest rate derivative instruments on non-recourse debt extending through 2031, most of which are designated as cash flow hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of the Company's open derivative transactions broken out by commodity as of December 31, 2015, and 2014:

Commodity	Units	Total Volume December 31, 2015	Total Volume December 31, 2014
		(In millions)	
Natural Gas	MMBtu	4	2
Interest	Dollars	$ 1,991	$ 3,059

The decrease in the interest rate position is primarily the result of settling the Alta X and Alta XI interest rate swaps in connection with the repayment of the outstanding project-level debt during the second quarter of 2015, as further described in Note 9, *Long-term Debt*.

Fair Value of Derivative Instruments

There were no derivative asset positions on the balance sheet as of December 31, 2015. The following table summarizes the fair value within the derivative instrument valuation on the balance sheet:

	Fair Value		
	Derivative Assets	Derivative Liabilities	
	December 31, 2014	December 31, 2015	December 31, 2014
	(In millions)		
Derivatives Designated as Cash Flow Hedges:			
Interest rate contracts current	$ —	$ 34	$ 44
Interest rate contracts long-term	2	56	57
Total Derivatives Designated as Cash Flow Hedges	2	90	101
Derivatives Not Designated as Cash Flow Hedges:			
Interest rate contracts current	—	3	5
Interest rate contracts long-term	—	5	20
Commodity contracts current	2	2	3
Total Derivatives Not Designated as Cash Flow Hedges	2	10	28
Total Derivatives	$ 4	$ 100	$ 129

The Company has elected to present derivative assets and liabilities on the balance sheet on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. As of December 31, 2015, there were no offsetting amounts at the counterparty master agreement level or outstanding collateral paid or received. As of December 31, 2014, there was no outstanding collateral paid or received. The following table summarizes the offsetting of derivatives by counterparty master agreement level as of December 31, 2014:

	Gross Amounts Not Offset in the Statement of Financial Position		
As of December 31, 2014	Gross Amounts of Recognized Assets/Liabilities	Derivative Instruments	Net Amount
Commodity contracts:		(In millions)	
Derivative assets	$ 2	$ —	$ 2
Derivative liabilities	(3)	—	(3)
Total commodity contracts	(1)	—	(1)
Interest rate contracts:			
Derivative assets	2	(2)	—
Derivative liabilities	(126)	2	(124)
Total interest rate contracts	(124)	—	(124)
Total derivative instruments	$ (125)	$ —	$ (125)

Accumulated Other Comprehensive Loss

The following table summarizes the effects on the Company's accumulated OCL balance attributable to interest rate swaps designated as cash flow hedge derivatives, net of tax:

	Year ended December 31,					
	2015		2014		2013	
	(In millions)					
Accumulated OCL beginning balance	$	(76)	$	(16)	$	(68)
Reclassified from accumulated OCL to income due to realization of previously deferred amounts		14		14		14
Mark-to-market of cash flow hedge accounting contracts		(21)		(74)		38
Accumulated OCL ending balance, net of income tax benefit of $16, $6 and $1, respectively	$	(83)	$	(76)	$	(16)
Accumulated OCL attributable to noncontrolling interests		(56)		(67)		(16)
Accumulated OCL attributable to NRG Yield, Inc.	$	(27)	$	(9)	$	—
Losses expected to be realized from OCL during the next 12 months, net of income tax benefit of $3	$	14				

Amounts reclassified from accumulated OCL into income and amounts recognized in income from the ineffective portion of cash flow hedges are recorded to interest expense. There was no ineffectiveness for the years ended December 31, 2015, 2014 and 2013.

Impact of Derivative Instruments on the Statements of Operations

The Company has interest rate derivative instruments that are not designated as cash flow hedges. The effect of interest rate hedges is recorded to interest expense. For the years ended December 31, 2015, and 2014, the impact to the consolidated statements of operations was a gain of $16 million and a loss of $22 million, respectively.

A portion of the Company's derivative commodity contracts relates to its Thermal Business for the purchase of fuel commodities based on the forecasted usage of the thermal district energy centers. Realized gains and losses on these contracts are reflected in the fuel costs that are permitted to be billed to customers through the related customer contracts or tariffs and, accordingly, no gains or losses are reflected in the consolidated statements of operations for these contracts.

Commodity contracts also hedge the forecasted sale of power for the Elbow Creek wind facility. The effect of these commodity hedges is recorded to operating revenues. For the years ended December 31, 2015, and 2014, the impact to the consolidated statements of operations was an unrealized loss of $2 million and gain of $2 million respectively.

See Note 6, *Fair Value of Financial Instruments*, for discussion regarding concentration of credit risk.

Note 8 — *Intangible Assets*

Intangible Assets — The Company's intangible assets as of December 31, 2015, and 2014 primarily reflect intangible assets established from its business acquisitions and are comprised of the following:

- *Emission Allowances* — These intangibles primarily consist of SO_2 and NOx emission allowances established with the El Segundo and Walnut Creek acquisitions. These emission allowances are held-for-use and are amortized to cost of operations, with NOx allowances amortized on a straight-line basis and SO_2 allowances amortized based on units of production.
- *Development rights* — Arising primarily from the acquisition of solar businesses in 2010 and 2011, these intangibles are amortized to depreciation and amortization expense on a straight-line basis over the estimated life of the related project portfolio.
- *Customer contracts* — Established with the acquisition of NRG Energy Center Phoenix, these intangibles represent the fair value at the acquisition date of contracts that primarily provide chilled water, steam and electricity to its customers. These contracts are amortized to revenues based on expected volumes.
- *Customer relationships* — Established with the acquisition of NRG Energy Center Phoenix and NRG Energy Systems, these intangibles represent the fair value at the acquisition date of the businesses' customer base. The customer

relationships are amortized to depreciation and amortization expense based on the expected discounted future net cash flows by year.

- *PPAs* — Established predominantly with the acquisitions of the Alta Wind Portfolio, Walnut Creek, Tapestry and Laredo Ridge, these represent the fair value of the PPAs acquired. These will be amortized, generally on a straight-line basis, over the term of the PPA.
- *Leasehold Rights* — Established with the acquisition of the Alta Wind Portfolio, this represents the fair value of contractual rights to receive royalty payments equal to a percentage of PPA revenue from certain projects. These will be amortized on a straight-line basis.
- *Other* — Consists of the acquisition date fair value of the contractual rights to a ground lease for South Trent and to utilize certain interconnection facilities for Blythe, as well as land rights acquired in connection with the acquisition of Elbow Creek.

The following tables summarize the components of intangible assets subject to amortization:

Year ended December 31, 2015	Emission Allowances	Development Rights	Customer Contracts	Customer Relationships	PPAs	Leasehold Rights	Other	Total
				(In millions)				
January 1, 2015	$ 16	$ 4	$ 15	$ 66	$ 1,269	$ 86	$ 6	$ 1,462
Other	(1)	—	—	—	(6)	—	—	(7)
December 31, 2015	15	4	15	66	1,263	86	6	1,455
Less accumulated amortization	(1)	(1)	(6)	(3)	(75)	(5)	(2)	(93)
Net carrying amount	$ 14	$ 3	$ 9	$ 63	$ 1,188	$ 81	$ 4	$ 1,362

Year ended December 31, 2014	Emission Allowances	Development Rights	Customer Contracts	Customer Relationships	PPAs	Leasehold Rights	Other	Total
				(In millions)				
January 1, 2014	$ 8	$ 4	$ 15	$ 66	$ 14	$ —	$ 6	$ 113
Acquisition of Alta Wind Portfolio	—	—	—	—	1,092	86	—	1,178
Transfer of January 2015 Drop Down Assets	7	—	—	—	160	—	—	167
Other	1	—	—	—	3	—	—	4
December 31, 2014	16	4	15	66	1,269	86	6	1,462
Less accumulated amortization	—	(1)	(5)	(2)	(26)	(2)	(2)	(38)
Net carrying amount	$ 16	$ 3	$ 10	$ 64	$ 1,243	$ 84	$ 4	$ 1,424

The Company recorded amortization of $55 million, $30 million and $4 million during the years ended December 31, 2015, 2014 and 2013. Of these amounts, $54 million and $29 million for the years ended December 31, 2015, and 2014, respectively, were recorded as contra-revenue. The following table presents estimated amortization of the Company's intangible assets for each of the next five years:

Year Ended December 31,	Total
	(In millions)
2016	$ 70
2017	70
2018	71
2019	71
2020	71

The weighted average amortization period related to the intangibles acquired in the year ended December 31, 2015 was 18 years for other intangible assets.

Out-of-market contracts — The out-of-market contract liability represents the out-of-market value of the PPA for the Blythe solar project and Spring Canyon wind projects and the out-of-market value of the land lease for Alta Wind XI Holding Company, LLC, as of their respective acquisition dates. The Blythe solar project's liability of $5 million is recorded to other non-current liabilities and is amortized to revenue on a units-of-production basis over the twenty-year term of the agreement. Spring Canyon's liability of $3 million is recorded to other non-current liabilities and is amortized to revenue on a straight-line basis over the twenty-five year term of the agreement. The Alta Wind XI Holding Company, LLC's liability of $5 million is recorded to other non-current liabilities and is amortized to cost of operations on a straight-line basis over the term of the land lease. At December 31, 2015, accumulated amortization of out-of-market contracts was $3 million and amortization expense was $1 million for the year ended December 31, 2015.

Note 9 — *Long-term Debt*

The Company's borrowings, including short term and long term portions consisted of the following:

	December 31, 2015	December 31, 2014	Interest rate % [(a)]	Letters of Credit Outstanding at December 31, 2015
	(In millions, except rates)			
Convertible Notes, due 2020 [(b)]	$ 266	$ —	3.25	
Convertible Notes, due 2019 [(c)]	330	326	3.5	
Senior Notes, due 2024	500	500	5.375	
NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility, due 2019 [(d)]	306	—	L+2.75	$ 56
Project-level debt:				
Alpine, due 2022	154	163	L+1.75	37
Alta Wind I, lease financing arrangement, due 2034	252	261	7.015	16
Alta Wind II, lease financing arrangement, due 2034	198	205	5.696	28
Alta Wind III, lease financing arrangement, due 2034	206	212	6.067	28
Alta Wind IV, lease financing arrangement, due 2034	133	138	5.938	19
Alta Wind V, lease financing arrangement, due 2035	213	220	6.071	31
Alta Wind X, due 2021	—	300	L+2.00	—
Alta Wind XI, due 2021	—	191	L+2.00	—
Alta Realty Investments, due 2031	33	34	7.00	—
Alta Wind Asset Management, due 2031	19	20	L+2.375	—
Avra Valley, due 2031	60	63	L+1.75	3
Blythe, due 2028	21	22	L+1.625	6
Borrego, due 2025 and 2038	72	75	L+ 2.50/5.65	5
CVSR, due 2037	793	815	2.339 - 3.775	—
El Segundo Energy Center, due 2023	485	506	L+1.625 - L+2.25	82
Energy Center Minneapolis, due 2017 and 2025	108	121	5.95 -7.25	—
Kansas South, due 2031	33	35	L+2.00	4
Laredo Ridge, due 2028	104	108	L+1.875	10
Marsh Landing, due 2017 and 2023	418	464	L+1.75 - L+1.875	22
PFMG and related subsidiaries financing agreement, due 2030	29	31	6.00	—
Roadrunner, due 2031	40	42	L+1.625	5
South Trent Wind, due 2020	62	65	L+1.625	10
TA High Desert, due 2020 and 2032	52	55	L+2.50/5.15	8
Tapestry Wind, due 2021	181	192	L+1.625	20
Viento, due 2023	189	196	L+2.75	27
Walnut Creek, due 2023	351	391	L+1.625	41
WCEP Holdings, due 2023	46	46	L+3.00	—
Other	2	3	various	—
Subtotal project-level debt:	4,254	4,974		
Total debt	5,656	5,800		
Less current maturities	264	245		
Less deferred financing costs [(e)]	63	69		
Total long-term debt	$ 5,329	$ 5,486		

[a] As of December 31, 2015, L+ equals 3 month LIBOR plus x%, except for the NRG Marsh Landing term loan, Walnut Creek term loan, and NRG Yield LLC and Yield operating LLC Revolving Credit Facility where L+ equals 1 month LIBOR plus x% and Kansas South where L+ equals 6 month LIBOR plus x%.
[b] Net of discount of $21 million as of December 31, 2015.
[c] Net of discount of $15 million and $19 million as of December 31, 2015, and December 31, 2014, respectively.
[d] Applicable rate is determined by the Borrower Leverage Ratio, as defined in the credit agreement.
[e] Total net debt reflects the reclassification of deferred financing costs to reduce long-term debt as further described in Note 2, *Summary of Significant Accounting Policies*.

The financing arrangements listed above contain certain covenants, including financial covenants that the Company is required to be in compliance with during the term of the arrangement. As of December 31, 2015, the Company was in compliance with all of the required covenants.

The Company's pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately $454 million as of December 31, 2015.

2020 Convertible Senior Notes

On June 29, 2015, the Company closed on its offering of $287.5 million aggregate principal amount of 3.25% Convertible Senior Notes due 2020, or the 2020 Convertible Notes. The 2020 Convertible Notes are convertible, under certain circumstances, into the Company's Class C common stock, cash or a combination thereof at an initial conversion price of $27.50 per Class C common share, which is equivalent to an initial conversion rate of approximately 36.3636 shares of Class C common stock per $1,000 principal amount of notes. Interest on the 2020 Convertible Notes is payable semi-annually in arrears on June 1 and December 1 of each year, commencing on December 1, 2015. The 2020 Convertible Notes mature on June 1, 2020, unless earlier repurchased or converted in accordance with their terms. Prior to the close of business on the business day immediately preceding December 1, 2019, the 2020 Convertible Notes will be convertible only upon the occurrence of certain events and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The 2020 Convertible Notes are guaranteed by NRG Yield Operating LLC and NRG Yield LLC.

The 2020 Convertible Notes are accounted for in accordance with ASC 470-20, *Debt with Conversion and Other Options*. Under ASC 470-20, issuers of convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement, are required to separately account for the liability (debt) and equity (conversion option) components. The application of ACS 470-20 resulted in the recognition of $23 million as the value for the equity component with the offset to debt discount. The debt discount is amortized to interest expense using the effective interest method over the term of the 2020 Convertible Notes.

As of December 31, 2015, the 2020 Convertible Notes were trading at approximately 86% of their face value, resulting in a total market value of $247 million compared to a carrying value of $266 million. The actual conversion value of the 2020 Convertible Notes is based on the product of the conversion rate and the market price of the Company's Class C common stock, as defined in the Convertible Debt indenture. As of December 31, 2015, the Company's Class C common stock closed at $14.76 per share, resulting in a pro forma conversion value for the Convertible Notes of approximately $154 million.

During the year ended December 31, 2015, the Company recorded the following expense in relation to the 2020 Convertible Notes at the effective rate of 5.10%:

(In millions)	
Interest expense at 3.25% coupon rate	$ 5
Debt discount amortization	2
Debt issuance costs amortization	1
	$ 8

2019 Convertible Senior Notes

During the first quarter of 2014, the Company closed on its offering of $345 million aggregate principal amount of 3.50% Convertible Notes due 2019, or the 2019 Convertible Notes. Interest on the 2019 Convertible Notes is payable semi-annually in arrears on February 1 and August 1 of each year, commencing on August 1, 2014. The 2019 Convertible Notes were convertible, under certain circumstances, into the Company’s Class A common stock, cash or a combination thereof at an initial conversion price of $46.55 per Class A common share, which is equivalent to an initial conversion rate of approximately 21.4822 shares of Class A common stock per $1,000 principal amount of Convertible Notes. In connection with the Recapitalization, effective May 15, 2015, the conversion rate was adjusted to 42.9644 shares of Class A common stock per $1,000 principal amount of 2019 Convertible Notes in accordance with the terms of the related indenture. The 2019 Convertible Notes mature on February 1, 2019, unless earlier repurchased or converted in accordance with their terms. Prior to the close of business on the business day immediately preceding August 1, 2018, the 2019 Convertible Notes will be convertible only upon the occurrence of certain events and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The 2019 Convertible Notes are guaranteed by NRG Yield Operating LLC and NRG Yield LLC.

The 2019 Convertible Notes are accounted for in accordance with *ASC 470-20*. The application of *ACS 470-20* resulted in the recognition of $23 million as the value for the equity component with the offset to debt discount. The debt discount is amortized to interest expense using the effective interest method through February 2019.

As of December 31, 2015, the 2019 Convertible Notes were trading at approximately 92% of their face value, resulting in a total market value of $319 million compared to a carrying value of $330 million. The actual conversion value of the 2019 Convertible Notes is based on the product of the conversion rate and the market price of the Company's Class A common stock, as defined in the Convertible Debt indenture. As of December 31, 2015, the Company's Class A common stock closed at $13.91 per share, resulting in a pro forma conversion value for the Convertible Notes of approximately $206 million.

During the year ended December 31, 2015, the Company recorded the following expense in relation to the 2019 Convertible Notes at the effective rate of 5.00%:

(In millions)	
Interest expense at 3.5% coupon rate	$ 12
Debt discount amortization	4
Debt issuance costs amortization	2
	$ 18

NRG Yield Operating LLC 2024 Senior Notes

On August 5, 2014, NRG Yield Operating LLC issued $500 million of senior unsecured notes, or the 2024 Senior Notes. The 2024 Senior Notes bear interest at 5.375% and mature in August 2024. Interest on the notes is payable semi-annually on February 15 and August 15 of each year, and commenced on February 15, 2015. The 2024 Senior Notes are senior unsecured obligations of NRG Yield Operating LLC and are guaranteed by NRG Yield LLC, and by certain of NRG Yield Operating LLC’s wholly owned current and future subsidiaries.

NRG Yield Operating LLC 2026 Senior Notes

On August 18, 2016, NRG Yield Operating LLC issued $350 million of senior unsecured notes, or the 2026 Senior Notes. The 2026 Senior Notes bear interest at 5.00% and mature on September 15, 2026. Interest on the notes is payable semi-annually on March 15 and September 15 of each year, and commence on March 15, 2017. The 2026 Senior Notes are senior unsecured obligations of NRG Yield Operating LLC and are guaranteed by NRG Yield LLC, and by certain of Yield Operating LLC’s wholly owned current and future subsidiaries. A portion of proceeds of the 2026 Senior Notes were used to repay the revolving credit facility in full.

NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility

In connection with the Company's initial public offering of Class A common stock in July 2013, as further described in Note 1, *Nature of Business*, NRG Yield LLC and NRG Yield Operating LLC entered into a senior secured revolving credit facility, or the Yield Credit Facility, which was amended on June 26, 2015, to, among other things, increase the availability to $495 million. The Company's revolving credit facility can be used for cash or for the issuance of letters of credit.

On November 3, 2015, the Company borrowed $209 million from the revolving credit facility to finance the acquisition of the November 2015 Drop Down Assets as discussed in Note 3, *Business Acquisitions*. On December 14, 2015, the Company borrowed $45 million from the revolving credit facility to fund dividend payments and tax equity contributions. As of December 31, 2015, $306 million of borrowings and $56 million of letters of credit were outstanding.

The Company borrowed $60 million from the revolving credit facility and repaid $366 million during the eight months ended August 31, 2016. The repayments included the Company's pro rata proceeds of $97.5 million from the CVSR Holdco Financing Arrangement, as described below, along with $28 million of cash on hand. Additionally, in August 2016, the Company used a portion of its proceeds from the 2026 Senior Notes to pay the remaining revolver balance of $193 million in full as described above. There have been no further borrowings and $63 million of letters of credit were outstanding as of September 1, 2016.

Project - level Debt

El Segundo Credit Agreement

On August 23, 2011, NRG West Holdings LLC, or West Holdings, entered into a credit agreement with a group of lenders in respect to the El Segundo project, or the El Segundo Credit Agreement. The El Segundo Credit Agreement is comprised of a $540 million two tranche construction loan facility with additional facilities for the issuance of letters of credit or working capital loans and is secured by the assets of West Holdings.

The two tranche construction loan facility consists of the $480 million Tranche A Construction Facility, or the Tranche A Facility, and the $60 million Tranche B Construction Facility, or the Tranche B Facility, both of which mature in August 2023 and convert to a term loan. On May 29, 2015, NRG West Holdings amended its financing agreement to increase borrowings under the Tranche A facility by $5 million and to reduce the related interest rate to LIBOR plus an applicable margin of 1.625% from May 29, 2015, to August 31, 2017, LIBOR plus an applicable margin of 1.75% from September 1, 2017, to August 31, 2020, and LIBOR plus 1.875% from September 1, 2020, through the maturity date; to reduce the Tranche B loan interest rate to LIBOR plus an applicable margin of 2.250% from May 29, 2015, to August 31, 2017, LIBOR plus 2.375% from September 1, 2017, to August 31, 2020, and LIBOR plus an applicable margin of 2.50% from September 1, 2020, through the maturity date and to reduce the working capital facility by $9 million. The proceeds of the increased borrowing were used to pay costs associated with the refinancing. Further, the amendment resulted in a $7 million loss on debt extinguishment. The Tranche A and Tranche B Facilities amortize based upon a predetermined schedule over the term of the loan with the balance payable at maturity. The construction loan converted to a term loan on January 28, 2014.

The El Segundo Credit Agreement also provides for the issuance of letters of credit and working capital loans to support the El Segundo project's collateral needs. This includes letter of credit facilities on behalf of El Segundo of up to $90 million in support of the PPA, up to $48 million in support of the collateral agent, and a working capital facility which permits loans or the issuance of letters of credit of up to $10 million.

Alta Wind Financing Arrangements

On June 30, 2015, Yield Operating LLC entered into a tax equity financing arrangement through which it received $119 million in net proceeds, as described in Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities*. These proceeds, as well as proceeds obtained from the June 29, 2015, Yield, Inc. common stock issuance, as described in Note 1, *Nature of Business*, and the 2020 Convertible Notes issuance, as described above, were utilized to repay all of the project indebtedness associated with the Alta Wind X and Alta Wind XI wind facilities outstanding as of that date. The Company also settled interest rate swaps associated with the project level debt for the Alta Wind X and Alta Wind XI wind facilities at a value of $17 million.

Avenal

On March 18, 2015, Avenal, one of the Company's equity method investments, amended its credit agreement to increase its borrowings by $43 million and to reduce the related interest rate from 6 month LIBOR plus an applicable margin of 2.25% to 6 month LIBOR plus 1.75% from March 18, 2015, through March 17, 2022, 6 month LIBOR plus 2.00% from March 18, 2022, through March 17, 2027, and 6 month LIBOR plus 2.25% from March 18, 2027, through the maturity date. As a result of the credit agreement amendment, the Company received net proceeds of $20 million after fees from its 49.95% ownership in Avenal. Effective September 30, 2015, the Company increased its ownership to 50% by acquiring an additional 0.05% membership interest in Avenal.

Viento

On July 11, 2013, Viento entered into a credit agreement with lenders for a $200 million term loan with a maturity date of July 11, 2023 and a working capital facility in the amount of $9 million. The interest rate is 6 month LIBOR plus 2.75% until July 11, 2017 when it increases to LIBOR plus 3.00%. On July 11, 2021 it increases to LIBOR plus 3.25% through the maturity date. As of December 31, 2015, $189 million was outstanding under the term loan, nothing was outstanding under the working capital facility, and $27 million of letters of credit were issued.

CVSR

In 2011, High Plains Ranch II, LLC, the direct owner of CVSR, entered into the CVSR Financing Agreement with the FFB to borrow up to $1.2 billion to fund the costs of constructing the solar facility. The CVSR Financing Agreement matures in 2037 and the loans provided by the FFB are guaranteed by the U.S. DOE. Amounts borrowed under the CVSR Financing Agreement accrue interest at a fixed rate based on U.S. Treasury rates plus a spread of 0.375% and are secured by the assets of CVSR. As of December 31, 2015, and 2014, $793 million and $815 million, respectively, were outstanding under the loan. The U.S. Treasury Department awarded cash grants on the CVSR project of $307 million ($285 million net of sequestration), which is approximately 75% of the cash grant amount for which the Company had applied. The cash grant proceeds were used to pay the outstanding balance of the bridge loan due in February 2014 and the remaining amount was used to pay a portion of the outstanding balance on the bridge loan due in August 2014. The remaining balance of the bridge loan due in August 2014 was paid by SunPower.

On July 15, 2016, CVSR Holdco LLC, the indirect owner of the CVSR project, issued $200 million of senior secured notes that bear interest at 4.68% and mature on March 31, 2037. Interest on the notes is payable semi-annually on March 31 and September 30 of each year, and commence on September 30, 2016. Net proceeds were distributed to the Company and NRG based on the ownership as of July 15, 2016, and accordingly, the Company received net proceeds of $97.5 million.

Lease financing arrangements

Alta Wind Holdings (Alta Wind II - V) and Alta I (operating entities) have finance lease obligations issued under lease transactions whereby the respective operating entities sold and leased back undivided interests in specific assets of the project. The sale and related lease transactions are accounted for as financing arrangements as the operating entities have continued involvement with the property. The terms and conditions of each facility lease are substantially similar. Each operating entity makes rental payments as stipulated in the facility lease agreements on a semiannual basis every June 30 and December 30 through the final maturity dates. In addition, the operating entities have a credit agreement with a group of lenders that provides for the issuance of letters of credit to support certain operating and debt service obligations. Certain O&M and rent reserve requirements are satisfied by letters of credit issued under the NRG Yield Operating agreement. As of December 31, 2015, $1,002 million was outstanding under the finance lease obligations, and $122 million of letters of credit were issued under the credit agreement and $19 million were issued under the Yield Credit Facility.

Interest Rate Swaps — Project Financings

Many of the Company's project subsidiaries entered into interest rate swaps, intended to hedge the risks associated with interest rates on non-recourse project level debt. These swaps amortize in proportion to their respective loans and are floating for fixed where the project subsidiary pays its counterparty the equivalent of a fixed interest payment on a predetermined notional value and will receive quarterly the equivalent of a floating interest payment based on the same notional value. All interest rate swap payments by the project subsidiary and its counterparty are made quarterly and the LIBOR is determined in advance of each interest period. In connection with the acquisition of the Alta Wind Portfolio, as described in Note 3, *Business Acquisitions*, the Company acquired thirty-one additional interest rate swaps, thirty of which were settled during 2015 as discussed above. During 2015, the Company acquired thirty-two additional interest rate swaps in connection with the January 2015 and November 2015 drop downs, as described in Note 3, *Business Acquisitions.*

The following table summarizes the swaps, some of which are forward starting as indicated, related to the Company's project level debt as of December 31, 2015.

	% of Principal	Fixed Interest Rate	Floating Interest Rate	Notional Amount at December 31, 2015 (In millions)	Effective Date	Maturity Date
Alpine	85%	2.744%	3-Month LIBOR	$ 122	various	December 31, 2029
Alpine	85%	2.421%	3-Month LIBOR	9	June 24, 2014	June 30, 2025
Avra Valley	85%	2.333%	3-Month LIBOR	51	November 30, 2012	November 30, 2030
AWAM	100%	2.47%	3-Month LIBOR	19	May 22, 2013	May 15, 2031
Blythe	75%	3.563%	3-Month LIBOR	16	June 25, 2010	June 25, 2028
Borrego	75%	1.125%	3-Month LIBOR	9	April 3, 2013	June 30, 2020
El Segundo	75%	2.417%	3-Month LIBOR	358	November 30, 2011	August 31, 2023
Kansas South	75%	2.368%	6-Month LIBOR	25	June 28, 2013	December 31, 2030
Laredo Ridge	75%	2.31%	3-Month LIBOR	83	March 31, 2011	March 31, 2026
Marsh Landing	75%	3.244%	3-Month LIBOR	387	June 28, 2013	June 30, 2023
Roadrunner	75%	4.313%	3-Month LIBOR	30	September 30, 2011	December 31, 2029
South Trent	75%	3.265%	3-Month LIBOR	46	June 15, 2010	June 14, 2020
South Trent	75%	4.95%	3-Month LIBOR	21	June 30, 2020	June 14, 2028
Tapestry	75%	2.21%	3-Month LIBOR	163	December 30, 2011	December 21, 2021
Tapestry	50%	3.57%	3-Month LIBOR	60	December 21, 2021	December 21, 2029
Viento	90%	various	6-Month LIBOR	235	various	various
Walnut Creek Energy	75%	various	3-Month LIBOR	311	June 28, 2013	May 31, 2023
WCEP Holdings	90%	4.003%	3-Month LIBOR	46	June 28, 2013	May 31, 2023
Total				$ 1,991		

Annual Maturities

Annual payments based on the maturities of the Company's debt, for the years ending after December 31, 2015, are as follows:

	(In millions)
2016	$ 264
2017	277
2018	286
2019	951
2020	634
Thereafter	3,280
Total	$ 5,692

Note 10 — *Earnings Per Share*

Basic and diluted earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding. Shares issued during the year are weighted for the portion of the year that they were outstanding. The number of shares and per share amounts for the prior periods presented below have been retrospectively restated to reflect the Recapitalization as further described in Note 11, *Stockholders' Equity*.

The reconciliation of the Company's basic and diluted earnings per share is shown in the following table:

(In millions, except per share data)	Year Ended December 31, 2015		Year Ended December 31, 2014		Period from July 23, 2013 to December 31, 2013	
	Common Class A	Common Class C	Common Class A	Common Class C	Common Class A	Common Class C
Basic and diluted earnings per share attributable to NRG Yield, Inc. common stockholders						
Net income attributable to NRG Yield, Inc.[(a)]	$ 14	$ 19	$ 8	$ 8	$ 7	$ 7
Weighted average number of common shares outstanding	35	49	28	28	23	23
Earnings per weighted average common share — basic and diluted [(a)]	$ 0.40	$ 0.40	$ 0.30	$ 0.30	$ 0.29	$ 0.29

(a) Net income attributable to NRG Yield, Inc. and basic and diluted earnings per share might not recalculate due to presenting values in millions rather than whole dollars.

With respect to the Class A common stock, there were a total of 15 million and 12 million anti-dilutive outstanding equity instruments for the years ended December 31, 2015, and 2014, respectively, related to the 2019 Convertible Notes. With respect to the Class C common stock, there were a total of 5 million anti-dilutive outstanding equity instruments for the year ended December 31, 2015, related to the 2020 Convertible Notes.

Note 11 — *Stockholders' Equity*

On July 22, 2013, in connection with its initial public offering, the Company authorized 500,000,000 shares of Class A common stock, of which 22,511,250 were issued to the public and became outstanding. In return for the issuance of these shares, the Company received $468 million, net of underwriting discounts and commissions of $27 million. In addition, the Company authorized 500,000,000 shares of Class B common stock, of which 42,738,750 were issued to NRG concurrently with the initial public offering and became outstanding. The Company utilized $395 million of the proceeds from the issuance of the Class A common stock to acquire a controlling interest in NRG Yield LLC from NRG. Each share of the Class A common stock and the Class B common stock entitles the holder to one vote on all matters.

On July 29, 2014, the Company issued 12,075,000 shares of Class A common stock for net proceeds, after underwriting discount and expenses, of $630 million. The Company utilized the proceeds of the offering to acquire 12,075,000 additional Class A units of NRG Yield LLC.

Recapitalization

On May 5, 2015, the Company's stockholders approved amendments to the Company's certificate of incorporation that adjusted the Company's capital structure by creating two new classes of capital stock, Class C common stock and Class D common stock, and distributed shares of Class C and Class D common stock to holders of the Company's outstanding Class A and Class B common stock, respectively, through a stock split. The Recapitalization became effective on May 14, 2015.

The Class C common stock and Class D common stock have the same rights and privileges and rank equally, share ratably and are identical in all respects to the shares of Class A common stock and Class B common stock, respectively, as to all matters, except that each share of Class C common stock and Class D common stock is entitled to 1/100th of a vote on all stockholder matters. The par value per share of the Company's Class A common stock and Class B common stock remains unchanged at $0.01 per share after the effect of the stock split described above. Accordingly, the stock split was accounted for as a stock dividend. The Company recorded a transfer between retained earnings and common stock equal to the par value of each share of Class C common stock and Class D common stock that was issued. The Company also retrospectively adjusted all prior period share and per share amounts in the consolidated financial statements for the effect of the stock dividend, so that all periods are comparable.

Class C Common Stock Issuance

On June 29, 2015, the Company closed on its offering of 28,198,000 shares of Class C common stock, which included 3,678,000 shares of Class C common stock purchased by the underwriters through the exercise of an over-allotment option. Net proceeds to the Company from the sale of the Class C common stock were $599 million, net of underwriting discounts and commissions of $21 million. The Company utilized the proceeds of the offering to acquire 28,198,000 additional Class C units of NRG Yield LLC and, as a result, it currently owns 53.3% of the economic interests of NRG Yield LLC, with NRG retaining 46.7% of the economic interests of NRG Yield LLC.

Dividends to Class A and Class C common stockholders

The following table lists the dividends paid on the Company's Class A and Class C common stock during the year ended December 31, 2015:

	Fourth Quarter 2015	Third Quarter 2015	Second Quarter 2015	First Quarter 2015
Dividends per Class A share	$ 0.215	$ 0.21	$ 0.20	$ 0.39
Dividends per Class C share	$ 0.215	$ 0.21	$ 0.20	N/A

Dividends on the Class A and Class C common stock are subject to available capital, market conditions, and compliance with associated laws, regulations and other contractual obligations. The Company expects that, based on current circumstances, comparable cash dividends will continue to be paid in the foreseeable future.

On February 17, 2016, the Company declared a quarterly dividend on its Class A and Class C common stock of $0.225 per share payable on March 15, 2016, to stockholders of record as of March 1, 2016.

On April 26, 2016, the Company declared a quarterly dividend on its Class A and Class C common stock of $0.23 per share payable on June 15, 2016 to stockholders of record as of June 1, 2016.

On July 26, 2016, the Company declared a quarterly dividend on its Class A and Class C common stock of $0.24 per share payable on September 15, 2016 to stockholders of record as of September 1, 2016.

The Company also authorized 10,000,000 shares of preferred stock, par value $0.01 per share. None of the shares of preferred stock have been issued.

Distributions to NRG

The following table lists the distributions paid to NRG during the year ended December 31, 2015:

	Fourth Quarter 2015	Third Quarter 2015	Second Quarter 2015	First Quarter 2015
Distributions per Class B unit	$ 0.215	$ 0.21	$ 0.20	$ 0.39
Distributions per Class D unit	$ 0.215	$ 0.21	$ 0.20	N/A

The portion of the distributions paid by NRG Yield LLC to NRG is recorded as a reduction to the Company's noncontrolling interest balance. The portion of the distributions paid by NRG Yield LLC to the Company was utilized to fund the dividends to the Class A and Class C common stockholders described above.

On February 17, 2016, NRG Yield LLC declared a quarterly distribution on its Class B and Class D units of $0.225 per unit payable to NRG on March 15, 2016.

On April 26, 2016, NRG Yield LLC declared a quarterly distribution on its Class B and Class D units of $0.23 per unit payable to NRG on June 15, 2016

On July 26, 2016, NRG Yield LLC declared a quarterly distribution on its Class B and Class D units of $0.24 per unit payable to NRG on September 15, 2016.

During 2016, 2015 and 2014, the Company acquired the Drop Down Assets from NRG, as described in Note 3, *Business Acquisitions*. The difference between the cash paid and historical value of the CVSR Drop Down was recorded as a contribution from NRG and increased the balance of its noncontrolling interest in 2016. The difference between the cash paid and historical value of the January 2015 and November 2015 Drop Down Assets of $109 million, as well as 32 million of AOCL, was recorded as a contribution from NRG and increased the balance of its noncontrolling interest in 2015. The difference between the cash paid and historical value of the June 2014 Drop Down Assets of $113 million was recorded as a distribution to NRG and reduced the balance of its noncontrolling interest in 2014. In addition, as the projects were owned by NRG prior to the Company's acquisitions, the pre-acquisition earnings of such projects are recorded as attributable to NRG's noncontrolling interest. Prior to the date of acquisition, certain of the projects made distributions to NRG and NRG made contributions into certain projects. These amounts are reflected within the Company's statement of stockholders' equity as changes in the noncontrolling interest balance. In addition, NRG maintained a 25% ownership interest in the Class B interests of NRG TE Wind Holdco. This 25% interest is also reflected within the Company's noncontrolling interest balance.

Note 12 — *Segment Reporting*

The Company's segment structure reflects how management currently operates and allocates resources. The Company's businesses are primarily segregated based on conventional power generation, renewable businesses which consist of solar and wind, and the thermal and chilled water business. The Corporate segment reflects the Company's corporate costs. The Company's chief operating decision maker, its Chief Executive Officer, evaluates the performance of its segments based on operational measures including adjusted earnings before interest, taxes, depreciation and amortization, or Adjusted EBITDA, and CAFD, as well as net income (loss).

The Company generated more than 10% of its revenues from the following customers for the years ended December 31, 2015, 2014 and 2013:

	2015		2014		2013	
Customer	**Conventional (%)**	**Renewables (%)**	**Conventional (%)**	**Renewables (%)**	**Conventional (%)**	**Renewables (%)**
SCE	23%	17%	24%	7%	13%	3%
PG&E	13%	12%	15%	13%	19%	17%

	Year ended December 31, 2015				
(In millions)	**Conventional Generation**	**Renewables**	**Thermal**	**Corporate**	**Total**
Operating revenues	$ 336	$ 443	$ 174	$ —	$ 953
Cost of operations	59	136	126	—	321
Depreciation and amortization	81	197	19	—	297
General and administrative	—	—	—	12	12
Acquisition-related transaction and integration costs	—	—	—	3	3
Operating income (loss)	196	110	29	(15)	320
Equity in earnings of unconsolidated affiliates	14	12	—	—	26
Other income, net	1	2	—	—	3
Loss on extinguishment of debt	(7)	(2)	—	—	(9)
Interest expense	(48)	(147)	(7)	(61)	(263)
Income (loss) before income taxes	156	(25)	22	(76)	77
Income tax expense	—	—	—	12	12
Net Income (Loss)	$ 156	$ (25)	$ 22	$ (88)	$ 65
Balance Sheet					
Equity investment in affiliates	$ 110	$ 587	$ —	$ —	$ 697
Capital expenditures [(a)]	4	6	20	—	30
Total Assets	$ 2,102	$ 5,970	$ 428	$ 189	$ 8,689

[(a)] Includes accruals.

(In millions)	Year ended December 31, 2014 Conventional Generation	Renewables	Thermal	Corporate	Total
Operating revenues	$ 317	$ 316	$ 195	$ —	$ 828
Cost of operations	55	83	139	—	277
Depreciation and amortization	82	133	18	—	233
General and administrative	—	—	—	8	8
Acquisition-related transaction and integration costs	—	—	—	4	4
Operating income (loss)	180	100	38	(12)	306
Equity in earnings of unconsolidated affiliates	14	3	—	—	17
Other income, net	—	5	—	1	6
Loss on extinguishment of debt	—	(1)	—	—	(1)
Interest expense	(53)	(126)	(7)	(30)	(216)
Income (loss) before income taxes	141	(19)	31	(41)	112
Income tax expense	—	—	—	4	4
Net Income (Loss)	$ 141	$ (19)	$ 31	$ (45)	$ 108
Balance Sheet					
Equity investments in affiliates	$ 114	$ 194	$ —	$ —	$ 308
Capital expenditures [(a)]	6	27	7	—	40
Total Assets	$ 2,169	$ 5,724	$ 436	$ 465	$ 8,794

[(a)] Includes accruals. Capital expenditures for Renewables include a sales tax refund received by Alpine in the first quarter of 2014.

(In millions)	Year ended December 31, 2013 Conventional Generation	Renewables	Thermal	Corporate	Total
Operating revenues	$ 138	$ 144	$ 152	$ —	$ 434
Cost of operations	23	21	110	—	154
Depreciation and amortization	20	57	15	—	92
General and administrative	—	—	—	7	7
Operating income (loss)	95	66	27	(7)	181
Equity in earnings of unconsolidated affiliates	16	4	—	—	20
Other income, net	1	3	—	—	4
Interest expense	(25)	(40)	(7)	—	(72)
Income (loss) before income taxes	87	33	20	(7)	133
Income tax expense	—	—	—	8	8
Net Income (Loss)	$ 87	$ 33	$ 20	$ (15)	$ 125

Note 13 — *Income Taxes*

Effective Tax Rate

The income tax provision consisted of the following amounts:

	Year Ended December 31, 2015	2014	2013
	(In millions, except percentages)		
Current			
U.S. Federal	$ —	$ —	$ —
Total — current	—	—	—
Deferred			
U.S. Federal	10	2	14
State	2	2	(6)
Total — deferred	12	4	8
Total income tax expense	$ 12	$ 4	$ 8
Effective tax rate	15.6%	3.6%	5.8%

A reconciliation of the U.S. federal statutory rate of 35% to the Company's effective rate is as follows:

	Year Ended December 31,		
	2015	2014	2013 [(a)]
	(In millions, except percentages)		
Income Before Income Taxes	77	112	133
Tax at 35%	27	39	47
State taxes, net of federal benefit	2	1	(6)
Investment tax credits	(1)	—	—
Impact of non-taxable partnership earnings	(15)	(31)	(33)
Production tax credits	(4)	(6)	—
Change in state effective tax rate	—	1	—
Other	3	—	—
Income tax expense	$ 12	$ 4	$ 8
Effective income tax rate	15.6%	3.6%	5.8%

[(a)] Represents 34.5% ownership for the period July 22, 2013 through December 31, 2013.

For the years ended December 31, 2015, 2014 and 2013, the overall effective tax rate was different than the statutory rate of 35% primarily due to taxable earnings allocated to NRG resulting from its interest in NRG Yield LLC and production tax credits generated from certain wind facilities.

The Company currently owns 53.3% of NRG Yield LLC and consolidates the results due to its controlling interest. The Company records NRG's 46.7% ownership as noncontrolling interest in the financial statements. For tax purposes, NRG Yield LLC is treated as a partnership; therefore, the Company and NRG each record their respective share of taxable income or loss.

The temporary differences, which gave rise to the Company's deferred tax assets, consisted of the following:

	As of December 31,	
	2015	2014
	(In millions)	
Deferred tax assets:		
Investment in projects	$ —	$ 47
Production tax credits carryforwards	10	6
Investment tax credits	1	—
U.S. Federal net operating loss carryforwards	181	74
State net operating loss carryforwards	5	7
Total deferred tax assets	197	134
Deferred tax liabilities:		
Investment in projects	$ 27	$ —
Total deferred tax liabilities	27	—
Net non-current deferred tax asset	$ 170	$ 134

Tax Receivable and Payable

As of December 31, 2015, the Company had a domestic tax receivable of $6 million, which related to federal cash grants for the Borrego project. This amount is fully reserved pending further discussions with the US Treasury Department.

Deferred Tax Assets and Valuation Allowance

Net deferred tax balance — As of December 31, 2015, and 2014, NRG recorded a net deferred tax asset of $170 million and $134 million, respectively. The Company believes it is more likely than not that the results of future operations will generate sufficient taxable income which includes the future reversal of existing taxable temporary differences to realize deferred tax assets. In arriving at this conclusion to utilize projections of future profit before tax in its estimate of future taxable income, the Company considered the profit before tax generated in recent years.

NOL carryforwards — At December 31, 2015, the Company had domestic NOLs carryforwards for federal income tax purposes of $181 million and cumulative state NOLs of $5 million tax-effected.

Uncertain Tax Positions

The Company had no identified uncertain tax positions that require evaluation as of December 31, 2015.

Note 14 — *Related Party Transactions*

In addition to the transactions and relationships described elsewhere in the notes to the consolidated financial statements, certain subsidiaries of NRG provide services to the Company's project entities. Amounts due to NRG subsidiaries are recorded as accounts payable — affiliate and amounts due to the Company from NRG subsidiaries are recorded as accounts receivable — affiliate in the Company's balance sheet.

Power Hedge Contracts by and between Renewable Entities and NRG Texas Power LLC

Elbow Creek and Goat Wind, the Company's subsidiaries from Renewable segment, entered into power hedge contracts with NRG Texas Power LLC and generated $16 million, $12 million and $7 million during the years ended December 31, 2015, 2014 and 2013, respectively. Included in the revenues for the years ended December 31, 2015, and 2014, are unrealized losses and gains, respectively, on forward contracts with NRG Texas Power LLC hedging the sale of power from the Elbow Creek wind facility extending through the end of 2015, as further described in Note 7*, Accounting for Derivative Instruments and Hedging Activities*.

Operations and Maintenance Services (O&M) Agreements by and between Thermal Entities and NRG

On October 1, 2014, NRG entered into Plant O&M Services Agreements with certain wholly-owned subsidiaries of the Company. NRG provides necessary and appropriate services to operate and maintain the subsidiaries' plant operations, businesses and thermal facilities. NRG is to be reimbursed for the provided services, as well as for all reasonable and related expenses and expenditures, and payments to third parties for services and materials rendered to or on behalf of the parties to the agreements. NRG is not entitled to any management fee or mark-up under the agreements. Prior to October 1, 2014, NRG provided the same services to Thermal entities on an informal basis. For the years ended December 31, 2015, 2014, and 2013, total fees incurred under the agreements were $29 million, $27 million, and $24 million, respectively. There was a balance of $29 million and $22 million due to NRG in accounts payable — affiliate as of December 31, 2015, and 2014, respectively.

Power Sales and Services Agreement by and between NRG Energy Center Dover LLC and NRG

NRG Energy Center Dover LLC, or NRG Dover, a subsidiary of the Company is party to a Power Sales and Services Agreement with NRG Power Marketing LLC, or NRG Power Marketing, a wholly-owned subsidiary of NRG. The agreement is automatically renewed on a month-to-month basis unless terminated by either party upon at least 30 day written notice. Under the agreement, NRG Power Marketing has the exclusive right to (i) manage, market and sell power, (ii) procure fuel and fuel transportation for operation of the Dover generating facility, to include for purposes other than generating power, (iii) procure transmission services required for the sale of power, and (iv) procure and market emissions credits for operation of the Dover generating facility.

In addition, NRG Power Marketing has the exclusive right and obligation to direct the output from the generating facility, in accordance with and to meet the terms of any power sales contracts executed against the power generation of the Dover facility. Under the agreement, NRG Power Marketing pays NRG Dover gross receipts generated through sales, less costs incurred by NRG Power Marketing related to providing such services as transmission and delivery costs, as well as fuel costs. In July 2013, the originally coal-fueled plant was converted to a natural gas facility. For the years ended December 31, 2015, 2014 and 2013, NRG Dover purchased approximately $5 million, $10 million and $5 million, respectively, of natural gas from NRG Power Marketing.

Energy Marketing Services Agreement by and between NRG Energy Center Minneapolis LLC and NRG

NRG Energy Center Minneapolis LLC, or NRG Minneapolis, a subsidiary of the Company is party to an Energy Marketing Services Agreement with NRG Power Marketing, a wholly-owned subsidiary of NRG. The agreement commenced in August 2014 and is automatically renewed annually unless terminated by either party upon at least 90 day written notice prior to the end of any term. Under the agreement, NRG Power Marketing will procure fuel and fuel transportation for the operation of the Minneapolis generating facility. For the years ended December 31, 2015 and 2014, NRG Minneapolis purchased approximately $8 million and $2 million, respectively, of natural gas from NRG Power Marketing.

O&M Services Agreements by and between GenConn and NRG

GenConn incurs fees under two O&M agreements with wholly-owned subsidiaries of NRG. The fees incurred under the agreements were $4 million, $6 million and $5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

O&M Services Agreements by and between El Segundo and NRG El Segundo Operations

El Segundo incurs fees under an O&M agreement with NRG El Segundo Operations, Inc., a wholly-owned subsidiary of NRG. Under the O&M agreement, NRG El Segundo Operations, Inc. manages, operates and maintains the El Segundo facility for an initial term of ten years following the commercial operations date. For the years ended December 31, 2015, and 2014, the costs incurred under the agreement were approximately $4 million. The Company incurred $5 million in costs under the agreement for the year ended December 31, 2013. There was a balance of $1 million due to NRG El Segundo in accounts payable — affiliate as of December 31, 2015, and 2014.

Energy Marketing Services Agreement with NRG Power Marketing LLC

El Segundo was a party to an energy marketing services agreement with NRG Power Marketing LLC to procure fuel and market capacity, energy and ancillary output of the facility prior to the start of the PPA with Southern California Edison. The agreement began in April 2013 and ended at the commercial operations date in August 2013. For the years ended December 31, 2014, and 2013, the Company recorded approximately, $1 million and $12 million, respectively, in costs related to this agreement, of which $9 million was recorded to property, plant and equipment in 2013, with the remaining amount recorded to cost of operations in the Company's statement of operations. There were no costs incurred during the year ended December 31, 2015.

Administrative Services Agreement by and between Marsh Landing and GenOn Energy Services, LLC

Marsh Landing is a party to an administrative services agreement with GenOn Energy Services, LLC, a wholly owned subsidiary of NRG, which provides with processing and paying invoices services on behalf of Marsh Landing. Marsh Landing reimburses GenOn Energy Services, LLC for the amounts paid by it. The Company reimbursed costs under this agreement of approximately $13 million for the years ended December 31, 2015, and 2014, respectively, and $36 million for the year ended December 31, 2013. For the years ended December 31, 2014 and 2013, $2 million and $29 million, respectively, were capitalized. There was a balance of $6 million and $4 million due to GenOn Energy Services, LLC in accounts payable — affiliate as of December 31, 2015, and 2014, respectively.

Administrative Services Agreement by and between CVSR and NRG

CVSR is a party to an administrative services agreement with NRG Energy Services LLC, a wholly-owned subsidiary of NRG, which provides O&M services on behalf of CVSR. CVSR reimburses NRG Energy Services LLC for the amounts paid by it. CVSR reimbursed costs under this agreement of $5 million and $7 million for the years ended December 31, 2015, and 2014, respectively.

Management Services Agreement by and between the Company and NRG

NRG provides the Company with various operation, management, and administrative services, which include human resources, accounting, tax, legal, information systems, treasury, and risk management, as set forth in the Management Services Agreement. As of December 31, 2015, the base management fee was approximately $7 million per year, subject to an inflation-based adjustment annually, at an inflation factor based on the year-over-year U.S. consumer price index. The fee is also subject to adjustments following the consummation of future acquisitions and as a result of a change in the scope of services provided under the Management Services Agreement. During the year ended December 31, 2015, the fee was increased by approximately $1 million per year primarily in connection with the acquisition of the January 2015 and November 2015 Drop Down Assets. Costs incurred under this agreement were approximately $8 million and $6 million for the years ended December 31, 2015, and 2014 and $3 million for the period from July 23, 2013 through December 31, 2013. These costs included certain direct expenses incurred by NRG on behalf of the Company in addition to the base management fee, none of which was payable as of December 31, 2015.

Administrative Services Agreements by and between Wind TE Holdco LLC and NRG

Certain subsidiaries of NRG have entered into agreements with the Company's project entities to provide operation and maintenance services for the balance of the plants not covered by turbine supplier's maintenance and service agreements for the postwarranty period. The agreements have various terms with provisions for extension until terminated. For the years ended December 31, 2015, and 2014, the costs incurred under the agreements were $5 million and $3 million, respectively.

Certain subsidiaries of NRG provide support services to NRG Wind TE Holdco LLC project entities pursuant to various support services agreements. The agreements provide for administrative and support services and reimbursements of certain insurance, consultant, and credit costs. For the years ended December 31, 2015, and 2014, the costs incurred under the agreements were $3 million and $1 million, respectively.

Accounts Payable to NRG Repowering Holdings LLC

During 2013, NRG Repowering Holdings, LLC, a wholly-owned subsidiary of NRG, made payments to BA Leasing BSC, LLC, or BA Leasing, of $18 million, which were expected to be repaid with the proceeds of the cash grant received by BA Leasing with respect to the PFMG DG Solar Projects, in connection with a sale-leaseback arrangement between the PFMG DG Solar Projects and BA Leasing. As of December 31, 2013, PFMG DG Solar Projects had a corresponding receivable for the reimbursement of the cash grant from BA Leasing and related payable to NRG Repowering Holdings, LLC. In the first quarter of 2014, the PFMG DG Solar Projects received $11 million from BA Leasing and reduced the remaining receivable with an offset to the deferred liability recorded in connection with the sale - leaseback arrangement. The PFMG DG Solar Projects utilized the $11 million to repay NRG Repowering Holdings LLC. There was a balance of $7 million in accounts payable — affiliate as of December 31, 2015, and 2014.

Note 15 — *Commitments and Contingencies*

Operating Lease Commitments

The Company leases certain facilities and equipment under operating leases, some of which include escalation clauses, expiring on various dates through 2048. The effects of these scheduled rent increases, leasehold incentives, and rent concessions are recognized on a straight-line basis over the lease term unless another systematic and rational allocation basis is more representative of the time pattern in which the leased property is physically employed. Lease expense under operating leases was $10 million, $9 million and $3 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Future minimum lease commitments under operating leases for the years ending after December 31, 2015, are as follows:

Period		(In millions)
2016	$	14
2017		10
2018		10
2019		10
2020		10
Thereafter		165
Total	$	219

Gas and Transportation Commitments

The Company has entered into contractual arrangements to procure power, fuel and associated transportation services. For the years ended December 31, 2015, 2014 and 2013, the Company purchased $40 million, $55 million, and $40 million, respectively, under such arrangements. As further described in Note 14 *Related Party Transactions,* these balances include intercompany sales in the amount of $13 million, $12 million and $7 million, respectively.

As of December 31, 2015, the Company's commitments under such outstanding agreements are estimated as follows:

Period		(In millions)
2016	$	12
2017		6
2018		3
2019		3
2020		3
Thereafter		21
Total	$	48

Contingencies

The Company's material legal proceeding is described below. The Company believes that it has a valid defense to this legal proceeding and intends to defend it vigorously. The Company records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. In addition, legal costs are expensed as incurred. Management assesses such matters based on current information and makes a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought, and the probability of success. The Company is unable to predict the outcome of the legal proceeding below or reasonably estimate the scope or amount of any associated costs and potential liabilities. As additional information becomes available, management adjusts its assessment and estimates of such contingencies accordingly. Because litigation is subject to inherent uncertainties and unfavorable rulings or developments, it is possible that the ultimate resolution of the Company's liabilities and contingencies could be at amounts that are different from its currently recorded reserves and that such difference could be material.

In addition to the legal proceeding noted below, the Company and its subsidiaries are party to other litigation or legal proceedings arising in the ordinary course of business. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect the Company's consolidated financial position, results of operations, or cash flows.

Braun v. NRG Yield, Inc. — On April 19, 2016, plaintiffs filed a purported class action lawsuit against NRG Yield, Inc. and against each current and former member of its board of directors individually in California Superior Court in Kern County, CA. Plaintiffs allege various violations of the Securities Act due to the defendants' alleged failure to disclose material facts related to low wind production prior to the Company's June 22, 2015 Class C common stock offering. Plaintiffs seek compensatory damages, rescission, attorney's fees and costs. On August 3, 2016, the court approved a stipulation entered into by the parties. The stipulation provided that the plaintiffs would file an amended complaint by August 19, 2016, which they did on August 18, 2016. The Defendants need to file a responsive pleading by October 18, 2016.

Note 16 — *Unaudited Quarterly Data*

Refer to Note 2, *Summary of Significant Accounting Policies*, and Note 3, *Business Acquisitions*, for a description of the effect of unusual or infrequently occurring events during the quarterly periods. Summarized unaudited quarterly financial data is as follows:

	Quarter Ended			
	December 31, [a]	September 30, [a]	June 30, [a]	March 31, [a]
	2015			
	(In millions, except per share data)			
Operating Revenues	$ 224	$ 256	$ 259	$ 214
(As previously reported)				
Operating Revenues	209	225	235	200
Change	15	31	24	14
Operating Income	70	101	99	50
(As previously reported)				
Operating Income	66	80	85	46
Change	4	21	14	4
Net Income (Loss)	12	32	42	(21)
(As previously reported)				
Net Income (Loss)	13	24	38	(20)
Change	(1)	8	4	(1)
Net Income (Loss) Attributable to NRG Yield, Inc.	$ 11	$ 17	$ 10	$ (5)
Weighted average number of Class A common shares outstanding - basic and diluted	35	35	35	35
Weighted average number of Class C common shares outstanding - basic and diluted [b]	63	63	35	35
Earnings (Losses) per Weighted Average Class A and Class C Common Share - Basic and Diluted	$ 0.12	$ 0.18	$ 0.15	$ (0.07)

[a] The Company's unaudited quarterly financial data was recast for the effect of the CVSR Drop Down.

	Quarter Ended			
	December 31, [a]	September 30, [a]	June 30, [a]	March 31, [a]
	2014			
	(In millions, except per share data)			
Operating Revenues	$ 225	$ 230	$ 219	$ 154
(As previously reported)				
Operating Revenues	212	199	194	141
Change	13	31	25	13
Operating Income	74	97	82	53
(As previously reported)				
Operating Income	71	84	60	51
Change	3	13	22	2
Net Income	4	41	43	20
(As previously reported)				
Net Income	4	37	35	23
(Change)	—	4	8	(3)
Net Income Attributable to NRG Yield, Inc.	—	6	6	4
Weighted average number of Class A and C common shares outstanding - basic and diluted	35	31	23	23
Earnings per Weighted Average Class A and Class C Common Share - Basic and Diluted	$ 0.01	$ 0.10	$ 0.13	$ 0.09

[a] The Company's unaudited quarterly financial data was recast for the effect of the effect of the CVSR Drop Down.

Schedule I

NRG Yield, Inc. (Parent)

Condensed Financial Information of Registrant

Condensed Statement of Income

	Year ended December 31,		
(In millions)	2015 [a]	2014 [a]	2013 [a]
Total operating expense	$ 2	$ —	$ —
Equity earnings in consolidated subsidiaries	88	117	79
Interest expense	(9)	(5)	—
Total other income, net	79	112	79
Income Before Income Taxes	77	112	79
Income tax expense	12	4	8
Net Income	65	108	71
Less: Net income attributable to noncontrolling interests	42	48	42
Less: Pre-acquisition net (loss) income of Drop Down Assets	(10)	44	16
Net Income Attributable to NRG Yield, Inc.	$ 33	$ 16	$ 13

[a] Retrospectively adjusted as discussed in Item 15 — Note 1, *Nature of Business* of the Company's Consolidated Financial Statements.

See accompanying notes to condensed financial statements.

Schedule I

NRG Yield, Inc. (Parent)

Condensed Balance Sheets

	Year ended December 31,	
	2015 [a]	2014 [a]
	(In millions)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 1	$ —
Noncurrent Assets:		
Investment in consolidated subsidiaries	2,540	2,582
Note receivable - Yield Operating	618	337
Deferred income taxes	170	134
Total Assets	3,329	3,053
Liabilities and Equity		
Accounts payable — affiliate	4	—
Other current liabilities	1	—
Long-term debt	586	321
Total Liabilities	591	321
Stockholders' Equity:		
Preferred stock, $0.01 par value; 10,000,000 shares authorized; none issued	—	—
Class A, Class B, Class C and Class D common stock, $0.01 par value; 3,000,000,000 shares authorized (Class A 500,000,000, Class B 500,000,000, Class C 1,000,000,000, Class D 1,000,000,000); 182,848,000 shares issued and outstanding (Class A 34,586,250, Class B 42,738,750, Class C 62,784,250, Class D 42,738,750) at December 31, 2015 and 154,650,000 shares issued and outstanding (Class A 34,586,250, Class B 42,738,750, Class C 34,586,250, Class D 42,738,750) at December 31, 2014	1	—
Additional paid-in capital	1,855	1,240
Retained earnings	12	3
Accumulated other comprehensive loss	(27)	(9)
Noncontrolling interest	897	1,498
Total Stockholders' Equity	2,738	2,732
Total Liabilities and Stockholders' Equity	$ 3,329	$ 3,053

(a) Retrospectively adjusted as discussed in Item 15 — Note 1, *Nature of Business* of the Company's Consolidated Financial Statements.

See accompanying notes to condensed financial statements.

Schedule I

NRG Yield, Inc. (Parent)

Condensed Statements of Cash Flows

	Years ended December 31,		
	2015 [(a)]	2014 [(a)]	2013 [(a)]
	(In millions)		
Net Cash Provided by (Used in) Operating Activities	$ 2	$ (1)	$ 5
Cash Flows from Investing Activities			
Investments in consolidated affiliates	(600)	(630)	(468)
Increase in notes receivable - affiliate	(281)	(337)	—
Net Cash Used in Investing Activities	(881)	(967)	(468)
Cash Flows from Financing Activities			
Proceeds from issuance of debt	288	345	—
Proceeds from the issuance of common stock	599	630	468
Payment of debt issuance costs	(7)	(7)	—
Cash received from Yield LLC for the payment of dividends	69	41	—
Payment of dividends	(69)	(41)	(5)
Net Cash Provided by Financing Activities	880	968	463
Net Increase in Cash and Cash Equivalents	1	—	—
Cash and Cash Equivalents at Beginning of Period	—	—	—
Cash and Cash Equivalents at End of Period	$ 1	$ —	$ —

[(a)] Retrospectively adjusted as discussed in Note 1, *Nature of Business* of the Company's Consolidated Financial Statements.

See accompanying notes to condensed financial statements.

NRG Yield, Inc. (Parent)

Notes to Condensed Financial Statements

Note 1 — Background and Basis of Presentation

Background

NRG Yield, Inc., is a dividend growth-oriented company formed by NRG, as a Delaware corporation on December 20, 2012. The Company used the net proceeds from its initial public offering of Class A common stock on July 22, 2013, to acquire 19,011,250 Class A units of NRG Yield LLC from NRG, as well as 3,500,000 Class A units directly from NRG Yield LLC. At the time of the offering, NRG owned 42,738,750 NRG Yield LLC Class B units. NRG Yield LLC, through its wholly owned subsidiary, NRG Yield Operating LLC, is a holder of a portfolio of renewable and conventional generation and thermal infrastructure assets, primarily located in the Northeast, Southwest and California regions of the U.S.

On July 29, 2014, the Company issued 12,075,000 shares of Class A common stock for net proceeds, after underwriting discount and expenses, of $630 million. The Company utilized the proceeds of the offering to acquire 12,075,000 additional Class A units of NRG Yield LLC. On May 14, 2015, the Company completed a stock split in connection with which each outstanding share of Class A common stock was split into one share of Class A common stock and one share of Class C common stock, and each outstanding share of Class B common stock was split into one share of Class B common stock and one share of Class D common stock. The stock split is referred to as the Recapitalization and all applicable disclosures have been retrospectively adjusted to reflect the Recapitalization. In addition, on June 29, 2015, the Company completed the issuance of 28,198,000 shares of Class C common stock for net proceeds of $599 million. See further discussion in Note 11, *Stockholders' Equity* to the Company's consolidated financial statements. As a result and as of December 31, 2015, the Company has a 53.3% economic interest in NRG Yield LLC.

The holders of the Company's issued and outstanding shares of Class A and Class C common stock have 100% of economic interest in the Company and are entitled to dividends. NRG receives its distributions from Yield LLC through its ownership of Class B and Class D common units.

Basis of Presentation

The condensed parent-only company financial statements have been prepared in accordance with Rule 12-04 of Regulation S-X, as the restricted net assets of NRG Yield, Inc.'s subsidiaries exceed 25% of the consolidated net assets of NRG Yield, Inc. The parent's 100% investment in its subsidiaries has been recorded using the equity basis of accounting in the accompanying condensed parent-only financial statements. These statements should be read in conjunction with the consolidated financial statements and notes thereto of NRG Yield, Inc. As described in Note 1, *Nature of Business*, to the Company's consolidated financial statements, the Company's historical financial statements previously filed with the SEC have been recast to include the results attributable to the CVSR Drop Down and the November 2015 Drop Down Assets from the date these entities were under common control.

Note 2 — Long-Term Debt

For a discussion of NRG Yield Inc.'s financing arrangements, see Note 9, *Long-term Debt,* to the Company's consolidated financial statements.

Note 3 — Commitments, Contingencies and Guarantees

See Note 13, *Income Taxes* and Note 15, *Commitments and Contingencies* to the Company's consolidated financial statements for a detailed discussion of NRG Yield, Inc.'s commitments and contingencies.

Note 4 — Dividends

Cash distributions paid to NRG Yield, Inc. by its subsidiary, NRG Yield LLC, were $69 million, $41 million and $5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Exhibit 99.7

ITEM 1 — FINANCIAL STATEMENTS

NRG YIELD, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except per share amounts)	Three months ended March 31, 2016 [a]	2015 [a]
Operating Revenues		
Total operating revenues	$ 234	$ 214
Operating Costs and Expenses		
Cost of operations	85	86
Depreciation and amortization	74	75
General and administrative	3	3
Total operating costs and expenses	162	164
Operating Income	72	50
Other Income (Expense)		
Equity in earnings of unconsolidated affiliates	3	3
Other income, net	—	1
Interest expense	(74)	(79)
Total other expense, net	(71)	(75)
Income (Loss) Before Income Taxes	1	(25)
Income tax benefit	—	(4)
Net Income (Loss)	1	(21)
Less: Pre-acquisition net loss of Drop Down Assets	(1)	(5)
Net Income (Loss) Excluding Pre-acquisition Net Loss of Drop Down Assets	2	(16)
Less: Net loss attributable to noncontrolling interests	(3)	(11)
Net Income (Loss) Attributable to NRG Yield, Inc.	$ 5	$ (5)
Earnings (Loss) Per Share Attributable to NRG Yield, Inc. Class A and Class C Common Stockholders		
Weighted average number of Class A common shares outstanding - basic and diluted	35	35
Weighted average number of Class C common shares outstanding - basic and diluted	63	35
Earnings (Loss) per Weighted Average Class A and Class C Common Share - Basic and Diluted	0.05	(0.07)
Dividends Per Class A Common Share	$ 0.225	$ 0.39
Dividends Per Class C Common Share	$ 0.225	N/A

[a] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.
N/A - Not applicable.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(In millions)	Three months ended March 31, 2016 [(a)]	2015 [(a)]
Net Income (Loss)	$ 1	$ (21)
Other Comprehensive Loss, net of tax		
Unrealized loss on derivatives, net of income tax benefit of $9 and $8	(41)	(20)
Other comprehensive loss	(41)	(20)
Comprehensive Loss	(40)	(41)
Less: Pre-acquisition net loss of Drop Down Assets	(1)	(5)
Less: Comprehensive loss attributable to noncontrolling interests	(27)	(18)
Comprehensive Loss Attributable to NRG Yield, Inc.	$ (12)	$ (18)

(a) Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except shares)	March 31, 2016 [a]	December 31, 2015 [a]
ASSETS	(unaudited)	
Current Assets		
Cash and cash equivalents	$ 76	$ 111
Restricted cash	108	131
Accounts receivable — trade	91	98
Accounts receivable — affiliate	2	—
Inventory	35	36
Notes receivable	17	17
Prepayments and other current assets	21	23
Total current assets	350	416
Property, plant and equipment, net of accumulated depreciation of $855 and $782	5,834	5,878
Other Assets		
Equity investments in affiliates	689	697
Notes receivable	25	30
Intangible assets, net of accumulated amortization of $111 and $93	1,338	1,362
Deferred income taxes	180	170
Other non-current assets	133	136
Total other assets	2,365	2,395
Total Assets	$ 8,549	$ 8,689
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 265	$ 264
Accounts payable — trade	26	23
Accounts payable — affiliate	25	86
Derivative instruments	38	39
Accrued expenses and other current liabilities	56	77
Total current liabilities	410	489
Other Liabilities		
Long-term debt	5,274	5,329
Accounts payable — affiliate	20	—
Derivative instruments	110	61
Other non-current liabilities	80	72
Total non-current liabilities	5,484	5,462
Total Liabilities	5,894	5,951
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, $0.01 par value; 10,000,000 shares authorized; none issued	—	—
Class A, Class B, Class C and Class D common stock, $0.01 par value; 3,000,000,000 shares authorized (Class A 500,000,000, Class B 500,000,000, Class C 1,000,000,000, Class D 1,000,000,000); 182,848,000 shares issued and outstanding (Class A 34,586,250, Class B 42,738,750, Class C 62,784,250, Class D 42,738,750) at March 31, 2016, and December 31, 2015	1	1
Additional paid-in capital	1,844	1,855
Retained earnings	7	12
Accumulated other comprehensive loss	(44)	(27)
Noncontrolling interest	847	897
Total Stockholders' Equity	2,655	2,738
Total Liabilities and Stockholders' Equity	$ 8,549	$ 8,689

(a) Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three months ended March 31,	
	2016 [a]	2015 [a]
	(In millions)	
Cash Flows from Operating Activities		
Net income (loss)	$ 1	$ (21)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity in earnings from unconsolidated affiliates	(3)	(3)
Distributions from unconsolidated affiliates	7	26
Depreciation, amortization and accretion	75	75
Amortization of financing costs and debt discounts	5	3
Amortization of intangibles and out-of-market contracts	23	12
Changes in income taxes	—	(4)
Changes in derivative instruments	3	(1)
Changes in prepaid and accrued capacity payments	(37)	(37)
Changes in other working capital	15	12
Net Cash Provided by Operating Activities	89	62
Cash Flows from Investing Activities		
Acquisition of Drop Down Assets, net of cash acquired	—	(490)
Capital expenditures	(7)	(3)
Decrease in restricted cash	23	34
Decrease in notes receivable	4	4
Return of investment from unconsolidated affiliates	8	3
Investments in unconsolidated affiliates	(51)	—
Other	2	—
Net Cash Used in Investing Activities	(21)	(452)
Cash Flows from Financing Activities		
Net contributions from noncontrolling interests	10	—
Distributions to NRG for NRG Wind TE Holdco	(4)	—
Distributions to NRG from CVSR pre-acquisition	(11)	(12)
Payment of dividends and distributions to shareholders	(41)	(30)
Payments for long-term debt	(67)	(58)
Net borrowings from the revolving credit facility	10	195
Net Cash (Used in) Provided by Financing Activities	(103)	95
Net Decrease in Cash and Cash Equivalents	(35)	(295)
Cash and Cash Equivalents at Beginning of Period	111	429
Cash and Cash Equivalents at End of Period	$ 76	$ 134

[a] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

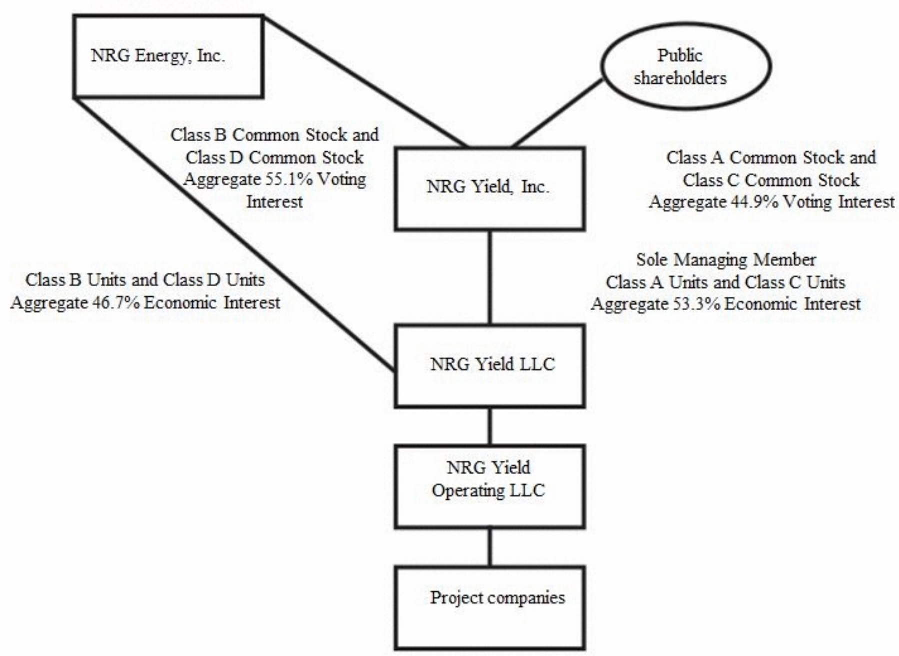
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — *Nature of Business*

NRG Yield, Inc., together with its consolidated subsidiaries, or the Company, is a dividend growth-oriented company formed by NRG as a Delaware corporation on December 20, 2012, to serve as the primary vehicle through which NRG owns, operates and acquires contracted renewable and conventional generation and thermal infrastructure assets. NRG Yield, Inc. owns 100% of the Class A units and Class C units of NRG Yield LLC, including a controlling interest through its position as managing member. NRG Yield LLC, through its wholly owned subsidiary, NRG Yield Operating LLC, is the holder of a portfolio of renewable and conventional generation and thermal infrastructure assets, primarily located in the Northeast, Southwest and California regions of the U.S.

The Company consolidates the results of NRG Yield LLC through its controlling interest, with NRG's interest shown as noncontrolling interest in the financial statements. On May 14, 2015, the Company completed a stock split in connection with which each outstanding share of Class A common stock was split into one share of Class A common stock and one share of Class C common stock, and each outstanding share of Class B common stock was split into one share of Class B common stock and one share of Class D common stock. The stock split is referred to as the Recapitalization and all references to share or per share amounts in the accompanying consolidated financial statements and applicable disclosures have been retrospectively adjusted to reflect the Recapitalization. In addition, on June 29, 2015, NRG Yield, Inc. completed the issuance of 28,198,000 shares of Class C common stock for net proceeds of $599 million. The holders of NRG Yield, Inc.'s outstanding shares of Class A and Class C common stock are entitled to dividends as declared. NRG receives its distributions from NRG Yield LLC through its ownership of NRG Yield LLC Class B and Class D units.

The following table represents the structure of the Company as of March 31, 2016:



As of March 31, 2016, the Company's operating assets are comprised of the following projects:

Projects	Percentage Ownership	Net Capacity (MW)[(a)]	Offtake Counterparty	Expiration
Conventional				
El Segundo	100%	550	Southern California Edison	2023
GenConn Devon	50%	95	Connecticut Light & Power	2040
GenConn Middletown	50%	95	Connecticut Light & Power	2041
Marsh Landing	100%	720	Pacific Gas and Electric	2023
Walnut Creek	100%	485	Southern California Edison	2023
		1,945		
Utility Scale Solar				
Alpine	100%	66	Pacific Gas and Electric	2033
Avenal	50%	23	Pacific Gas and Electric	2031
Avra Valley	100%	26	Tucson Electric Power	2032
Blythe	100%	21	Southern California Edison	2029
Borrego	100%	26	San Diego Gas and Electric	2038
CVSR	100%	250	Pacific Gas and Electric	2038
Desert Sunlight 250	25%	63	Southern California Edison	2035
Desert Sunlight 300	25%	75	Pacific Gas and Electric	2040
Kansas South	100%	20	Pacific Gas and Electric	2033
Roadrunner	100%	20	El Paso Electric	2031
TA High Desert	100%	20	Southern California Edison	2033
		610		
Distributed Solar				
AZ DG Solar Projects	100%	5	Various	2025 - 2033
PFMG DG Solar Projects	51%	4	Various	2032
		9		
Wind				
Alta I	100%	150	Southern California Edison	2035
Alta II	100%	150	Southern California Edison	2035
Alta III	100%	150	Southern California Edison	2035
Alta IV	100%	102	Southern California Edison	2035
Alta V	100%	168	Southern California Edison	2035
Alta X [(b)]	100%	137	Southern California Edison	2038
Alta XI [(b)]	100%	90	Southern California Edison	2038
Buffalo Bear	100%	19	Western Farmers Electric Co-operative	2033
Crosswinds	74.3%	16	Corn Belt Power Cooperative	2027
Elbow Creek	75%	92	NRG Power Marketing LLC	2022
Elkhorn Ridge	50.3%	41	Nebraska Public Power District	2029
Forward	75%	22	Constellation NewEnergy, Inc.	2017
Goat Wind	74.9%	113	Dow Pipeline Company	2025
Hardin	74.3%	11	Interstate Power and Light Company	2027
Laredo Ridge	100%	80	Nebraska Public Power District	2031
Lookout	75%	29	Southern Maryland Electric Cooperative	2030
Odin	74.9%	15	Missouri River Energy Services	2028
Pinnacle	100%	55	Maryland Department of General Services and University System of Maryland	2031
San Juan Mesa	56.3%	68	Southwestern Public Service Company	2025
Sleeping Bear	75%	71	Public Service Company of Oklahoma	2032
South Trent	100%	101	AEP Energy Partners	2029
Spanish Fork	75%	14	PacifiCorp	2028
Spring Canyon II [(b)]	90.1%	29	Platte River Power Authority	2039
Spring Canyon III [(b)]	90.1%	25	Platte River Power Authority	2039
Taloga	100%	130	Oklahoma Gas & Electric	2031
Wildorado	74.9%	121	Southwestern Public Service Company	2027
		1,999		

6

Projects	Percentage Ownership	Net Capacity (MW)[a]	Offtake Counterparty	Expiration
Thermal				
Thermal equivalent MWt [c]	100%	1,315	Various	Various
Thermal generation	100%	124	Various	Various
Total net capacity (excluding equivalent MWt)[d]		4,687		

[a] Net capacity represents the maximum, or rated, generating capacity of the facility multiplied by the Company's percentage ownership in the facility as of March 31, 2016.
[b] Projects are part of tax equity arrangements.
[c] For thermal energy, net capacity represents MWt for steam or chilled water and excludes 134 MWt available under the right-to-use provisions contained in agreements between two of the Company's thermal facilities and certain of its customers.
[d] Total net capacity excludes 57 MW for RPV Holdco and 45 MW for DGPV Holdco, which are consolidated by NRG, as further described in Note 5, *Variable Interest Entities, or VIEs*.

Substantially all of the Company's generation assets are under long-term contractual arrangements for the output or capacity from these assets. The thermal assets are comprised of district energy systems and combined heat and power plants that produce steam, hot water and/or chilled water and in some instances, electricity at a central plant. Three of the district energy systems are subject to rate regulation by state public utility commissions while the other district energy systems have rates determined by negotiated bilateral contracts.

As described in Note 12, *Related Party Transactions*, the Company entered into a management services agreement with NRG for various services, including human resources, accounting, tax, legal, information systems, treasury, and risk management.

Stockholders' equity represents the equity associated with the Class A and Class C common stockholders, with the equity associated with the Class B and Class D common stockholder, NRG, and the third-party interests under certain tax equity arrangements classified as noncontrolling interest.

As described in Note 3, *Business Acquisitions*, on November 3, 2015, the Company acquired 75% of the Class B interests of NRG Wind TE Holdco, or the November 2015 Drop Down Assets, from NRG for cash consideration of $209 million. In February 2016, NRG made a final working capital payment of $2 million, reducing total cash consideration to $207 million. Additionally, on January 2, 2015, the Company acquired the Laredo Ridge, Tapestry, and Walnut Creek projects, or the January 2015 Drop Down Assets, for total cash consideration of $489 million, including $9 million for working capital. In addition, as described in Note 3, *Business Acquisitions*, the Company acquired the remaining 51.05% of CVSR, or the CVSR Drop Down, on September 1, 2016, for cash consideration of $78.5 million. The CVSR Drop Down, the November 2015 Drop Down Assets and the January 2015 Drop Down Assets, or collectively, the Drop Down Assets, were accounted for as transfers of entities under common control. The accounting guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control. Accordingly, the Company prepared its consolidated financial statements to reflect the transfers as if they had taken place from the beginning of the financial statements period or from the date the entities were under common control (if later than the beginning of the financial statements period), which was April 1, 2014 for the January Drop Down Assets and the majority of the November 2015 Drop Down Assets. The recast did not affect net income attributable to NRG Yield, Inc., weighted average number of shares outstanding, earnings per share or dividends. With respect to the November 2015 Drop Down Assets, the Company has recorded all minority interests in NRG Wind TE Holdco as noncontrolling interest in the Consolidated Financial Statements for all periods presented.

With respect to the CVSR Drop Down, prior to the transaction, the Company recorded its 48.95% interest in CVSR as an equity method investment. In connection with the retrospective adjustment of prior periods, the Company has removed the equity method investment from all prior periods and adjusted its financial statements to reflect its results of operations, financial position and cash flows as if it had consolidated CVSR from the beginning of the financial statement period.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the SEC’s regulations for interim financial information. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. The following notes should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the Company’s audited consolidated financial statements for the year ended December 31, 2015. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments consisting of normal and recurring accruals necessary to present fairly the Company's consolidated financial position as of March 31, 2016, and the results of operations, comprehensive income and cash flows for the three months ended March 31, 2016, and 2015.

Note 2 — *Summary of Significant Accounting Policies*

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during the reporting period. Actual results could be different from these estimates.

Noncontrolling Interests

The following table reflects the changes in the Company's noncontrolling interest balance:

		(In millions)
Balance as of December 31, 2015	$	897
Capital contributions from tax equity investors, net of distributions		10
November 2015 Drop Down Assets working capital payment		2
Comprehensive loss		(27)
Distributions to NRG		(34)
Pre-acquisition net loss of Drop Down assets		(1)
Balance as of March 31, 2016	$	847

Distributions to NRG

The following table lists the distributions paid on NRG Yield LLC's Class B and D units during the three months ended March 31, 2016:

		First Quarter 2016
Distributions per Class B Unit	$	0.225
Distributions per Class D Unit	$	0.225

On April 26, 2016, NRG Yield LLC declared a distribution on its units of $0.23 per unit payable on June 15, 2016 to unit holders of record as of June 1, 2016. The portion of the distributions paid by NRG Yield LLC to NRG is recorded as a reduction to the Company's noncontrolling interest balance.

On July 26, 2016, NRG Yield LLC declared a distribution on its units of $0.24 per unit payable on September 15, 2016 to unit holders of record as of September 1, 2016. The portion of the distributions paid by NRG Yield LLC to NRG is recorded as a reduction to the Company's noncontrolling interest balance.

Additionally, the Company paid $4 million to NRG relating to its noncontrolling interest in NRG Wind TE Holdco for the three months ended March 31, 2016.

NRG Indemnity Receivable

As of March 31, 2016, $75 million remains receivable as the balance is expected to be fully recovered from the current litigation with SunPower pursuant to the existing indemnity on the project. In addition, during the first quarter of 2016, CVSR recorded a payable to SunPower for $7 million that SunPower overpaid for liquidated damages pursuant to the project indemnities with a corresponding increase to the related property, plant and equipment.

The agreement between NRG and the Company for the CVSR Drop Down specified that all amounts related to the litigation with SunPower are excluded from the acquisition. Accordingly, prior to close of the transaction, the $75 million receivable and $7 million payable were transferred to NRG as a net reduction to its ownership interest in CVSR.

Recent Accounting Developments

ASU 2016-07 — In March 2016, the FASB issued ASU No. 2016-07, *Investments - Equity Method and Joint Ventures* (Topic 323), or ASU No. 2016-07. The amendments of ASU No. 2016-07 eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting with no retroactive adjustment to the investment. In addition, ASU No. 2016-07 requires that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The guidance in ASU No. 2016-07 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. The adoption of ASU No. 2016-07 is required to be applied prospectively and early adoption is permitted. The Company does not expect the standard to have a material impact on its results of operations, cash flows and financial position.

ASU 2016-02 — In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), or ASU No. 2016-02. The amendments of ASU No. 2016-02 complete the joint effort between the FASB and the International Accounting Standards Board, or IASB, to develop a common leasing standard for U.S. GAAP and International Financial Reporting Standards, or IFRS, with the objective to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and to improve financial reporting. The guidance in ASU No. 2016-02 provides that a lessee that may have previously accounted for a lease as an operating lease under current GAAP should recognize the assets and liabilities that arise from a lease on the balance sheet. In addition, ASU No. 2016-02 expands the required quantitative and qualitative disclosures with regards to lease arrangements. The guidance in ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those annual periods. The adoption of ASU No. 2016-02 is required to be applied using a modified retrospective approach for the earliest period presented and early adoption is permitted. The Company is currently evaluating the impact of the standard on the Company's results of operations, cash flows and financial position.

ASU 2016-01 — In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, or ASU No. 2016-01. The amendments of ASU No. 2016-01 eliminate available-for-sale classification of equity investments and require that equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be generally measured at fair value with changes in fair value recognized in net income. Further, the amendments require financial assets and financial liabilities to be presented separately in the notes to the financial statements, grouped by measurement category and form of financial asset. The guidance in ASU No. 2016-01 is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those annual periods. The Company is currently evaluating the impact of the standard on the Company's results of operations, cash flows and financial position.

ASU 2015-16 — In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, or ASU No. 2015-16. The amendments of ASU No. 2015-16 require that an acquirer recognize measurement period adjustments to the provisional amounts recognized in a business combination in the reporting period during which the adjustments are determined. Additionally, the amendments of ASU No. 2015-16 require the acquirer to record in the same period's financial statements the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the measurement period adjustment, calculated as if the accounting had been completed at the acquisition date as well as disclosing on either the face of the income statement or in the notes the portion of the amount recorded in current period earnings that would have been recorded in previous reporting periods. The guidance in ASU No. 2015-16 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The amendments should be applied prospectively. The Company adopted this standard on January 1, 2016, and the adoption of this standard did not impact the Company's results of operations, cash flows or financial position.

ASU 2014-09 — In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), or ASU No. 2014-09. The amendments of ASU No. 2014-09 complete the joint effort between the FASB and the International Accounting Standards Board, or IASB, to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards, or IFRS, and to improve financial reporting. The guidance in ASU No. 2014-09 provides that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for the goods or services provided and establishes the following steps to be applied by an entity: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies the performance obligation. In August 2015, the FASB issued ASU 2015-14, which formally deferred the effective date by one year to make the guidance of ASU No. 2014-09 effective for annual reporting periods beginning after December 15, 2017, including interim periods therein. Early adoption is permitted, but not prior to the original effective date, which was for annual reporting periods beginning after December 15, 2016. The Company is currently evaluating the impact of the standard on the Company's results of operations, cash flows and financial position. In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606), or ASU No. 2016-10. The amendments of ASU No. 2016-10 provide further clarification on contract revenue recognition as updated by ASU No. 2014-09, specifically related to the identification of separately identifiable performance obligations and the implementation of licensing contracts.

Note 3 — *Business Acquisitions*

2016 Acquisitions

CVSR Drop Down from NRG — On September 1, 2016, the Company acquired the remaining 51.05% interest of CVSR Holdco LLC, which indirectly owns the CVSR solar facility, from NRG, or the CVSR Drop Down, for total cash consideration of $78.5 million, subject to working capital adjustments plus assumed non-recourse project debt. The acquisition was funded with cash on hand.

The assets and liabilities transferred to the Company relate to interests under common control by NRG and were recorded at historical cost in accordance with ASC 805-50, *Business Combinations - Related Issues*. The difference between the cash paid and historical value of the entities' equity was recorded as a contribution from NRG with the offset to noncontrolling interest. Because the transaction constituted a transfer of net assets under common control, the guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control. Prior to the transaction, the Company recorded its 48.95% interest in CVSR as an equity method investment. In connection with the retrospective adjustment of prior periods, the Company has removed the equity method investment from all prior periods and adjusted its financial statements to reflect its results of operations, financial position and cash flows as if it had consolidated CVSR from the beginning of the financial statement period.

In connection with the acquisition and prior to close of the transaction, a $68 million receivable resulting from the litigation with SunPower was transferred to NRG as a reduction to its ownership interest in the Company.

2015 Acquisitions

November 2015 Drop Down Assets from NRG — On November 3, 2015, the Company acquired the November 2015 Drop Down Assets, a portfolio of 12 wind facilities totaling 814 net MW, from NRG for cash consideration of $209 million, subject to working capital adjustments. In February 2016, NRG made a final working capital payment of $2 million, reducing total cash consideration to $207 million. The Company is responsible for its pro-rata share of non-recourse project debt of $193 million and noncontrolling interest associated with a tax equity structure of $159 million (as of the acquisition date).

The Company funded the acquisition with borrowings from its revolving credit facility. The assets and liabilities transferred to the Company relate to interests under common control by NRG and were recorded at historical cost. The difference between the cash paid and historical value of the entities' equity was recorded as a distribution from NRG with the offset to noncontrolling interest.

The Class A interests of NRG Wind TE Holdco are owned by a tax equity investor, or TE Investor, who receives 99% of allocations of taxable income and other items until the flip point, which occurs when the TE Investor obtains a specified return on its initial investment, at which time the allocations to the TE Investor change to 8.53%. The Company generally receives 75% of CAFD until the flip point, at which time the allocations to the Company of CAFD change to 68.60%. If the flip point has not occurred by a specified date, 100% of CAFD is allocated to the TE Investor until the flip point occurs. NRG Wind TE Holdco is a VIE and the Company is the primary beneficiary, through its position as managing member, and consolidates NRG Wind TE Holdco.

Desert Sunlight — On June 29, 2015, the Company acquired 25% of the membership interest in Desert Sunlight Investment Holdings, LLC, which owns two solar photovoltaic facilities that total 550 MW, located in Desert Center, California from EFS Desert Sun, LLC, an affiliate of GE Energy Financial Services for a purchase price of $285 million. Power generated by the facilities is sold to Southern California Edison and Pacific Gas and Electric under long-term PPAs with approximately 20 years and 25 years of remaining contract life, respectively. The Company accounts for its 25% investment as an equity method investment.

Spring Canyon — On May 7, 2015, the Company acquired a 90.1% interest in Spring Canyon II, a 32 MW wind facility, and Spring Canyon III, a 28 MW wind facility, each located in Logan County, Colorado, from Invenergy Wind Global LLC. The purchase price was funded with cash on hand. Power generated by Spring Canyon II and Spring Canyon III is sold to Platte River Power Authority under long-term PPAs with approximately 24 years of remaining contract life.

University of Bridgeport Fuel Cell — On April 30, 2015, the Company completed the acquisition of the University of Bridgeport Fuel Cell project in Bridgeport, Connecticut from FuelCell Energy, Inc. The project added an additional 1.4 MW of thermal capacity to the Company's portfolio, with a 12-year contract, with the option for a 7-year extension. The acquisition is reflected in the Company's Thermal segment.

January 2015 Drop Down Assets from NRG — On January 2, 2015, the Company acquired the following projects from NRG: (i) Laredo Ridge, an 80 MW wind facility located in Petersburg, Nebraska, (ii) Tapestry, which includes Buffalo Bear, a 19 MW wind facility in Buffalo, Oklahoma; Taloga, a 130 MW wind facility in Putnam, Oklahoma; and Pinnacle, a 55 MW wind facility in Keyser, West Virginia, and (iii) Walnut Creek, a 485 MW natural gas facility located in City of Industry, California, for total cash consideration of $489 million, including $9 million for working capital, plus assumed project-level debt of $737 million. The Company funded the acquisition with cash on hand and drawings under its revolving credit facility. The assets and liabilities transferred to the Company relate to interests under common control by NRG and were recorded at historical cost. The difference between the cash paid and the historical value of the entities' equity of $61 million, as well as $23 million of AOCL, was recorded as a distribution to NRG and reduced the balance of its noncontrolling interest.

Note 4 — *Property, Plant and Equipment*

The Company's major classes of property, plant, and equipment were as follows:

	March 31, 2016	December 31, 2015	Depreciable Lives
	(In millions)		
Facilities and equipment	$ 6,492	$ 6,480	2 - 40 Years
Land and improvements	171	171	
Construction in progress	26	9	
Total property, plant and equipment	6,689	6,660	
Accumulated depreciation	(855)	(782)	
Net property, plant and equipment	$ 5,834	$ 5,878	

Note 5 — *Variable Interest Entities, or VIEs*

Entities that are Consolidated

The Company has a controlling financial interest in certain entities which have been identified as VIEs under ASC 810, *Consolidations,* or ASC 810. These arrangements are primarily related to tax equity arrangements entered into with third parties in order to monetize certain tax credits associated with wind facilities, as further described in Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities,* to the Company's audited consolidated financial statements included in the 2015 Form 10-K.

Summarized financial information for the Company's consolidated VIEs consisted of the following as of March 31, 2016:

(In millions)	NRG Wind TE Holdco	Alta Wind TE Holdco	Spring Canyon
Other current and non-current assets	$ 205	$ 21	$ 4
Property, plant and equipment	651	478	104
Intangible assets	2	284	—
Total assets	858	783	108
Current and non-current liabilities	226	8	7
Total liabilities	226	8	7
Noncontrolling interest	260	123	71
Net assets less noncontrolling interests	$ 372	$ 652	$ 30

Entities that are not Consolidated

The Company has interests in entities that are considered VIEs under ASC 810, but for which it is not considered the primary beneficiary. The Company accounts for its interests in these entities under the equity method of accounting, as further described in Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities,* to the Company's audited consolidated financial statements included in the 2015 Form 10-K.

NRG DGPV Holdco 1 LLC — The Company and NRG, maintain a partnership, NRG DGPV Holdco 1 LLC, or DGPV Holdco 1, the purpose of which is to own or purchase solar power generation projects and other ancillary related assets from NRG Renew LLC or its subsidiaries, via intermediate funds, including: (i) a tax equity-financed portfolio of 10 recently completed community solar projects representing approximately 8 MW with a weighted average remaining PPA term of 20 years; and (ii) a tax equity-financed portfolio of approximately 12 commercial photovoltaic systems representing approximately 37 MW with a weighted average remaining PPA term of 19 years. Both of these investments relate to the Company's $100 million commitment to distributed solar projects in partnership with NRG. The Company's maximum exposure to loss is limited to its equity investment, which was $74 million as of March 31, 2016.

NRG DGPV Holdco 2 LLC — On February 29, 2016, the Company and NRG entered into an additional partnership by forming NRG DGPV Holdco 2 LLC, or DGPV Holdco 2, to own or purchase solar power generation projects and other ancillary related assets from NRG Renew LLC or its subsidiaries, via intermediate funds. Under this partnership, the Company committed to fund up to $50 million of capital.

NRG RPV Holdco 1 LLC — The Company and NRG Residential Solar Solutions LLC, a subsidiary of NRG, maintain a partnership, NRG RPV Holdco 1 LLC, or RPV Holdco, that holds operating portfolios of residential solar assets developed by NRG Home Solar, a subsidiary of NRG, including: (i) an existing, unlevered portfolio of over 2,200 leases across nine states representing approximately 17 MW with a weighted average remaining lease term of approximately 17 years; and (ii) a tax equity-financed portfolio of approximately 5,700 leases representing approximately 40 MW, with an average lease term for the existing and new leases of approximately 17 to 20 years. Under this partnership, the Company had previously committed to fund up to $150 million of capital, which was reduced to $100 million in February 2016. The Company's maximum exposure to loss is limited to its equity investment, which was $63 million as of March 31, 2016.

On August 5, 2016, the Company and NRG amended the RPV Holdco partnership to further reduce the aggregate commitment of $100 million to $60 million in connection with NRG’s change in business model approach in the residential solar business.

GenConn Energy LLC — The Company has a 50% interest in GCE Holding LLC, the owner of GenConn, which owns and operates two 190 MW peaking generation facilities in Connecticut at the Devon and Middletown sites. As of March 31, 2016, the Company's investment in GenConn was $108 million and its maximum exposure to loss is limited to its equity investment.

The following table presents summarized financial information for GCE Holding LLC:

	Three months ended March 31,	
(In millions)	**2016**	**2015**
Income Statement Data:		
Operating revenues	$ 18	$ 22
Operating income	9	9
Net income	$ 7	$ 6
	March 31, 2016	**December 31, 2015**
Balance Sheet Data:		
Current assets	$ 29	$ 36
Non-current assets	411	416
Current liabilities	13	16
Non-current liabilities	211	215

Note 6 — *Fair Value of Financial Instruments*

Fair Value Accounting under ASC 820

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2—inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3—unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In accordance with ASC 820, the Company determines the level in the fair value hierarchy within which each fair value measurement in its entirety falls, based on the lowest level input that is significant to the fair value measurement.

For cash and cash equivalents, restricted cash, accounts receivable, accounts receivable — affiliate, accounts payable, accounts payable — affiliate, accrued expenses and other liabilities, the carrying amounts approximate fair value because of the short-term maturity of those instruments and are classified as Level 1 within the fair value hierarchy.

The estimated carrying amounts and fair values of the Company's recorded financial instruments not carried at fair market value are as follows:

	As of March 31, 2016		As of December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(In millions)				
Assets:				
Notes receivable, including current portion	$ 42	$ 42	$ 47	$ 47
Liabilities:				
Long-term debt, including current portion	$ 5,601	$ 5,543	$ 5,656	$ 5,538

The fair value of notes receivable and long-term debt are based on expected future cash flows discounted at market interest rates, or current interest rates for similar instruments, and are classified as Level 3 within the fair value hierarchy.

Recurring Fair Value Measurements

The Company records its derivative assets and liabilities at fair value on its consolidated balance sheet. There were no derivative asset positions on the consolidated balance sheet as of March 31, 2016, and December 31, 2015. The following table presents liabilities measured and recorded at fair value on the Company's consolidated balance sheets on a recurring basis and their level within the fair value hierarchy:

	As of March 31, 2016	As of December 31, 2015
	Fair Value [(a)]	Fair Value [(a)]
(In millions)	Level 2	Level 2
Derivative liabilities:		
Commodity contracts	2	2
Interest rate contracts	146	98
Total liabilities	$ 148	$ 100

[(a)] There were no assets or liabilities classified as Level 1 or Level 3 as of March 31, 2016, and December 31, 2015.

Derivative Fair Value Measurements

The Company's contracts are non-exchange-traded and valued using prices provided by external sources. For the Company's energy markets, management receives quotes from multiple sources. To the extent that multiple quotes are received, the prices reflect the average of the bid-ask mid-point prices obtained from all sources believed to provide the most liquid market for the commodity.

The fair value of each contract is discounted using a risk free interest rate. In addition, a credit reserve is applied to reflect credit risk, which is, for interest rate swaps, calculated based on credit default swaps using the bilateral method. For commodities, to the extent that the net exposure under a specific master agreement is an asset, the Company uses the counterparty's default swap rate. If the net exposure under a specific master agreement is a liability, the Company uses NRG's default swap rate. For interest rate swaps and commodities, the credit reserve is added to the discounted fair value to reflect the exit price that a market participant would be willing to receive to assume the liabilities or that a market participant would be willing to pay for the assets. As of March 31, 2016, the credit reserve resulted in a $3 million increase in fair value, which was composed of a $2 million gain in OCI and $1 million gain in interest expense. It is possible that future market prices could vary from those used in recording assets and liabilities and such variations could be material.

Concentration of Credit Risk

In addition to the credit risk discussion in Note 2, *Summary of Significant Accounting Policies*, to the Company's audited consolidated financial statements included in the Company's 2015 Form 10-K, the following is a discussion of the concentration of credit risk for the Company's financial instruments. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. The Company monitors and manages credit risk through credit policies that include: (i) an established credit approval process; (ii) daily monitoring of counterparties' credit limits; (iii) the use of credit mitigation measures such as margin, collateral, prepayment arrangements, or volumetric limits; (iv) the use of payment netting agreements; and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty risk by having a diversified portfolio of counterparties.

Counterparty credit exposure includes credit risk exposure under certain long-term agreements, including solar and other PPAs. As external sources or observable market quotes are not available to estimate such exposure, the Company estimates the exposure related to these contracts based on various techniques including, but not limited to, internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Based on these valuation techniques, as of March 31, 2016, credit risk exposure to these counterparties attributable to the Company's ownership interests was approximately $2.9 billion for the next five years. The majority of these power contracts are with utilities with strong credit quality and public utility commission or other regulatory support, as further described in Note 12, *Segment Reporting,* to the Company's audited consolidated financial statements included in the Company's 2015 Form 10-K. However, such regulated utility counterparties can be impacted by changes in government regulations, which the Company is unable to predict.

Note 7 — *Accounting for Derivative Instruments and Hedging Activities*

This footnote should be read in conjunction with the complete description under Note 7, *Accounting for Derivative Instruments and Hedging Activities*, to the Company's audited consolidated financial statements included in the Company's 2015 Form 10-K.

Energy-Related Commodities

As of March 31, 2016, the Company had forward contracts for the purchase of fuel commodities relating to the forecasted usage of the Company's district energy centers extending through 2018. At March 31, 2016, these contracts were not designated as cash flow or fair value hedges.

Interest Rate Swaps

As of March 31, 2016, the Company had interest rate derivative instruments on non-recourse debt extending through 2031, most of which are designated as cash flow hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of the Company's open derivative transactions broken out by commodity as of March 31, 2016 and December 31, 2015.

		Total Volume	
		March 31, 2016	December 31, 2015
Commodity	Units	(In millions)	
Natural Gas	MMBtu	3	4
Interest	Dollars	$ 1,952	$ 1,991

Fair Value of Derivative Instruments

There were no derivative asset positions on the balance sheet as of March 31, 2016, and December 31, 2015. The following table summarizes the fair value within the derivative instrument valuation on the balance sheet:

	Fair Value	
	Derivative Liabilities	
	March 31, 2016	December 31, 2015
	(In millions)	
Derivatives Designated as Cash Flow Hedges:		
Interest rate contracts current	$ 33	$ 34
Interest rate contracts long-term	98	56
Total Derivatives Designated as Cash Flow Hedges	131	90
Derivatives Not Designated as Cash Flow Hedges:		
Interest rate contracts current	3	3
Interest rate contracts long-term	12	5
Commodity contracts current	2	2
Total Derivatives Not Designated as Cash Flow Hedges	17	10
Total Derivatives	$ 148	$ 100

The Company has elected to present derivative assets and liabilities on the balance sheet on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. As of March 31, 2016, and December 31, 2015, there were no offsetting amounts at the counterparty master agreement level or outstanding collateral paid or received.

Accumulated Other Comprehensive Loss

The following table summarizes the effects on the Company's accumulated OCL balance attributable to interest rate swaps designated as cash flow hedge derivatives, net of tax:

	Three months ended March 31,	
	2016	2015
	(In millions)	
Accumulated OCL beginning balance	$ (83)	$ (76)
Reclassified from accumulated OCL to income due to realization of previously deferred amounts	3	3
Mark-to-market of cash flow hedge accounting contracts	(44)	(23)
Accumulated OCL ending balance, net of income tax benefit of $25 and $14, respectively	$ (124)	$ (96)
Accumulated OCL attributable to noncontrolling interests	(80)	(73)
Accumulated OCL attributable to NRG Yield, Inc.	$ (44)	$ (23)
Losses expected to be realized from OCL during the next 12 months, net of income tax benefit of $4	$ 17	

Amounts reclassified from accumulated OCL into income and amounts recognized in income from the ineffective portion of cash flow hedges are recorded to interest expense. There was no ineffectiveness for the three months ended March 31, 2016, and 2015.

Impact of Derivative Instruments on the Statements of Operations

The Company has interest rate derivative instruments that are not designated as cash flow hedges. The effect of interest rate hedges is recorded to interest expense. For the three months ended March 31, 2016, and 2015, the impact to the consolidated statements of operations was a loss of $7 million and $12 million, respectively.

A portion of the Company's derivative commodity contracts relates to its Thermal Business for the purchase of fuel commodities based on the forecasted usage of the thermal district energy centers. Realized gains and losses on these contracts are reflected in the fuel costs that are permitted to be billed to customers through the related customer contracts or tariffs and, accordingly, no gains or losses are reflected in the consolidated statements of operations for these contracts.

Commodity contracts also hedged the forecasted sale of power for Alta X and Alta XI in 2015 until the start of the PPAs on January 1, 2016. The effect of these commodity hedges was recorded to operating revenues. For the three months ended March 31, 2015, the impact to the consolidated statements of operations was an unrealized gain of $7 million.

See Note 6, *Fair Value of Financial Instruments*, for a discussion regarding concentration of credit risk.

Note 8 — *Long-term Debt*

This footnote should be read in conjunction with the complete description under Note 9, *Long-term Debt,* to the Company's audited consolidated financial statements included in the 2015 Form 10-K. Long-term debt consisted of the following:

	March 31, 2016	December 31, 2015	March 31, 2016, interest rate % [(a)]	Letters of Credit Outstanding at March 31, 2016
	(In millions, except rates)			
2019 Convertible Notes [(b)]	$ 332	$ 330	3.500	
2020 Convertible Notes [(c)]	267	266	3.250	
2024 Senior Notes	500	500	5.375	
NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility, due 2019 [(d)]	316	306	L+2.75	60
Project-level debt:				
Alpine, due 2022	153	154	L+1.75	37
Alta Wind I, lease financing arrangement, due 2034	252	252	7.015	16
Alta Wind II, lease financing arrangement, due 2034	198	198	5.696	28
Alta Wind III, lease financing arrangement, due 2034	206	206	6.067	28
Alta Wind IV, lease financing arrangement, due 2034	133	133	5.938	19
Alta Wind V, lease financing arrangement, due 2035	213	213	6.071	31
Alta Realty Investments, due 2031	32	33	7.000	—
Alta Wind Asset Management, due 2031	19	19	L+2.375	—
Avra Valley, due 2031	59	60	L+1.75	3
Blythe, due 2028	21	21	L+1.625	6
Borrego, due 2025 and 2038	72	72	L+ 2.50/5.65	5
CVSR, due 2037	780	793	2.339 - 3.775	—
El Segundo Energy Center, due 2023	457	485	L+1.625 - L+2.25	82
Energy Center Minneapolis, due 2017 and 2025	107	108	5.95 -7.25	—
Kansas South, due 2031	32	33	L+2.00	4
Laredo Ridge, due 2028	103	104	L+1.875	10
Marsh Landing, due 2017 and 2023	410	418	L+1.75 - L+1.875	36
PFMG and related subsidiaries financing agreement, due 2030	29	29	6.000	—
Roadrunner, due 2031	39	40	L+1.625	5
South Trent Wind, due 2020	61	62	L+1.625	10
TA High Desert, due 2020 and 2032	52	52	L+2.50/5.15	8
Tapestry, due 2021	178	181	L+1.625	20
Viento, due 2023	189	189	L+2.75	27
Walnut Creek, due 2023	344	351	L+1.625	52
WCEP Holdings, due 2023	46	46	L+3.00	—
Other	1	2	various	—
Subtotal project-level debt:	4,186	4,254		
Total debt	5,601	5,656		
Less current maturities	265	264		
Less deferred financing costs	62	63		
Total long-term debt	$ 5,274	$ 5,329		

(a) As of March 31, 2016, L+ equals 3 month LIBOR plus x%, except for the NRG Marsh Landing term loan, Walnut Creek term loan, and NRG Yield LLC and Yield Operating LLC Revolving Credit Facility, where L+ equals 1 month LIBOR plus x% and Kansas South, where L+ equals 6 month LIBOR plus x%.

(b) Net of discount of $13 million and $15 million as of March 31, 2016, and December 31, 2015, respectively.

(c) Net of discount of $20 million and $21 million as of March 31, 2016, and December 31, 2015, respectively.

(d) Applicable rate is determined by the Borrower Leverage Ratio, as defined in the credit agreement.

The financing arrangements listed above contain certain covenants, including financial covenants that the Company is required to be in compliance with during the term of the respective arrangement. As of March 31, 2016, the Company was in compliance with all of the required covenants.

The discussion below describes material changes to or additions of long-term debt for the three months ended March 31, 2016, as well as any other material financing transactions that took place subsequent to March 31, 2016.

CVSR Holdco Financing Arrangement

On July 15, 2016, CVSR Holdco, the indirect owner of the CVSR project, issued $200 million of senior secured notes that bear interest at 4.68% and mature on March 31, 2037. Net proceeds were distributed to the Company and NRG based on the ownership as of July 15, 2016, and accordingly, the Company received net proceeds of $97.5 million.

NRG Yield Operating LLC 2026 Senior Notes

On August 18, 2016, NRG Yield Operating LLC issued $350 million of senior unsecured notes, or the 2026 Senior Notes. The Senior Notes bear interest of 5.00% and mature on September 15, 2026. Interest on the notes is payable semi-annually on March 15 and September 15 of each year, and commence on March 15, 2017. The 2026 Senior Notes are senior unsecured obligations of NRG Yield Operating LLC and are guaranteed by NRG Yield LLC, and by certain of Yield Operating LLC's wholly owned current and future subsidiaries. A portion of the proceeds from the 2026 Senior Notes were used to repay the revolving credit facility as described below.

NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility

The Company borrowed $60 million from the revolving credit facility and repaid $366 million during the eight months ended August 31, 2016. The repayments included the Company's pro rata proceeds of $97.5 million from the CVSR Holdco Financing Arrangement, as described above, along with $28 million of cash on hand. Additionally, in August 2016, the Company used a portion of its proceeds from the 2026 Senior Notes to pay the remaining revolver balance of $193 million in full as described above.

Note 9 — *Earnings Per Share*

Basic and diluted earnings (loss) per common share are computed by dividing net income (loss) by the weighted average number of common shares outstanding. Shares issued during the year are weighted for the portion of the year that they were outstanding. The number of shares and per share amounts for the prior periods presented below have been retrospectively restated to reflect the Recapitalization.

The reconciliation of the Company's basic and diluted earnings (loss) per share is shown in the following tables:

	Three months ended March 31,			
	2016		2015	
(In millions, except per share data) [(a)]	Common Class A	Common Class C	Common Class A	Common Class C
Basic and diluted earnings (loss) per share attributable to NRG Yield, Inc. common stockholders				
Net income (loss) attributable to NRG Yield, Inc.	$ 2	$ 3	$ (3)	$ (3)
Weighted average number of common shares outstanding	35	63	35	35
Earnings (loss) per weighted average common share — basic and diluted	$ 0.05	$ 0.05	$ (0.07)	$ (0.07)

(a) Net income (loss) attributable to NRG Yield, Inc. and basic and diluted earnings (loss) per share might not recalculate due to presenting values in millions rather than whole dollars.

With respect to the Class A common stock, there were a total of 15 million anti-dilutive outstanding equity instruments for the three months ended March 31, 2016, and 2015, related to the 2019 Convertible Notes. With respect to the Class C common stock, there were a total of 10 million anti-dilutive outstanding equity instruments for the three months ended March 31, 2016, related to the 2020 Convertible Notes.

Note 10 — *Segment Reporting*

The Company’s segment structure reflects how management currently operates and allocates resources. The Company's businesses are primarily segregated based on conventional power generation, renewable businesses which consist of solar and wind, and the thermal and chilled water business. The Corporate segment reflects the Company's corporate costs. The Company's chief operating decision maker, its Chief Executive Officer, evaluates the performance of its segments based on operational measures including adjusted earnings before interest, taxes, depreciation and amortization, or Adjusted EBITDA, and CAFD, as well as economic gross margin and net income (loss).

	Three months ended March 31, 2016 [(a)]				
(In millions)	**Conventional Generation**	**Renewables**	**Thermal**	**Corporate**	**Total**
Operating revenues	$ 79	$ 111	$ 44	$ —	$ 234
Cost of operations	23	33	29	—	85
Depreciation and amortization	20	49	5	—	74
General and administrative	—	—	—	3	3
Operating income (loss)	36	29	10	(3)	72
Equity in earnings (losses) of unconsolidated affiliates	3	—	—	—	3
Interest expense	(11)	(42)	(2)	(19)	(74)
Income (loss) before income taxes	28	(13)	8	(22)	1
Net Income (Loss)	$ 28	$ (13)	$ 8	$ (22)	$ 1
Total Assets	$ 2,017	$ 5,908	$ 430	$ 194	$ 8,549

	Three months ended March 31, 2015 [(a)]				
(In millions)	**Conventional Generation**	**Renewables**	**Thermal**	**Corporate**	**Total**
Operating revenues	$ 76	$ 91	$ 47	$ —	$ 214
Cost of operations	21	31	34	—	86
Depreciation and amortization	21	49	5	—	75
General and administrative	—	—	—	3	3
Operating income (loss)	34	11	8	(3)	50
Equity in earnings (losses) of unconsolidated affiliates	3	—	—	—	3
Other income, net	1	—	—	—	1
Interest expense	(12)	(52)	(2)	(13)	(79)
Income (loss) before income taxes	26	(41)	6	(16)	(25)
Income tax benefit	—	—	—	(4)	(4)
Net Income (Loss)	$ 26	$ (41)	$ 6	$ (12)	$ (21)

[(a)] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

Note 11 — *Income Taxes*

Effective Tax Rate

The income tax provision consisted of the following:

	Three months ended March 31,	
	2016	**2015**
	(In millions, except percentages)	
Income (Loss) before income taxes	$ 1	$ (25)
Income tax benefit	—	(4)
Effective income tax rate	—%	16.0%

For the three months ended March 31, 2016, and 2015, the overall effective tax rate was different than the statutory rate of 35% primarily due to taxable earnings allocated to NRG resulting from its interest in NRG Yield LLC and production tax credits generated from certain wind assets.

For tax purposes, NRG Yield LLC is treated as a partnership; therefore, the Company and NRG each record their respective share of taxable income or loss.

Note 12 — *Related Party Transactions*

In addition to the transactions and relationships described elsewhere in these notes to the consolidated financial statements, NRG and certain subsidiaries of NRG provide services to the Company's project entities. Amounts due to NRG subsidiaries are recorded as accounts payable - affiliate and amounts due to the Company from NRG or its subsidiaries are recorded as accounts receivable - affiliate in the Company's balance sheet.

Power Hedge Contracts by and between Renewable Entities and NRG Texas Power LLC

Certain NRG Wind TE Holdco entities, which are subsidiaries in the Renewables segment, entered into power hedge contracts with NRG Texas Power LLC and generated $7 million during the three months ended March 31, 2015. Effective October 2015, Elbow Creek, one of the NRG Wind TE Holdco entities, entered into a PPA with NRG Power Marketing LLC, as further described below, and the hedge agreement between Elbow Creek and NRG Texas Power LLC was terminated.

Additionally, Alta X and Alta XI entered into a hedge agreement with NRG Texas Power LLC, as further described in Note 7, *Accounting for Derivative Instruments and Hedging Activities*, to hedge the forecasted sale of power until the start of the PPAs on January 1, 2016.

Power Purchase Agreement by and between Elbow Creek and NRG Power Marketing LLC

In October 2015, Elbow Creek, the Company's subsidiary from the Renewable segment, entered into a PPA with NRG Power Marketing LLC for the sale of energy and environmental attributes with the effective date of January 1, 2016. Elbow Creek generated $3 million during the three months ended March 31, 2016.

Operation and Maintenance (O&M) Services Agreements by and between Thermal Entities and NRG

On October 1, 2014, NRG entered into Plant O&M Services Agreements with certain wholly-owned subsidiaries of the Company. NRG provides necessary and appropriate services to operate and maintain the subsidiaries' plant operations, businesses and thermal facilities. NRG is to be reimbursed for the provided services, as well as for all reasonable and related expenses and expenditures, and payments to third parties for services and materials rendered to or on behalf of the parties to the agreements. NRG is not entitled to any management fee or mark-up under the agreements. Prior to October 1, 2014, NRG provided the same services to the Thermal Business on an informal basis. Total fees incurred under the agreements were $7 million for the three months ended March 31, 2016, and 2015. There was a balance of $28 million due to NRG in accounts payable — affiliate as of March 31, 2016, and December 31, 2015. As of March 31, 2016, $8 million of it was recorded in the current liabilities of the consolidated balance sheet and $20 million was recorded in long term liabilities of the consolidated balance sheet. Subsequent to March 31, 2016, $3 million of the outstanding balance has been paid.

Power Sales and Services Agreement by and between NRG Energy Center Dover LLC and NRG

NRG Energy Center Dover LLC, or NRG Dover, a subsidiary of the Company, is party to a Power Sales and Services Agreement with NRG Power Marketing LLC, or NRG Power Marketing, a wholly-owned subsidiary of NRG. The agreement is automatically renewed on a month-to-month basis unless terminated by either party upon at least 30 days written notice. Under the agreement, NRG Power Marketing has the exclusive right to (i) manage, market and sell power, (ii) procure fuel and fuel transportation for operation of the Dover generating facility, to include for purposes other than generating power, (iii) procure transmission services required for the sale of power, and (iv) procure and market emissions credits for operation of the Dover generating facility.

In addition, NRG Power Marketing has the exclusive right and obligation to direct the output from the generating facility, in accordance with and to meet the terms of any power sales contracts executed against the power generation of the Dover facility. Under the agreement, NRG Power Marketing pays NRG Dover gross receipts generated through sales, less costs incurred by NRG Power Marketing related to providing such services as transmission and delivery costs, as well as fuel costs. In July 2013, the coal-fueled plant was converted to a natural gas facility. For the three months ended March 31, 2016, and 2015, NRG Dover purchased $1 million and $2 million, respectively, of natural gas from NRG Power Marketing.

Energy Marketing Services Agreement by and between NRG Energy Center Minneapolis LLC and NRG

NRG Energy Center Minneapolis LLC, or NRG Minneapolis, a subsidiary of the Company is party to an Energy Marketing Services Agreement with NRG Power Marketing, a wholly-owned subsidiary of NRG. The agreement commenced in August 2014 and is automatically renewed annually unless terminated by either party upon at least 90 day written notice prior to the end of any term. Under the agreement, NRG Power Marketing will procure fuel and fuel transportation for the operation of the Minneapolis generating facility. For the three months ended March 31, 2016, and 2015, NRG Minneapolis purchased $3 million and $4 million, respectively, of natural gas from NRG Power Marketing.

O&M Services Agreements by and between GenConn and NRG

GenConn incurs fees under two O&M services agreements with wholly-owned subsidiaries of NRG. The fees incurred under the agreements were $1 million and $2 million for the three months ended March 31, 2016, and 2015, respectively.

O&M Services Agreement by and between El Segundo and NRG El Segundo Operations

El Segundo incurs fees under an O&M services agreement with NRG El Segundo Operations, Inc., a wholly-owned subsidiary of NRG. Under the O&M services agreement, NRG El Segundo Operations, Inc. manages, operates and maintains the El Segundo facility for an initial term of ten years following the commercial operations date. For the three months ended March 31, 2016, and 2015, the costs incurred under the agreement were $1 million. There was a balance of $2 million and $1 million due to NRG El Segundo in accounts payable — affiliate as of March 31, 2016, and December 31, 2015, respectively.

Administrative Services Agreement by and between Marsh Landing and GenOn Energy Services, LLC

Marsh Landing is a party to an administrative services agreement with GenOn Energy Services, LLC, a wholly-owned subsidiary of NRG, which provides invoice processing and payment on behalf of Marsh Landing. Marsh Landing reimburses GenOn Energy Services, LLC for the amounts paid by it. The Company reimbursed costs under this agreement of $2 million for the three months ended March 31, 2016, and 2015. There was a balance of $6 million due to GenOn Energy Services, LLC in accounts payable — affiliate as of March 31, 2016, and December 31, 2015.

Administrative Services Agreement by and between CVSR and NRG

CVSR is a party to an administrative services agreement with NRG Energy Services LLC, a wholly-owned subsidiary of NRG, which provides O&M services on behalf of CVSR. CVSR reimburses NRG Energy Services LLC for the amounts paid by it. CVSR reimbursed costs under this agreement of $1 million for the three months ended March 31, 2016, and 2015.

Management Services Agreement by and between the Company and NRG

NRG provides the Company with various operation, management, and administrative services, which include human resources, accounting, tax, legal, information systems, treasury, and risk management, as set forth in the Management Services Agreement. As of March 31, 2016, the base management fee was approximately $7 million per year, subject to an inflation-based adjustment annually at an inflation factor based on the year-over-year U.S. consumer price index. The fee is also subject to adjustments following the consummation of future acquisitions and as a result of a change in the scope of services provided under the Management Services Agreement. During the year ended December 31, 2015, the fee was increased by $1 million per year primarily due to the acquisitions of the January 2015 Drop Down Assets and the November 2015 Drop Down Assets. Costs incurred under this agreement were $2 million for the three months ended March 31, 2016, and 2015, which included certain direct expenses incurred by NRG on behalf of the Company in addition to the base management fee. There was a balance of $3 million due to NRG in accounts payable — affiliate as of March 31, 2016.

Administrative Services Agreements by and between NRG Wind TE Holdco and NRG

Certain subsidiaries of NRG have entered into agreements with the Company's project entities to provide operation and maintenance services for the balance of the plants not covered by turbine supplier's maintenance and service agreements for the post-warranty period. The agreements have various terms with provisions for extension until terminated. For the three months ended March 31, 2016, and 2015, the costs incurred under the agreements were $1 million.

Certain subsidiaries of NRG provide support services to the NRG Wind TE Holdco project entities pursuant to various support services agreements. The agreements provide for administrative and support services and reimbursements of certain insurance, consultant, and credit costs. For the three months ended March 31, 2016, and 2015, the costs incurred under the agreements were $1 million.

Note 13 — *Contingencies*

The Company's material legal proceeding is described below. The Company believes that it has a valid defense to this legal proceeding and intends to defend it vigorously. The Company records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. In addition, legal costs are expensed as incurred. Management assesses such matters based on current information and makes a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought, and the probability of success. The Company is unable to predict the outcome of the legal proceeding below or reasonably estimate the scope or amount of any associated costs and potential liabilities. As additional information becomes available, management adjusts its assessment and estimates of such contingencies accordingly. Because litigation is subject to inherent uncertainties and unfavorable rulings or developments, it is possible that the ultimate resolution of the Company's liabilities and contingencies could be at amounts that are different from its currently recorded reserves and that such difference could be material.

In addition to the legal proceeding noted below, the Company and its subsidiaries are party to other litigation or legal proceedings arising in the ordinary course of business. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect the Company's consolidated financial position, results of operations, or cash flows.

Braun v. NRG Yield, Inc. — On April 19, 2016, plaintiffs filed a purported class action lawsuit against NRG Yield, Inc. and against each current and former member of its board of directors individually in California Superior Court in Kern County, CA. Plaintiffs allege various violations of the Securities Act due to the defendants' alleged failure to disclose material facts related to low wind production prior to the Company's June 22, 2015 Class C common stock offering. Plaintiffs seek compensatory damages, rescission, attorney's fees and costs. On August 3, 2016, the court approved a stipulation entered into by the parties. The stipulation provided that the plaintiffs would file an amended complaint by August 19, 2016, which they did on August 18, 2016. The Defendants need to file a responsive pleading by October 18, 2016.

Exhibit 99.8

ITEM 2 — Management's Discussion and Analysis of Financial Condition and the Results of Operations

The following discussion analyzes the Company's historical financial condition and results of operations, which were recast to include the effect of the CVSR Drop Down Asset and the November 2015 Drop Down Assets, which were acquired from NRG on September 1, 2016 and November 3, 2015, respectively. As further discussed in Note 1, *Nature of Business*, to the Consolidated Financial Statements, the purchase of these assets was accounted for in accordance with ASC 805-50*, Business Combinations - Related Issues*, pursuant to which the assets and liabilities transferred to the Company relate to interests under common control by NRG and, accordingly, were recorded at historical cost. The difference between the cash proceeds and historical value of the net assets was recorded as a distribution from NRG with the offset to noncontrolling interest. The guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control.

As you read this discussion and analysis, you should refer to the Company's Consolidated Statements of Operations to this Form 8-K, which present the results of operations for the three months ended March 31, 2016, and 2015. You should also refer to the Company's 2015 Form 10-K, which includes detailed discussions of various items impacting the Company's business, results of operations and financial condition.

The discussion and analysis below has been organized as follows:

- Executive Summary, including a description of the business and significant events that are important to understanding the results of operations and financial condition;
- Results of operations, including an explanation of significant differences between the periods in the specific line items of the consolidated statements of operations;
- Financial condition addressing liquidity position, sources and uses of cash, capital resources and requirements, commitments, and off-balance sheet arrangements;
- Known trends that may affect the Company’s results of operations and financial condition in the future; and
- Critical accounting policies which are most important to both the portrayal of the Company's financial condition and results of operations, and which require management's most difficult, subjective or complex judgment.

Executive Summary

Introduction and Overview

The Company is a dividend growth-oriented company formed to serve as the primary vehicle through which NRG owns, operates and acquires contracted renewable and conventional generation and thermal infrastructure assets. The Company believes it is well positioned to be a premier company for investors seeking stable and growing dividend income from a diversified portfolio of lower-risk high-quality assets.

The Company owns a diversified portfolio of contracted renewable and conventional generation and thermal infrastructure assets in the U.S. The Company's contracted generation portfolio collectively represents 4,563 net MW. Each of these assets sells substantially all of its output pursuant to long-term offtake agreements with creditworthy counterparties. The average remaining contract duration of these offtake agreements was approximately 17 years as of March 31, 2016, based on CAFD. The Company also owns thermal infrastructure assets with an aggregate steam and chilled water capacity of 1,315 net MWt and electric generation capacity of 124 net MW. These thermal infrastructure assets provide steam, hot water and/or chilled water, and in some instances electricity, to commercial businesses, universities, hospitals and governmental units in multiple locations, principally through long-term contracts or pursuant to rates regulated by state utility commissions.

Regulatory Matters

The Company's regulatory matters are described in the Company's 2015 Form 10-K in Item 1, *Business — Regulatory Matters* and Item 1A, *Risk Factors.*

As owners of power plants and participants in wholesale and thermal energy markets, certain of the Company's subsidiaries are subject to regulation by various federal and state government agencies. These include FERC and the PUCT, as well as other public utility commissions in certain states where the Company's assets are located. Each of the Company's U.S. generating facilities qualifies as a EWG or QF. In addition, the Company is subject to the market rules, procedures and protocols of the various ISO and RTO markets in which it participates. Likewise, the Company must also comply with the mandatory reliability requirements imposed by NERC and the regional reliability entities in the regions where the Company operates.

The Company's operations within the ERCOT footprint are not subject to rate regulation by FERC, as they are deemed to operate solely within the ERCOT market and not in interstate commerce. These operations are subject to regulation by the PUCT.

Environmental Matters

The Company's environmental matters are described in the Company's 2015 Form 10-K in Item 1, *Business — Environmental Matters* and Item 1A, *Risk Factors.*

The Company is subject to a wide range of environmental laws in the development, construction, ownership and operation of projects. These laws generally require that governmental permits and approvals be obtained before construction and during operation of facilities. The Company is also subject to laws and regulations surrounding the protection of wildlife, including migratory birds, eagles and threatened and endangered species. Environmental laws have become increasingly stringent and the Company expects this trend to continue.

Trends Affecting Results of Operations and Future Business Performance

Wind and Solar Resource Availability

The availability of the wind and solar resources affects the financial performance of the wind and solar facilities, which may impact the Company's overall financial performance. Due to the variable nature of the wind and solar resource, the Company cannot predict the availability of the wind and solar resources and the potential variances from expected performance levels from quarter to quarter. To the extent the wind and solar resources are not available at expected levels, it could have a negative impact on the Company's financial performance for such periods. For the first quarter of 2016, the wind performance was above prior year as well as the Company's expectations; however, the wind resources for the month of April were below expectations. If the April wind performance continues for a prolonged period of time, without a return to a performance level that meets or exceeds Company expectations, it may have a negative impact on the Company's financial performance.

Capital Market Conditions

The Company and its peer group have recently experienced difficult conditions in the capital markets. The Company's growth strategy depends on its ability to identify and acquire additional conventional and renewable facilities from NRG and unaffiliated third parties. A prolonged disruption in the equity capital market conditions could make it difficult for the Company to successfully acquire attractive projects from NRG or third parties and may also limit the Company's ability to obtain debt or equity financing to complete such acquisitions. If the Company is unable to raise adequate proceeds when needed to fund such acquisitions, the ability to grow its project portfolio may be limited, which could have a material adverse effect on the Company's ability to implement its growth strategy. A full description of the risks applicable to the Company's business is presented in the Company's 2015 Form 10-K in Item 1A, *Risk Factors*.

Consolidated Results of Operations

The following table provides selected financial information:

	Three months ended March 31,		
(In millions, except otherwise noted)	2016	2015	Change %
Operating Revenues			
Energy and capacity revenues	$ 251	$ 218	15
Contract amortization	(17)	(11)	55
Mark-to-market economic hedging activities	—	7	(100)
Total operating revenues	234	214	9
Operating Costs and Expenses			
Cost of fuels	16	22	(27)
Emissions credit amortization	6	—	100
Operations and maintenance	44	47	(6)
Other costs of operations	19	17	12
Depreciation and amortization	74	75	(1)
General and administrative	3	3	—
Total operating costs and expenses	162	164	(1)
Operating Income	72	50	44
Other Income (Expense)			
Equity in earnings of unconsolidated affiliates	3	3	—
Other income, net	—	1	(100)
Interest expense	(74)	(79)	(6)
Total other expense, net	(71)	(75)	(5)
Income (Loss) Before Income Taxes	1	(25)	104
Income tax benefit	—	(4)	(100)
Net Income (Loss)	1	(21)	105
Less: Pre-acquisition net loss of Drop Down Assets	(1)	(5)	(80)
Net Income (Loss) Excluding Pre-acquisition Net Loss of Drop Down Assets	2	(16)	113
Less: Net loss attributable to noncontrolling interests	(3)	(11)	73
Net Income (Loss) Attributable to NRG Yield, Inc.	$ 5	$ (5)	200

	Three months ended March 31,	
Business metrics:	2016	2015
Renewable MWh sold (in thousands) [(a)]	1,778	1,306
Thermal MWt sold (in thousands)	553	617
Thermal MWh sold (in thousands)	40	44

[(a)] Volumes sold do not include the MWh generated by the Company's equity method investments.

Management's Discussion of the Results of Operations for the Three Months ended March 31, 2016, and 2015

Gross Margin and Economic Gross Margin

In addition to gross margin, the Company evaluates its operating performance using the measure of economic gross margin, which is not a GAAP measure and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Economic gross margin should be viewed as a supplement to and not a substitute for the Company' presentation of gross margin, which is the most directly comparable GAAP measure. Economic gross margin is not intended to represent gross margin. The Company believes that economic gross margin is useful to investors as it is a key operational measure reviewed by the Company's chief operating decision maker. Economic gross margin is defined as energy and capacity revenue less cost of fuels. Economic gross margin excludes the following components from GAAP gross margin: contract amortization, mark-to-market results, emissions credit amortization and (losses) gains on economic hedging activities. Mark-to-market results consist of unrealized gains and losses on contracts that are not yet settled.

The below tables present the composition of gross margin, as well as the reconciliation to economic gross margin, for the three months ended March 31, 2016, and 2015:

(In millions)	Conventional Generation	Renewables	Thermal	Total
Three months ended March 31, 2016				
Energy and capacity revenues	$ 80	$ 126	$ 45	$ 251
Cost of fuels	—	—	(16)	(16)
Contract Amortization	(1)	(15)	(1)	(17)
Emissions credit amortization	(6)	—	—	(6)
Gross Margin	73	111	28	212
Contract Amortization	1	15	1	17
Emissions credit amortization	6	$ —	$ —	$ 6
Economic gross margin	$ 80	$ 126	$ 29	$ 235
Three months ended March 31, 2015				
Energy and capacity revenues	$ 77	$ 93	$ 48	$ 218
Cost of fuels	(1)	—	(21)	(22)
Contract Amortization	(1)	(9)	(1)	(11)
Mark-to-market for economic hedging activities	—	7	—	7
Gross Margin	75	91	26	192
Contract Amortization	1	9	1	11
Mark-to-market for economic hedging activities	—	(7)	—	(7)
Economic gross margin	$ 76	$ 93	$ 27	$ 196

Gross Margin increased by $20 million and economic gross margin increased by $39 million during the three months ended March 31, 2016, compared to the same period in 2015 due to:

(In millions)		
Increase in Renewables economic gross margin due to higher wind generation at Alta, Tapestry, NRG Wind TE Holdco, and South Trent, as well as the acquisition of Spring Canyon	$	23
Increase in Renewables economic gross margin due to higher pricing for Alta X and XI PPAs, which began in January 2016, compared with merchant prices in 2015		10
Increase in Conventional Generation economic gross margin primarily due to higher revenues at El Segundo in 2016 as a result of a return to service after an extended forced outage in 2015		4
Increase in Thermal economic gross margin primarily due to lower gas prices, partially offset by a decrease in generation due to milder weather conditions		2
Increase in economic gross margin	$	39
Higher contract amortization for the Alta X and XI PPAs, which began in January 2016, and the impact of final measurement period adjustments recorded in 2015		(6)
Emissions credit amortization of NOx allowances at Walnut Creek and El Segundo in compliance with amendments to the Regional Clean Air Incentives Market program		(6)
Decrease due to unrealized gains on forward contracts with an NRG subsidiary hedging the forecasted sale of power from Elbow Creek, Alta X and Alta XI in 2015, prior to the start of the PPAs		(7)
Increase in gross margin	$	20

Operations and Maintenance Expense

Operations and maintenance expense decreased by $3 million during the three months ended March 31, 2016, compared to the same period in 2015, due to a decrease related to the prior year forced outage at El Segundo, partially offset by an increase from higher wind generation in the current year.

Interest Expense

Interest expense decreased by $5 million during the three months ended March 31, 2016, compared to the same period in 2015, due to:

(In millions)		
Increase due to issuance of the 2020 Convertible Notes in the second quarter of 2015	$	4
Increase due to higher Corporate revolver net borrowings in the first quarter of 2016		2
Increase from changes in the fair value of Alpine interest rate swaps		2
Decrease from repricing of project-level financing arrangements and principal repayments in the Conventional segment		(1)
Decrease for redemption of Alta X and XI project-level debt		(12)
	$	(5)

Income Tax Expense

For the three months ended March 31, 2016, the Company did not record any income tax expense on the pretax income of $1 million. For the same period in 2015, the Company recorded an income tax benefit of $4 million on a pretax loss of $25 million. For the three months ended March 31, 2016 and 2015, the overall effective tax rate was different than the statutory rate of 35% primarily due to taxable earnings allocated to NRG resulting from its interest in NRG Yield LLC and production tax credits generated from certain wind assets.

Income Attributable to Noncontrolling Interests

For the three months ended March 31, 2016, the Company had income of $10 million attributable to NRG related to its 46.7% economic interest in NRG Yield LLC and its 25% interest in NRG Wind TE Holdco. Additionally, for the three months ended March 31, 2016, the Company had a loss of $13 million attributable to non-controlling interests with respect to its tax equity financing arrangements and the application of the HLBV method. For the three months ended March 31, 2015, the Company had a loss of $11 million attributable to NRG's 55.3% economic interest in the Company.

Liquidity and Capital Resources

The Company's principal liquidity requirements are to meet its financial commitments, finance current operations, fund capital expenditures, including acquisitions from time to time, to service debt and to pay dividends. Historically, the Company's predecessor operations were financed as part of NRG's integrated operations and largely relied on internally generated cash flows as well as corporate and/or project-level borrowings to satisfy its capital expenditure requirements. As a normal part of the Company's business, depending on market conditions, the Company will from time to time consider opportunities to repay, redeem, repurchase or refinance its indebtedness. Changes in the Company's operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause the Company to seek additional debt or equity financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations and additional covenants and operating restrictions.

Liquidity Position

As of March 31, 2016, and December 31, 2015, the Company's liquidity was approximately $303 million and $375 million, respectively, comprised of cash, restricted cash, and availability under the Company's revolving credit facility. Included in those numbers are $108 million and $131 million of restricted cash balances as of March 31, 2016, and December 31, 2015, respectively. Restricted cash consists primarily of funds to satisfy the requirements of certain debt agreements and funds held within the Company's projects that are restricted in their use. The Company's various financing arrangements are described in Note 8, *Long-term Debt.* As of March 31, 2016, the Company had $119 million of available borrowings under its revolving credit facility.

Management believes that the Company's liquidity position, cash flows from operations and availability under its revolving credit facility will be adequate to meet the Company's financial commitments; debt service obligations; growth, operating and maintenance capital expenditures; and to fund dividends to holders of the Company's Class A common stock and Class C common stock. Management continues to regularly monitor the Company's ability to finance the needs of its operating, financing and investing activity within the dictates of prudent balance sheet management.

Credit Ratings

Credit rating agencies rate a firm's public debt securities. These ratings are utilized by the debt markets in evaluating a firm's credit risk. Ratings influence the price paid to issue new debt securities by indicating to the market the Company's ability to pay principal, interest and preferred dividends. Rating agencies evaluate a firm's industry, cash flow, leverage, liquidity, and hedge profile, among other factors, in their credit analysis of a firm's credit risk.

The following table summarizes the credit ratings for the Company and its Senior Notes as of March 31, 2016:

	S&P	Moody's
NRG Yield, Inc.	BB+	Ba2
5.375% Senior Notes, due 2024	BB+	Ba2

On August 15, 2016, S&P lowered its corporate credit ratings on NRG Yield, Inc. and the Senior Notes due 2024 to BB from BB+. The rating outlook is stable.

Sources of Liquidity

The Company's principal sources of liquidity include cash on hand, cash generated from operations, borrowings under new and existing financing arrangements and the issuance of additional equity and debt securities as appropriate given market conditions. As described in Note 8, *Long-term Debt*, to this Form 10-Q and Note 9, *Long-term Debt*, to the audited consolidated financial statements included in the Company's 2015 Form 10-K, the Company's financing arrangements consist of the revolving credit facility, the 2019 Convertible Notes, the 2020 Convertible Notes, the Senior Notes and project-level financings for its various assets.

Uses of Liquidity

The Company's requirements for liquidity and capital resources, other than for operating its facilities, are categorized as: (i) debt service obligations, as described more fully in Note 8, *Long-term Debt*; (ii) capital expenditures; (iii) acquisitions and investments; and (iv) cash dividends to investors.

Capital Expenditures

The Company's capital spending program is mainly focused on maintenance capital expenditures, or costs to maintain the assets currently operating, such as costs to replace or refurbish assets during routine maintenance, and growth capital expenditures or construction of new assets and completing the construction of assets where construction is in process. The Company develops annual capital spending plans based on projected requirements for maintenance and growth capital. For the three months ended March 31, 2016, and 2015, the Company used approximately $7 million and $3 million, respectively, to fund capital expenditures. The capital expenditures in the first three months of 2016 relate primarily to maintenance expenses.

Acquisitions and Investments

The Company intends to acquire generation assets developed and constructed by NRG in the future, as well as generation and thermal infrastructure assets from third parties where the Company believes its knowledge of the market and operating expertise provides a competitive advantage, and to utilize such acquisitions as a means to grow its CAFD.

CVSR — On September 1, 2016, the Company acquired the remaining 51.05% interest of CVSR Holdco LLC, which indirectly owns the CVSR solar facility, CVSR Holdco LLC, which indirectly owns the CVSR solar facility, for total cash consideration of $78.5 million, subject to working capital adjustments. The acquisition was funded with cash on hand.

Cash Dividends to Investors

The Company intends to use the amount of cash that it receives from its distributions from NRG Yield LLC to pay quarterly dividends to the holders of its Class A common stock and Class C common stock. NRG Yield LLC intends to distribute to its unit holders in the form of a quarterly distribution all of the CAFD it generates each quarter, less reserves for the prudent conduct of the business, including among others, maintenance capital expenditures to maintain the operating capacity of the assets. CAFD is defined as net income before interest expense, income taxes, depreciation and amortization; plus cash distributions from unconsolidated affiliates; less cash distributions to noncontrolling interests, maintenance capital expenditures, pro-rata EBITDA from unconsolidated affiliates, cash interest paid, income taxes paid, principal amortization of indebtedness and changes in other assets. Dividends on the Class A common stock and Class C common stock are subject to available capital, market conditions, and compliance with associated laws, regulations and other contractual obligations. The Company expects that, based on current circumstances, comparable cash dividends will continue to be paid in the foreseeable future.

The following table lists the dividends paid on the Company's Class A common stock and Class C common stock during the three months ended March 31, 2016:

	First Quarter 2016
Dividends per Class A share	$ 0.225
Dividends per Class C share	$ 0.225

On April 26, 2016, the Company declared quarterly dividends on its Class A common stock and Class C common stock of $0.23 per share payable on June 15, 2016, to stockholders of record as of June 1, 2016.

Cash Flow Discussion

The following table reflects the changes in cash flows for the three months ended March 31, 2016, compared to 2015:

	Three months ended March 31, 2016	2015	Change
	(In millions)		
Net cash provided by operating activities	$ 89	$ 62	$ 27
Net cash used in investing activities	(21)	(452)	431
Net cash (used in) provided by financing activities	(103)	95	(198)

Net Cash Provided By Operating Activities

Changes to net cash provided by operating activities were driven by:	(In millions)
Increase in operating income adjusted for non-cash items	$ 43
Lower net distributions from unconsolidated affiliates	(19)
Changes in working capital driven primarily by the timing of wind generation in 2015 compared to 2016	3
	$ 27

Net Cash Used In Investing Activities

Changes to net cash used in investing activities were driven by:	(In millions)
Payments made to acquire the January 2015 Drop Down Assets	$ 490
Increase in capital expenditures due to higher maintenance expenses in 2016	(4)
Changes in restricted cash due to higher funding for certain projects' debt reserves partially offset by higher project distributions in 2016 compared to 2015	(11)
Increase in investments in unconsolidated affiliates due primarily to cash payments related to DGPV Holdco 1 and RPV Holdco	(46)
Working capital payment received in 2016 relating to the November 2015 Drop Down Assets	2
	$ 431

Net Cash (Used in) Provided By Financing Activities

Changes in net cash (used in) provided by financing activities were driven by:	(In millions)
Net contributions from noncontrolling interests	$ 10
Payment of distributions to NRG due to NRG's 25% ownership of NRG Wind TE Holdco	(3)
Increase in dividends and distributions paid to common stockholders	(11)
Lower net borrowings from the revolving credit facility partially offset by a decrease in payments for debt in 2016 compared to 2015	(194)
	$ (198)

NOLs, Deferred Tax Assets and Uncertain Tax Position Implications, under ASC 740

As of March 31, 2016, the Company has a cumulative federal NOL carry forward balance of $519 million for financial statement purposes, which will begin expiring in 2033. As a result of the Company's tax position, and based on current forecasts, the Company does not anticipate significant income tax payments for federal, state and local jurisdictions in 2016. Based on the Company's current and expected NOL balances generated primarily by accelerated tax depreciation of its property, plant and equipment, the Company does not expect to pay significant federal income tax for a period of approximately nine years.

The Company is subject to examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and various state jurisdictions. The Company is not subject to U.S. federal or state income tax examinations for years prior to 2013.

The Company has no uncertain tax benefits.

Off-Balance Sheet Arrangements

Obligations under Certain Guarantee Contracts

The Company may enter into guarantee arrangements in the normal course of business to facilitate commercial transactions with third parties.

Retained or Contingent Interests

The Company does not have any material retained or contingent interests in assets transferred to an unconsolidated entity.

Obligations Arising Out of a Variable Interest in an Unconsolidated Entity

Variable interest in equity investments — As of March 31, 2016, the Company has several investments with an ownership interest percentage of 50% or less in energy and energy-related entities that are accounted for under the equity method. DGPV Holdco 1, DGPV Holdco 2, RPV Holdco and GenConn are variable interest entities for which the Company is not the primary beneficiary.

The Company's pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately $450 million as of March 31, 2016. This indebtedness may restrict the ability of these subsidiaries to issue dividends or distributions to the Company. See also Note 5, *Variable Interest Entities, or VIEs*.

Contractual Obligations and Commercial Commitments

The Company has a variety of contractual obligations and other commercial commitments that represent prospective cash requirements in addition to our capital expenditure programs, as disclosed in the Company's 2015 Form 10-K.

Fair Value of Derivative Instruments

The Company may enter into fuel purchase contracts and other energy-related financial instruments to mitigate variability in earnings due to fluctuations in spot market prices and to hedge fuel requirements at certain generation facilities. In addition, in order to mitigate interest rate risk associated with the issuance of variable rate debt, the Company enters into interest rate swap agreements.

The tables below disclose the activities of non-exchange traded contracts accounted for at fair value in accordance with ASC 820. Specifically, these tables disaggregate realized and unrealized changes in fair value; disaggregate estimated fair values at March 31, 2016, based on their level within the fair value hierarchy defined in ASC 820; and indicate the maturities of contracts at March 31, 2016. For a full discussion of the Company's valuation methodology of its contracts, see *Derivative Fair Value Measurements* in Note 6, *Fair Value of Financial Instruments*.

Derivative Activity Gains/(Losses)	(In millions)
Fair value of contracts as of December 31, 2015	$ (100)
Contracts realized or otherwise settled during the period	9
Changes in fair value	(57)
Fair Value of contracts as of March 31, 2016	$ (148)

	Fair Value of contracts as of March 31, 2016				
	Maturity				
Fair Value Hierarchy Losses	1 Year or Less	Greater Than 1 Year to 3 Years	Greater Than 3 Years to 5 Years	Greater Than 5 Years	Total Fair Value
	(In millions)				
Level 2	$ 38	$ 56	$ 31	$ 23	$ 148

The Company has elected to disclose derivative assets and liabilities on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. As discussed below in *Quantitative and Qualitative Disclosures about Market Risk -Commodity Price Risk,* NRG, on behalf of the Company, measures the sensitivity of the portfolio to potential changes in market prices using VaR, a statistical model which attempts to predict risk of loss based on market price and volatility. NRG's risk management policy places a limit on one-day holding period VaR, which limits the net open position.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of the financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements and related disclosures in compliance with U.S. GAAP requires the application of appropriate technical accounting rules and guidance as well as the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. The application of these policies necessarily involves judgments regarding future events, including the likelihood of success of particular projects, legal and regulatory challenges, and the fair value of certain assets and liabilities. These judgments, in and of themselves, could materially affect the financial statements and disclosures based on varying assumptions, which may be appropriate to use. In addition, the financial and operating environment may also have a significant effect, not only on the operation of the business, but on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting policies has not changed.

On an ongoing basis, the Company evaluates these estimates, utilizing historic experience, consultation with experts and other methods the Company considers reasonable. In any event, actual results may differ substantially from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the information that gives rise to the revision becomes known.

The Company's significant accounting policies are summarized in Note 2, *Summary of Significant Accounting Policies*, to the Company's 2015 Form 10-K. The Company identifies its most critical accounting policies as those that are the most pervasive and important to the portrayal of the Company's financial position and results of operations, and that require the most difficult, subjective and/or complex judgments by management regarding estimates about matters that are inherently uncertain. The Company's critical accounting policies include income taxes and valuation allowance for deferred tax assets, impairment of long lived assets and other intangible assets and acquisition accounting.

Recent Accounting Developments

See Note 2, *Summary of Significant Accounting Policies*, for a discussion of recent accounting developments.

Exhibit 99.9

ITEM 1 — FINANCIAL STATEMENTS

NRG YIELD, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In millions, except per share amounts)	Three months ended June 30, 2016 [a]	Three months ended June 30, 2015 [a]	Six months ended June 30, 2016 [a]	Six months ended June 30, 2015 [a]
Operating Revenues				
Total operating revenues	$ 283	$ 259	$ 517	$ 473
Operating Costs and Expenses				
Cost of operations	77	78	162	164
Depreciation and amortization	75	78	149	153
General and administrative	3	3	6	6
Acquisition-related transaction and integration costs	—	1	—	1
Total operating costs and expenses	155	160	317	324
Operating Income	128	99	200	149
Other Income (Expense)				
Equity in earnings of unconsolidated affiliates	13	4	16	7
Other income, net	2	1	2	2
Loss on debt extinguishment	—	(7)	—	(7)
Interest expense	(68)	(51)	(142)	(130)
Total other expense, net	(53)	(53)	(124)	(128)
Income Before Income Taxes	75	46	76	21
Income tax expense	12	4	12	—
Net Income	63	42	64	21
Less: Pre-acquisition net income (loss) of Drop Down Assets	5	1	4	(4)
Net Income Excluding Pre-acquisition Net Income (Loss) of Drop Down Assets	58	41	60	25
Less: Net income attributable to noncontrolling interests	26	31	23	20
Net Income Attributable to NRG Yield, Inc.	$ 32	$ 10	$ 37	$ 5
Earnings Per Share Attributable to NRG Yield, Inc. Class A and Class C Common Stockholders				
Weighted average number of Class A common shares outstanding - basic	35	35	35	35
Weighted average number of Class A common shares outstanding - diluted	49	35	35	35
Weighted average number of Class C common shares outstanding - basic	63	35	63	35
Weighted average number of Class C common shares outstanding - diluted	73	35	63	35
Earnings per Weighted Average Class A and Class C Common Share - Basic	$ 0.33	$ 0.15	$ 0.38	$ 0.07
Earnings per Weighted Average Class A Common Share - Diluted	0.29	0.15	0.38	0.07
Earnings per Weighted Average Class C Common Share - Diluted	0.31	0.15	0.38	0.07
Dividends Per Class A Common Share	0.23	0.20	0.455	0.59
Dividends Per Class C Common Share	$ 0.23	$ 0.20	$ 0.455	$ 0.20

(a) Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2016 [a]	2015 [a]	2016 [a]	2015 [a]
Net Income	$ 63	$ 42	$ 64	$ 21
Other Comprehensive (Loss) Income, net of tax				
Unrealized (loss) gain on derivatives, net of income tax benefit (expense) of $3, ($4), $12 and $4	(16)	23	(57)	3
Other comprehensive (loss) income	(16)	23	(57)	3
Comprehensive Income	47	65	7	24
Less: Pre-acquisition net loss of Drop Down Assets	5	1	4	(4)
Less: Comprehensive income (loss) attributable to noncontrolling interests	13	48	(14)	30
Comprehensive Income (Loss) Attributable to NRG Yield, Inc.	$ 29	$ 16	$ 17	$ (2)

[a] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except shares)		June 30, 2016 [(a)]		December 31, 2015 [(a)]
ASSETS		(unaudited)		
Current Assets				
Cash and cash equivalents	$	89	$	111
Restricted cash		123		131
Accounts receivable — trade		121		98
Accounts receivable — affiliate		1		—
Inventory		36		36
Derivative instruments		1		—
Notes receivable		17		17
Prepayments and other current assets		23		23
Total current assets		411		416
Property, plant and equipment, net of accumulated depreciation of $928 and $782		5,761		5,878
Other Assets				
Equity investments in affiliates		683		697
Notes receivable		21		30
Intangible assets, net of accumulated amortization of $132 and $93		1,321		1,362
Deferred income taxes		170		170
Other non-current assets		141		136
Total other assets		2,336		2,395
Total Assets	$	8,508	$	8,689
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Current portion of long-term debt	$	274	$	264
Accounts payable — trade		22		23
Accounts payable — affiliate		33		86
Derivative instruments		37		39
Accrued expenses and other current liabilities		48		77
Total current liabilities		414		489
Other Liabilities				
Long-term debt		5,218		5,329
Accounts payable — affiliate		20		—
Derivative instruments		122		61
Other non-current liabilities		79		72
Total non-current liabilities		5,439		5,462
Total Liabilities		5,853		5,951
Commitments and Contingencies				
Stockholders' Equity				
Preferred stock, $0.01 par value; 10,000,000 shares authorized; none issued		—		—
Class A, Class B, Class C and Class D common stock, $0.01 par value; 3,000,000,000 shares authorized (Class A 500,000,000, Class B 500,000,000, Class C 1,000,000,000, Class D 1,000,000,000); 182,848,000 shares issued and outstanding (Class A 34,586,250, Class B 42,738,750, Class C 62,784,250, Class D 42,738,750) at June 30, 2016, and December 31, 2015		1		1
Additional paid-in capital		1,835		1,855
Retained earnings		26		12
Accumulated other comprehensive loss		(47)		(27)
Noncontrolling interest		840		897
Total Stockholders' Equity		2,655		2,738
Total Liabilities and Stockholders' Equity	$	8,508	$	8,689

[(a)] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six months ended June 30,	
	2016 [(a)]	2015 [(a)]
	(In millions)	
Cash Flows from Operating Activities		
Net income	$ 64	$ 21
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of unconsolidated affiliates	(16)	(7)
Distributions from unconsolidated affiliates	22	21
Depreciation, amortization and ARO accretion	150	154
Amortization of financing costs and debt discounts	10	6
Amortization of intangibles and out-of-market contracts	40	26
Adjustment for debt extinguishment	—	7
Changes in income taxes	12	—
Changes in derivative instruments	(1)	(36)
Disposal of asset components	3	1
Changes in prepaid and accrued capacity payments	(65)	(66)
Changes in other working capital	(4)	(29)
Net Cash Provided by Operating Activities	215	98
Cash Flows from Investing Activities		
Acquisition of businesses, net of cash acquired	—	(37)
Acquisition of Drop Down Assets, net of cash acquired	—	(489)
Capital expenditures	(11)	(9)
Decrease in restricted cash	7	20
Decrease in notes receivable	9	8
Return of investment from unconsolidated affiliates	18	15
Investments in unconsolidated affiliates	(59)	(328)
Other	2	—
Net Cash Used in Investing Activities	(34)	(820)
Cash Flows from Financing Activities		
Net contributions from noncontrolling interests	8	123
Distributions to NRG for NRG Wind TE Holdco	(6)	—
Distributions and return of capital to NRG prior to CVSR Drop Down	(12)	(12)
Proceeds from the issuance of common stock	—	600
Payment of dividends and distributions to shareholders	(83)	(61)
Payment of debt issuance costs	—	(11)
Net borrowings from the revolving credit facility	12	267
Proceeds from the issuance of long-term debt	—	293
Payments of long-term debt	(122)	(599)
Net Cash (Used in) Provided by Financing Activities	(203)	600
Net Decrease in Cash and Cash Equivalents	(22)	(122)
Cash and Cash Equivalents at Beginning of Period	111	429
Cash and Cash Equivalents at End of Period	$ 89	$ 307

[(a)] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

See accompanying notes to consolidated financial statements.

NRG YIELD, INC.

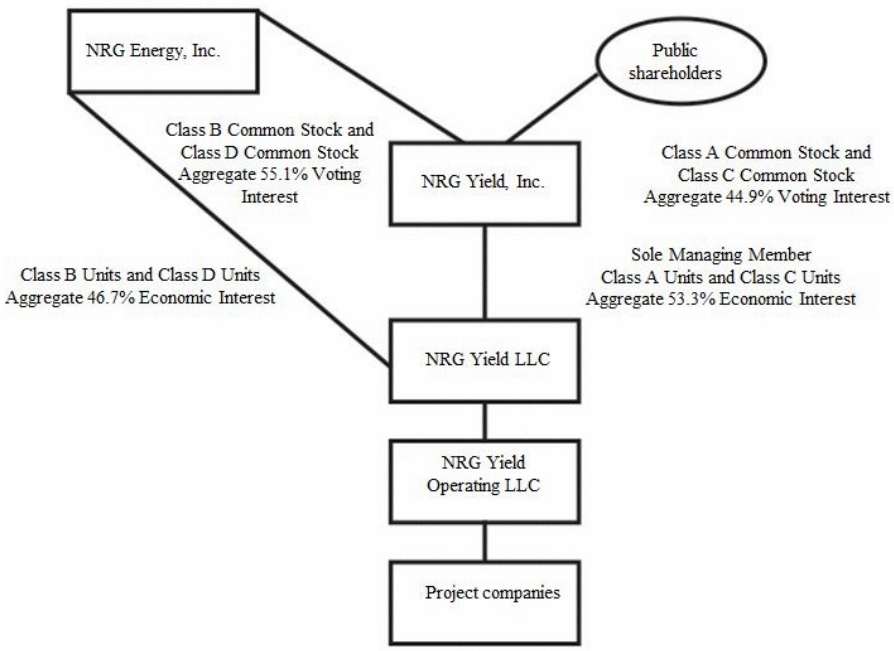
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — *Nature of Business*

NRG Yield, Inc., together with its consolidated subsidiaries, or the Company, is a dividend growth-oriented company formed by NRG as a Delaware corporation on December 20, 2012, to serve as the primary vehicle through which NRG owns, operates and acquires contracted renewable and conventional generation and thermal infrastructure assets. NRG Yield, Inc. owns 100% of the Class A units and Class C units of NRG Yield LLC, including a controlling interest through its position as managing member. NRG Yield LLC, through its wholly owned subsidiary, NRG Yield Operating LLC, is the holder of a portfolio of renewable and conventional generation and thermal infrastructure assets, primarily located in the Northeast, Southwest and California regions of the U.S.

NRG Yield, Inc. consolidates the results of NRG Yield LLC through its controlling interest, with NRG's interest shown as noncontrolling interest in the financial statements. On May 14, 2015, NRG Yield, Inc. completed a stock split whereby each outstanding share of Class A common stock was split into one share of Class A common stock and one share of Class C common stock, and each outstanding share of Class B common stock was split into one share of Class B common stock and one share of Class D common stock. The stock split is referred to as the Recapitalization and all references to share or per share amounts in the accompanying consolidated financial statements and applicable disclosures have been retrospectively adjusted to reflect the Recapitalization. In addition, on June 29, 2015, NRG Yield, Inc. completed the issuance of 28,198,000 shares of Class C common stock for net proceeds of $599 million. The holders of NRG Yield, Inc.'s outstanding shares of Class A and Class C common stock are entitled to dividends as declared. NRG receives its distributions from NRG Yield LLC through its ownership of NRG Yield LLC Class B and Class D units.

The following table represents the structure of the Company as of June 30, 2016:



As of June 30, 2016, the Company's operating assets are comprised of the following projects:

Projects	Percentage Ownership	Net Capacity (MW)[a]	Offtake Counterparty	Expiration
Conventional				
El Segundo	100%	550	Southern California Edison	2023
GenConn Devon	50%	95	Connecticut Light & Power	2040
GenConn Middletown	50%	95	Connecticut Light & Power	2041
Marsh Landing	100%	720	Pacific Gas and Electric	2023
Walnut Creek	100%	485	Southern California Edison	2023
		1,945		
Utility Scale Solar				
Alpine	100%	66	Pacific Gas and Electric	2033
Avenal	50%	23	Pacific Gas and Electric	2031
Avra Valley	100%	26	Tucson Electric Power	2032
Blythe	100%	21	Southern California Edison	2029
Borrego	100%	26	San Diego Gas and Electric	2038
CVSR	100%	250	Pacific Gas and Electric	2038
Desert Sunlight 250	25%	63	Southern California Edison	2035
Desert Sunlight 300	25%	75	Pacific Gas and Electric	2040
Kansas South	100%	20	Pacific Gas and Electric	2033
Roadrunner	100%	20	El Paso Electric	2031
TA High Desert	100%	20	Southern California Edison	2033
		610		
Distributed Solar				
AZ DG Solar Projects	100%	5	Various	2025 - 2033
PFMG DG Solar Projects	51%	4	Various	2032
		9		
Wind				
Alta I	100%	150	Southern California Edison	2035
Alta II	100%	150	Southern California Edison	2035
Alta III	100%	150	Southern California Edison	2035
Alta IV	100%	102	Southern California Edison	2035
Alta V	100%	168	Southern California Edison	2035
Alta X [b]	100%	137	Southern California Edison	2038
Alta XI [b]	100%	90	Southern California Edison	2038
Buffalo Bear	100%	19	Western Farmers Electric Co-operative	2033
Crosswinds	74.3%	16	Corn Belt Power Cooperative	2027
Elbow Creek	75%	92	NRG Power Marketing LLC	2022
Elkhorn Ridge	50.3%	41	Nebraska Public Power District	2029
Forward	75%	22	Constellation NewEnergy, Inc.	2017
Goat Wind	74.9%	113	Dow Pipeline Company	2025
Hardin	74.3%	11	Interstate Power and Light Company	2027
Laredo Ridge	100%	80	Nebraska Public Power District	2031
Lookout	75%	29	Southern Maryland Electric Cooperative	2030
Odin	74.9%	15	Missouri River Energy Services	2028
Pinnacle	100%	55	Maryland Department of General Services and University System of Maryland	2031
San Juan Mesa	56.3%	68	Southwestern Public Service Company	2025
Sleeping Bear	75%	71	Public Service Company of Oklahoma	2032
South Trent	100%	101	AEP Energy Partners	2029
Spanish Fork	75%	14	PacifiCorp	2028
Spring Canyon II [b]	90.1%	29	Platte River Power Authority	2039
Spring Canyon III [b]	90.1%	25	Platte River Power Authority	2039
Taloga	100%	130	Oklahoma Gas & Electric	2031
Wildorado	74.9%	121	Southwestern Public Service Company	2027
		1,999		

Projects	Percentage Ownership	Net Capacity (MW)[(a)]	Offtake Counterparty	Expiration
Thermal				
Thermal equivalent MWt [(c)]	100%	1,315	Various	Various
NRG Dover Energy Center LLC	100%	103	NRG Power Marketing LLC	2018
Thermal generation	100%	20	Various	Various
Total net capacity (excluding equivalent MWt)[(d)]		4,686		

[(a)] Net capacity represents the maximum, or rated, generating capacity of the facility multiplied by the Company's percentage ownership in the facility as of June 30, 2016.
[(b)] Projects are part of tax equity arrangements.
[(c)] For thermal energy, net capacity represents MWt for steam or chilled water and excludes 134 MWt available under the right-to-use provisions contained in agreements between two of the Company's thermal facilities and certain of its customers.
[(d)] Total net capacity excludes 55 MW for RPV Holdco and 45 MW for DGPV Holdco 1 and DGPV Holdco 2, which are consolidated by NRG, as further described in Note 4, *Variable Interest Entities, or VIEs*.

Substantially all of the Company's generation assets are under long-term contractual arrangements for the output or capacity from these assets. The thermal assets are comprised of district energy systems and combined heat and power plants that produce steam, hot water and/or chilled water and in some instances, electricity, at a central plant. Three out of the fourteen district energy systems are subject to rate regulation by state public utility commissions while the other district energy systems have rates determined by negotiated bilateral contracts.

As described in Note 11, *Related Party Transactions*, the Company has a management services agreement with NRG for various services, including human resources, accounting, tax, legal, information systems, treasury, and risk management.

Stockholders' equity represents the equity associated with the Class A and Class C common stockholders, with the equity associated with the Class B and Class D common stockholder, NRG, and the third-party interests under certain tax equity arrangements classified as noncontrolling interest.

As described in Note 3, *Business Acquisitions*, on November 3, 2015, the Company acquired 75% of the Class B interests of NRG Wind TE Holdco, or the November 2015 Drop Down Assets, from NRG for cash consideration of $209 million. In February 2016, NRG made a final working capital payment of $2 million, reducing total cash consideration to $207 million. Additionally, on January 2, 2015, the Company acquired the Laredo Ridge, Tapestry, and Walnut Creek projects, or the January 2015 Drop Down Assets, for total cash consideration of $489 million, including $9 million for working capital. In addition, as described in Note 3, *Business Acquisitions*, the Company acquired the remaining 51.05% of CVSR, or the CVSR Drop Down, on September 1, 2016, for cash consideration of $78.5 million. The acquisitions of the CVSR Drop Down, the November 2015 Drop Down Assets and the January 2015 Drop Down Assets, or collectively, the Drop Down Assets, were accounted for as transfers of entities under common control. The accounting guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control. Accordingly, the Company prepared its consolidated financial statements to reflect the transfers as if they had taken place from the beginning of the financial statements period or from the date the entities were under common control (if later than the beginning of the financial statements period), which was April 1, 2014 for the January Drop Down Assets and the majority of the November 2015 Drop Down Assets. The recast did not affect net income attributable to NRG Yield, Inc., weighted average number of shares outstanding, earnings per share or dividends. With respect to the November 2015 Drop Down Assets, the Company has recorded all minority interests in NRG Wind TE Holdco as noncontrolling interest in the Consolidated Financial Statements for all periods presented.

With respect to the CVSR Drop Down, prior to the transaction, the Company recorded its 48.95% interest in CVSR as an equity method investment. In connection with the retrospective adjustment of prior periods, the Company has removed the equity method investment from all prior periods and adjusted its financial statements to reflect its results of operations, financial position and cash flows as if it had consolidated CVSR from the beginning of the financial statement period.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the SEC's regulations for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. The following notes should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2015. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments consisting of normal and recurring accruals necessary to present fairly the Company's consolidated financial position as of June 30, 2016, and the results of operations, comprehensive income and cash flows for the six months ended June 30, 2016, and 2015.

Note 2 — *Summary of Significant Accounting Policies*

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during the reporting period. Actual results could be different from these estimates.

Noncontrolling Interests

The following table reflects the changes in the Company's noncontrolling interest balance:

		(In millions)
Balance as of December 31, 2015	$	897
Capital contributions from tax equity investors, net of distributions		8
November 2015 Drop Down Assets working capital payment		2
Comprehensive loss		(14)
Distributions to NRG		(57)
Pre-acquisition net income of Drop Down assets	$	4
Balance as of June 30, 2016	$	840

Distributions to NRG

The following table lists the distributions paid on NRG Yield LLC's Class B and D units during the six months ended June 30, 2016:

	Second Quarter 2016		First Quarter 2016	
Distributions per Class B Unit	$	0.23	$	0.225
Distributions per Class D Unit	$	0.23	$	0.225

On July 26, 2016, NRG Yield LLC declared a distribution on its units of $0.24 per unit payable on September 15, 2016 to unit holders of record as of September 1, 2016. The portion of the distributions paid by NRG Yield LLC to NRG is recorded as a reduction to the Company's noncontrolling interest balance.

Additionally, the Company paid $6 million to NRG relating to its noncontrolling interest in NRG Wind TE Holdco for the six months ended June 30, 2016.

NRG Indemnity Receivable

As of June 30, 2016, $75 million remains receivable as the balance is expected to be fully recovered from the current litigation with SunPower pursuant to the existing indemnity on the project. In addition, $7 million is payable to SunPower related to amounts that SunPower overpaid for liquidated damages pursuant to the project indemnities. The agreement between NRG and the Company for the CVSR Drop Down specified that all amounts related to the litigation with SunPower are excluded from the acquisition. Accordingly, prior to close of the transaction, the $75 million receivable and $7 million payable were transferred to NRG as a net reduction to its ownership interest in CVSR.

Recent Accounting Developments

ASU 2016-07 — In March 2016, the FASB issued ASU No. 2016-07, *Investments - Equity Method and Joint Ventures* (Topic 323), or ASU No. 2016-07. The amendments of ASU No. 2016-07 eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting with no retroactive adjustment to the investment. In addition, ASU No. 2016-07 requires that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The guidance in ASU No. 2016-07 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. The adoption of ASU No. 2016-07 is required to be applied prospectively and early adoption is permitted. The Company does not expect the standard to have a material impact on its results of operations, cash flows and financial position.

ASU 2016-02 — In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), or ASU No. 2016-02. The amendments of ASU No. 2016-02 complete the joint effort between the FASB and the International Accounting Standards Board, or IASB, to develop a common leasing standard for GAAP and International Financial Reporting Standards, or IFRS, with the objective to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and to improve financial reporting. The guidance in ASU No. 2016-02 provides that a lessee that may have previously accounted for a lease as an operating lease under current GAAP should recognize the assets and liabilities that arise from a lease on the balance sheet. In addition, ASU No. 2016-02 expands the required quantitative and qualitative disclosures with regards to lease arrangements. The guidance in ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those annual periods. The adoption of ASU No. 2016-02 is required to be applied using a modified retrospective approach for the earliest period presented and early adoption is permitted. The Company is currently evaluating the impact of the standard on the Company's results of operations, cash flows and financial position.

ASU 2016-01 — In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, or ASU No. 2016-01. The amendments of ASU No. 2016-01 eliminate available-for-sale classification of equity investments and require that equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be generally measured at fair value with changes in fair value recognized in net income. Further, the amendments require financial assets and financial liabilities to be presented separately in the notes to the financial statements, grouped by measurement category and form of financial asset. The guidance in ASU No. 2016-01 is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those annual periods. The Company is currently evaluating the impact of the standard on the Company's results of operations, cash flows and financial position.

ASU 2015-16 — In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, or ASU No. 2015-16. The amendments of ASU No. 2015-16 require that an acquirer recognize measurement period adjustments to the provisional amounts recognized in a business combination in the reporting period during which the adjustments are determined. Additionally, the amendments of ASU No. 2015-16 require the acquirer to record in the same period's financial statements the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the measurement period adjustment, calculated as if the accounting had been completed at the acquisition date as well as disclosing on either the face of the income statement or in the notes the portion of the amount recorded in current period earnings that would have been recorded in previous reporting periods. The guidance in ASU No. 2015-16 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The amendments should be applied prospectively. The Company adopted this standard on January 1, 2016, and the adoption of this standard did not impact the Company's results of operations, cash flows or financial position.

ASU 2014-09 — In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), or ASU No. 2014-09. The amendments of ASU No. 2014-09 complete the joint effort between the FASB and the International Accounting Standards Board, or IASB, to develop a common revenue standard for GAAP and International Financial Reporting Standards, or IFRS, and to improve financial reporting. The guidance in ASU No. 2014-09 provides that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for the goods or services provided and establishes the following steps to be applied by an entity: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies the performance obligation. In August 2015, the FASB issued ASU 2015-14, which formally deferred the effective date by one year to make the guidance of ASU No. 2014-09 effective for annual reporting periods beginning after December 15, 2017, including interim periods therein. Early adoption is permitted, but not prior to the original effective date, which was for annual reporting periods beginning after December 15, 2016.

In addition to ASU No. 2014-09, the FASB has issued additional guidance which provides further clarification on Topic 606. In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers* (Topic 606), or ASU No. 2016-08. The amendments of ASU No. 2016-08 clarify how to apply the implementation guidance on principal versus agent considerations related to the sale of goods or services to a customer as updated by ASU No. 2014-09. In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers* (Topic 606), or ASU No. 2016-10. The amendments of ASU No. 2016-10 provide further clarification on contract revenue recognition as updated by ASU No. 2014-09, specifically related to the identification of separately identifiable performance obligations and the implementation of licensing contracts. In May 2016, the

FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers* (Topic 606), or ASU No. 2016-12. The amendments of ASU No. 2016-12 provide further clarification on contract revenue recognition as updated by ASU No. 2014-09, specifically related to collectability, the presentation of tax collected from customers, and non-cash consideration, as well as offering practical expedients. The Company is working through an adoption plan which includes the evaluation of revenue contracts compared to the new standard and evaluating the impact of Topic 606 on the Company's results of operations, cash flows and financial position.

Note 3 — *Business Acquisitions*

2016 Acquisitions

CVSR Drop Down from NRG — On September 1, 2016, the Company acquired from NRG the remaining 51.05% interest of CVSR Holdco LLC, which indirectly owns the CVSR solar facility, for total cash consideration of $78.5 million, subject to working capital adjustments and plus assumed non-recourse project debt. The acquisition was funded with cash on hand.

The assets and liabilities transferred to the Company relate to interests under common control by NRG and were recorded at historical cost in accordance with ASC 805-50, *Business Combinations - Related Issues*. The difference between the cash paid and historical value of the entities' equity was recorded as a contribution from NRG with the offset to noncontrolling interest. Because the transaction constituted a transfer of net assets under common control, the guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control. Prior to the transaction, the Company recorded its 48.95% interest in CVSR as an equity method investment. In connection with the retrospective adjustment of prior periods, the Company has removed the equity method investment from all prior periods and adjusted its financial statements to reflect its results of operations, financial position and cash flows as if it had consolidated CVSR from the beginning of the financial statement period.

In connection with the acquisition and prior to close of the transaction, a $68 million net receivable resulting from the litigation with SunPower, as described in Note 2, *Summary of Significant Accounting Policies,* was transferred to NRG as a reduction to its ownership interest in the Company.

2015 Acquisitions

November 2015 Drop Down Assets from NRG — On November 3, 2015, the Company acquired the November 2015 Drop Down Assets, a portfolio of 12 wind facilities totaling 814 net MW, from NRG for cash consideration of $209 million, subject to working capital adjustments. In February 2016, NRG made a final working capital payment of $2 million, reducing total cash consideration to $207 million. The Company is responsible for its pro-rata share of non-recourse project debt of $193 million and noncontrolling interest associated with a tax equity structure of $159 million (as of the acquisition date).

The Company funded the acquisition with borrowings from its revolving credit facility. The assets and liabilities transferred to the Company relate to interests under common control by NRG and were recorded at historical cost. The difference between the cash paid and historical value of the entities' equity was recorded as a distribution from NRG with the offset to noncontrolling interest.

The Class A interests of NRG Wind TE Holdco are owned by a tax equity investor, or TE Investor, who receives 99% of allocations of taxable income and other items until the flip point, which occurs when the TE Investor obtains a specified return on its initial investment, at which time the allocations to the TE Investor change to 8.53%. The Company generally receives 75% of CAFD until the flip point, at which time the allocations to the Company of CAFD change to 68.60%. If the flip point has not occurred by a specified date, 100% of CAFD is allocated to the TE Investor until the flip point occurs. NRG Wind TE Holdco is a VIE and the Company is the primary beneficiary, through its position as managing member, and consolidates NRG Wind TE Holdco.

Desert Sunlight — On June 29, 2015, the Company acquired 25% of the membership interest in Desert Sunlight Investment Holdings, LLC, which owns two solar photovoltaic facilities that total 550 MW, located in Desert Center, California from EFS Desert Sun, LLC, an affiliate of GE Energy Financial Services for a purchase price of $285 million. Power generated by the facilities is sold to Southern California Edison and Pacific Gas and Electric under long-term PPAs with approximately 20 years and 25 years of remaining contract life, respectively. The Company accounts for its 25% investment as an equity method investment.

Spring Canyon — On May 7, 2015, the Company acquired a 90.1% interest in Spring Canyon II, a 32 MW wind facility, and Spring Canyon III, a 28 MW wind facility, each located in Logan County, Colorado, from Invenergy Wind Global LLC. The purchase price was funded with cash on hand. Power generated by Spring Canyon II and Spring Canyon III is sold to Platte River Power Authority under long-term PPAs with approximately 24 years of remaining contract life.

University of Bridgeport Fuel Cell — On April 30, 2015, the Company completed the acquisition of the University of Bridgeport Fuel Cell project in Bridgeport, Connecticut from FuelCell Energy, Inc. The project added an additional 1.4 MW of thermal capacity to the Company's portfolio, with a 12-year contract, with the option for a 7-year extension. The acquisition is reflected in the Company's Thermal segment.

January 2015 Drop Down Assets from NRG — On January 2, 2015, the Company acquired the following projects from NRG: (i) Laredo Ridge, an 80 MW wind facility located in Petersburg, Nebraska, (ii) Tapestry, which includes Buffalo Bear, a 19 MW wind facility in Buffalo, Oklahoma; Taloga, a 130 MW wind facility in Putnam, Oklahoma; and Pinnacle, a 55 MW wind facility in Keyser, West Virginia, and (iii) Walnut Creek, a 485 MW natural gas facility located in City of Industry, California, for total cash consideration of $489 million, including $9 million for working capital, plus assumed project-level debt of $737 million. The Company funded the acquisition with cash on hand and drawings under its revolving credit facility. The assets and liabilities transferred to the Company relate to interests under common control by NRG and were recorded at historical cost. The difference between the cash paid and the historical value of the entities' equity of $61 million, as well as $23 million of AOCL, was recorded as a distribution to NRG and reduced the balance of its noncontrolling interest.

Note 4 — *Variable Interest Entities, or VIEs*

Entities that are Consolidated

The Company has a controlling financial interest in certain entities which have been identified as VIEs under ASC 810, *Consolidations,* or ASC 810. These arrangements are primarily related to tax equity arrangements entered into with third parties in order to monetize certain tax credits associated with wind facilities, as further described in Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities,* to the Company's audited consolidated financial statements included in the 2015 Form 10-K.

Summarized financial information for the Company's consolidated VIEs consisted of the following as of June 30, 2016:

(In millions)	NRG Wind TE Holdco	Alta Wind TE Holdco	Spring Canyon
Other current and non-current assets	$ 190	$ 27	$ 4
Property, plant and equipment	638	472	102
Intangible assets	2	281	—
Total assets	830	780	106
Current and non-current liabilities	215	8	6
Total liabilities	215	8	6
Noncontrolling interest	235	121	70
Net assets less noncontrolling interests	$ 380	$ 651	$ 30

Entities that are not Consolidated

The Company has interests in entities that are considered VIEs under ASC 810, but for which it is not considered the primary beneficiary. The Company accounts for its interests in these entities under the equity method of accounting, as further described in Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities,* to the Company's audited consolidated financial statements included in the 2015 Form 10-K.

NRG DGPV Holdco 1 LLC — The Company and NRG, maintain a partnership, NRG DGPV Holdco 1 LLC, or DGPV Holdco 1, the purpose of which is to own or purchase solar power generation projects and other ancillary related assets from NRG Renew LLC or its subsidiaries, via intermediate funds, including: (i) a tax equity-financed portfolio of 10 recently completed community solar projects representing approximately 8 MW with a weighted average remaining PPA term of 20 years; and (ii) a tax equity-financed portfolio of approximately 12 commercial photovoltaic systems representing approximately 37 MW with a weighted average remaining PPA term of 19 years. Both of these investments relate to the Company's $100 million commitment to distributed solar projects in partnership with NRG.

NRG DGPV Holdco 2 LLC — On February 29, 2016, the Company and NRG entered into an additional partnership by forming NRG DGPV Holdco 2 LLC, or DGPV Holdco 2, to own or purchase solar power generation projects and other ancillary related assets from NRG Renew LLC or its subsidiaries, via intermediate funds. Under this partnership, the Company committed to fund up to $50 million of capital.

The Company's maximum exposure to loss is limited to its equity investment in DGPV Holdco 1 and DGPV Holdco 2, which was $78 million on a combined basis as of June 30, 2016.

NRG RPV Holdco 1 LLC — The Company and NRG Residential Solar Solutions LLC, a subsidiary of NRG, maintain a partnership, NRG RPV Holdco 1 LLC, or RPV Holdco, that holds operating portfolios of residential solar assets developed by NRG Home Solar, a subsidiary of NRG, including: (i) an existing, unlevered portfolio of over 2,200 leases across nine states representing approximately 17 MW with a weighted average remaining lease term of approximately 17 years; and (ii) a tax equity-financed portfolio of approximately 5,500 leases representing approximately 38 MW, with an average lease term for the existing and new leases of approximately 17 to 20 years. Under this partnership, the Company had previously committed to fund up to $150 million of capital, which was reduced to $100 million in February 2016.

The Company's maximum exposure to loss is limited to its equity investment, which was $67 million as of June 30, 2016.

On August 5, 2016, the Company and NRG amended the RPV Holdco partnership to further reduce the aggregate commitment of $100 million to $60 million in connection with NRG's change in business model approach in the residential solar business.

GenConn Energy LLC — The Company has a 50% interest in GCE Holding LLC, the owner of GenConn, which owns and operates two 190 MW peaking generation facilities in Connecticut at the Devon and Middletown sites. As of June 30, 2016, the Company's investment in GenConn was $108 million and its maximum exposure to loss is limited to its equity investment.

The following table presents summarized financial information for GCE Holding LLC:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	**2016**	**2015**	**2016**	**2015**
Income Statement Data:				
Operating revenues	$ 18	$ 18	$ 36	$ 40
Operating income	10	11	19	20
Net income	$ 6	$ 8	$ 13	$ 14

	June 30, 2016	December 31, 2015
Balance Sheet Data:		
Current assets	$ 34	$ 36
Non-current assets	408	416
Current liabilities	14	16
Non-current liabilities	$ 211	$ 215

Note 5 — *Fair Value of Financial Instruments*

Fair Value Accounting under ASC 820

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2—inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3—unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In accordance with ASC 820, the Company determines the level in the fair value hierarchy within which each fair value measurement in its entirety falls, based on the lowest level input that is significant to the fair value measurement.

For cash and cash equivalents, restricted cash, accounts receivable, accounts receivable — affiliate, accounts payable, accounts payable — affiliate, accrued expenses and other liabilities, the carrying amounts approximate fair value because of the short-term maturity of those instruments and are classified as Level 1 within the fair value hierarchy.

The estimated carrying amounts and fair values of the Company's recorded financial instruments not carried at fair market value are as follows:

	As of June 30, 2016		As of December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(In millions)				
Assets:				
Notes receivable, including current portion	$ 38	$ 38	$ 47	$ 47
Liabilities:				
Long-term debt, including current portion	$ 5,552	$ 5,552	$ 5,656	$ 5,538

The fair value of notes receivable and long-term debt are based on expected future cash flows discounted at market interest rates, or current interest rates for similar instruments, and are classified as Level 3 within the fair value hierarchy.

Recurring Fair Value Measurements

The Company records its derivative assets and liabilities at fair value on its consolidated balance sheet. There were no derivative asset positions on the Company's consolidated balance sheet as of December 31, 2015. The following table presents assets and liabilities measured and recorded at fair value on the Company's consolidated balance sheets on a recurring basis and their level within the fair value hierarchy:

	As of June 30, 2016	As of December 31, 2015
	Fair Value [(a)]	Fair Value [(a)]
(In millions)	Level 2	Level 2
Derivative assets:		
Commodity contracts	$ 1	$ —
Total assets	1	—
Derivative liabilities:		
Commodity contracts	—	2
Interest rate contracts	159	98
Total liabilities	$ 159	$ 100

(a) There were no assets or liabilities classified as Level 1 or Level 3 as of June 30, 2016, and December 31, 2015.

Derivative Fair Value Measurements

The Company's contracts are non-exchange-traded and valued using prices provided by external sources. For the Company's energy markets, management receives quotes from multiple sources. To the extent that multiple quotes are received, the prices reflect the average of the bid-ask mid-point prices obtained from all sources believed to provide the most liquid market for the commodity.

The fair value of each contract is discounted using a risk free interest rate. In addition, a credit reserve is applied to reflect credit risk, which is, for interest rate swaps, calculated based on credit default swaps using the bilateral method. For commodities, to the extent that the net exposure under a specific master agreement is an asset, the Company uses the counterparty's default swap rate. If the net exposure under a specific master agreement is a liability, the Company uses NRG's default swap rate. For interest rate swaps and commodities, the credit reserve is added to the discounted fair value to reflect the exit price that a market participant would be willing to receive to assume the liabilities or that a market participant would be willing to pay for the assets. As of June 30, 2016, the credit reserve resulted in a $5 million increase in fair value, which was composed of a $4 million gain in OCI and $1 million gain in interest expense. It is possible that future market prices could vary from those used in recording assets and liabilities and such variations could be material.

Concentration of Credit Risk

In addition to the credit risk discussion in Note 2, *Summary of Significant Accounting Policies*, to the Company's audited consolidated financial statements included in the Company's 2015 Form 10-K, the following is a discussion of the concentration of credit risk for the Company's financial instruments. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. The Company monitors and manages credit risk through credit policies that include: (i) an established credit approval process; (ii) daily monitoring of counterparties' credit limits; (iii) the use of credit mitigation measures such as margin, collateral, prepayment arrangements, or volumetric limits; (iv) the use of payment netting agreements; and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty risk by having a diversified portfolio of counterparties.

Counterparty credit exposure includes credit risk exposure under certain long-term agreements, including solar and other PPAs. As external sources or observable market quotes are not available to estimate such exposure, the Company estimates the exposure related to these contracts based on various techniques including, but not limited to, internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Based on these valuation techniques, as of June 30, 2016, credit risk exposure to these counterparties attributable to the Company's ownership interests was approximately $2.6 billion for the next five years. The majority of these power contracts are with utilities with strong credit quality and public utility commission or other regulatory support, as further described in Note 12, *Segment Reporting,* to the Company's audited consolidated financial statements included in the Company's 2015 Form 10-K. However, such regulated utility counterparties can be impacted by changes in government regulations, which the Company is unable to predict.

Note 6 — *Accounting for Derivative Instruments and Hedging Activities*

This footnote should be read in conjunction with the complete description under Note 7, *Accounting for Derivative Instruments and Hedging Activities*, to the Company's audited consolidated financial statements included in the Company's 2015 Form 10-K.

Energy-Related Commodities

As of June 30, 2016, the Company had forward contracts for the purchase of fuel commodities relating to the forecasted usage of the Company’s district energy centers extending through 2018. At June 30, 2016, these contracts were not designated as cash flow or fair value hedges.

Interest Rate Swaps

As of June 30, 2016, the Company had interest rate derivative instruments on non-recourse debt extending through 2031, most of which are designated as cash flow hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of the Company's open derivative transactions broken out by commodity as of June 30, 2016, and December 31, 2015.

		Total Volume	
		June 30, 2016	December 31, 2015
Commodity	Units	(In millions)	
Natural Gas	MMBtu	4	4
Interest	Dollars	$ 1,932	$ 1,991

Fair Value of Derivative Instruments

There were no derivative asset positions on the balance sheet as of December 31, 2015. The following table summarizes the fair value within the derivative instrument valuation on the balance sheet:

	Fair Value		
	Derivative Assets	Derivative Liabilities	
	June 30, 2016	June 30, 2016	December 31, 2015
	(In millions)		
Derivatives Designated as Cash Flow Hedges:			
Interest rate contracts current	$ —	$ 34	$ 34
Interest rate contracts long-term	—	108	56
Total Derivatives Designated as Cash Flow Hedges	—	142	90
Derivatives Not Designated as Cash Flow Hedges:			
Interest rate contracts current	—	3	3
Interest rate contracts long-term	—	14	5
Commodity contracts current	1	—	2
Total Derivatives Not Designated as Cash Flow Hedges	1	17	10
Total Derivatives	$ 1	$ 159	$ 100

The Company has elected to present derivative assets and liabilities on the balance sheet on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. As of June 30, 2016, and December 31, 2015, there were no offsetting amounts at the counterparty master agreement level or outstanding collateral paid or received.

Accumulated Other Comprehensive Loss

The following table summarizes the effects on the Company's accumulated OCL balance attributable to interest rate swaps designated as cash flow hedge derivatives, net of tax:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(In millions)			
Accumulated OCL beginning balance	$ (124)	$ (96)	$ (83)	$ (76)
Reclassified from accumulated OCL to income due to realization of previously deferred amounts	3	4	6	7
Mark-to-market of cash flow hedge accounting contracts	(19)	19	(63)	(4)
Accumulated OCL ending balance, net of income tax benefit of $28 and $10, respectively	$ (140)	$ (73)	$ (140)	$ (73)
Accumulated OCL attributable to noncontrolling interests	(93)	(57)	(93)	(57)
Accumulated OCL attributable to NRG Yield, Inc.	$ (47)	$ (16)	$ (47)	$ (16)
Losses expected to be realized from OCL during the next 12 months, net of income tax benefit of $4	$ (19)		$ (19)	

Amounts reclassified from accumulated OCL into income and amounts recognized in income from the ineffective portion of cash flow hedges are recorded to interest expense. There was no ineffectiveness for the six months ended June 30, 2016, and 2015.

Impact of Derivative Instruments on the Statements of Income

The Company has interest rate derivative instruments that are not designated as cash flow hedges. The effect of interest rate hedges is recorded to interest expense. For the three months ended June 30, 2016, and 2015, the impact to the consolidated statements of income was a loss of $2 million and a gain of $31 million, respectively. For the six months ended June 30, 2016, and 2015, the impact to the consolidated statements of income was a loss of $9 million and a gain of $19 million, respectively.

A portion of the Company's derivative commodity contracts relates to its Thermal Business for the purchase of fuel commodities based on the forecasted usage of the thermal district energy centers. Realized gains and losses on these contracts are reflected in the fuel costs that are permitted to be billed to customers through the related customer contracts or tariffs and, accordingly, no gains or losses are reflected in the consolidated statements of income for these contracts.

Commodity contracts also hedged the forecasted sale of power for Elbow Creek, Alta X and Alta XI in 2015 until the start of the PPAs. The effect of these commodity hedges was recorded to operating revenues. For the three and six months ended June 30, 2015, the impact to the consolidated statements of income was an unrealized loss of $4 million and an unrealized gain of $3 million, respectively.

See Note 5, *Fair Value of Financial Instruments*, for a discussion regarding concentration of credit risk.

Note 7 — *Long-term Debt*

This footnote should be read in conjunction with the complete description under Note 9, *Long-term Debt,* to the Company's audited consolidated financial statements included in the 2015 Form 10-K. Long-term debt consisted of the following:

	June 30, 2016	December 31, 2015	June 30, 2016, interest rate % [(a)]	Letters of Credit Outstanding at June 30, 2016
	(In millions, except rates)			
2019 Convertible Notes [(b)]	$ 333	$ 330	3.500	
2020 Convertible Notes [(c)]	268	266	3.250	
2024 Senior Notes	500	500	5.375	
NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility, due 2019 [(d)]	318	306	L+2.75	$ 67
Project-level debt:				
Alpine, due 2022	151	154	L+1.75	37
Alta Wind I, lease financing arrangement, due 2034	245	252	7.015	16
Alta Wind II, lease financing arrangement, due 2034	194	198	5.696	23
Alta Wind III, lease financing arrangement, due 2034	201	206	6.067	24
Alta Wind IV, lease financing arrangement, due 2034	130	133	5.938	16
Alta Wind V, lease financing arrangement, due 2035	208	213	6.071	27
Alta Realty Investments, due 2031	32	33	7.000	—
Alta Wind Asset Management, due 2031	18	19	L+2.375	—
Avra Valley, due 2031	58	60	L+1.75	3
Blythe, due 2028	21	21	L+1.625	6
Borrego, due 2025 and 2038	71	72	L+ 2.50/5.65	5
CVSR, due 2037	780	793	2.339 - 3.775	—
El Segundo Energy Center, due 2023	457	485	L+1.625 - L+2.25	82
Energy Center Minneapolis, due 2017 and 2025	100	108	5.95 -7.25	—
Kansas South, due 2031	31	33	L+2.00	4
Laredo Ridge, due 2028	102	104	L+1.875	10
Marsh Landing, due 2017 and 2023	410	418	L+1.75 - L+1.875	45
PFMG and related subsidiaries financing agreement, due 2030	29	29	6.000	—
Roadrunner, due 2031	38	40	L+1.625	5
South Trent Wind, due 2020	59	62	L+1.625	10
TA High Desert, due 2020 and 2032	51	52	L+2.50/5.15	8
Tapestry, due 2021	176	181	L+1.625	20
Viento, due 2023	183	189	L+2.75	27
Walnut Creek, due 2023	341	351	L+1.625	60
WCEP Holdings, due 2023	46	46	L+3.00	—
Other	1	2	various	—
Subtotal project-level debt:	4,133	4,254		
Total debt	5,552	5,656		
Less current maturities	274	264		
Less deferred financing costs	60	63		
Total long-term debt	$ 5,218	$ 5,329		

[(a)] As of June 30, 2016, L+ equals 3 month LIBOR plus x%, except for the Marsh Landing term loan, Walnut Creek term loan, and NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility, where L+ equals 1 month LIBOR plus x% and Kansas South, where L+ equals 6 month LIBOR plus x%.

[(b)] Net of discount of $12 million and $15 million as of June 30, 2016, and December 31, 2015, respectively.

[(c)] Net of discount of $19 million and $21 million as of June 30, 2016, and December 31, 2015, respectively.

[(d)] Applicable rate is determined by the Borrower Leverage Ratio, as defined in the credit agreement.

The financing arrangements listed above contain certain covenants, including financial covenants that the Company is required to be in compliance with during the term of the respective arrangement. As of June 30, 2016, the Company was in compliance with all of the required covenants.

The discussion below describes material changes to or additions of long-term debt for the six months ended June 30, 2016, as well as any other material financing transactions that took place subsequent to June 30, 2016.

CVSR Holdco Financing Arrangement

On July 15, 2016, CVSR Holdco, the indirect owner of the CVSR project, issued $200 million of senior secured notes that bear interest at 4.68% and mature on March 31, 2037. Net proceeds were distributed to the Company and NRG based on the ownership as of July 15, 2016, and accordingly, the Company received net proceeds of $97.5 million.

NRG Yield Operating LLC 2026 Senior Notes

On August 18, 2016, NRG Yield Operating LLC issued $350 million of senior unsecured notes, or the 2026 Senior Notes. The 2026 Senior Notes bear interest of 5.00% and mature on September 15, 2026. Interest on the notes is payable semi-annually on March 15 and September 15 of each year, and commence on March 15, 2017. The 2026 Senior Notes are senior unsecured obligations of NRG Yield Operating LLC and are guaranteed by NRG Yield LLC, and by certain of Yield Operating LLC's wholly owned current and future subsidiaries. A portion of the proceeds of the 2026 Senior Notes were used to repay the revolving credit facility as described below.

NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility

The Company borrowed $60 million from the revolving credit facility and repaid $366 million during the eight months ended August 31, 2016. The repayments included the Company's pro rata proceeds of $97.5 million from the CVSR Holdco Financing Arrangement, as described above, along with $28 million of cash on hand. Additionally, in August 2016, the Company used a portion of its proceeds from the 2026 Senior Notes to pay the remaining revolver balance of $193 million in full as described above.

Note 8 — *Earnings Per Share*

Basic and diluted earnings (loss) per common share are computed by dividing net income (loss) by the weighted average number of common shares outstanding. Shares issued during the year are weighted for the portion of the year that they were outstanding. The number of shares and per share amounts for the prior periods presented below have been retrospectively restated to reflect the Recapitalization.

The reconciliation of the Company's basic and diluted earnings per share is shown in the following tables:

	Three months ended June 30,			
	2016		2015	
(In millions, except per share data) [(a)]	Common Class A	Common Class C	Common Class A	Common Class C
Basic earnings per share attributable to NRG Yield, Inc. common stockholders				
Net income attributable to NRG Yield, Inc.	$ 11	$ 21	$ 5	$ 5
Weighted average number of common shares outstanding - basic	35	63	35	35
Earnings per weighted average common share — basic	$ 0.33	$ 0.33	$ 0.15	$ 0.15
Diluted earnings per share attributable to NRG Yield, Inc. common stockholders				
Net income attributable to NRG Yield, Inc.	$ 14	$ 23	$ 5	$ 5
Weighted average number of common shares outstanding - diluted	49	73	35	35
Earnings per weighted average common share — diluted	$ 0.29	$ 0.31	$ 0.15	$ 0.15

	Six months ended June 30,			
	2016		2015	
(In millions, except per share data) [(a)]	Common Class A	Common Class C	Common Class A	Common Class C
Basic and diluted earnings per share attributable to NRG Yield, Inc. common stockholders				
Net income attributable to NRG Yield, Inc.	$ 13	$ 24	$ 3	$ 3
Weighted average number of common shares outstanding	35	63	35	35
Earnings per weighted average common share — basic and diluted	$ 0.38	$ 0.38	$ 0.07	$ 0.07

[(a)] Net income attributable to NRG Yield, Inc. and basic and diluted earnings per share might not recalculate due to presenting values in millions rather than whole dollars.

With respect to the Class A common stock, there were a total of 15 million anti-dilutive outstanding equity instruments for the six months ended June 30, 2016, and the three and six months ended June 30, 2015, related to the 2019 Convertible Notes. With respect to the Class C common stock, there were a total of 10 million anti-dilutive outstanding equity instruments for the six months ended June 30, 2016 related to the 2020 Convertible Notes.

Note 9 — *Segment Reporting*

The Company's segment structure reflects how management currently operates and allocates resources. The Company's businesses are primarily segregated based on conventional power generation, renewable businesses which consist of solar and wind, and the thermal and chilled water business. The Corporate segment reflects the Company's corporate costs. The Company's chief operating decision maker, its Chief Executive Officer, evaluates the performance of its segments based on operational measures including adjusted earnings before interest, taxes, depreciation and amortization, or Adjusted EBITDA, and CAFD, as well as economic gross margin and net income (loss).

	Three months ended June 30, 2016 [(a)]				
(In millions)	**Conventional Generation**	**Renewables**	**Thermal**	**Corporate**	**Total**
Operating revenues	$ 85	$ 159	$ 39	$ —	$ 283
Cost of operations	16	34	27	—	77
Depreciation and amortization	20	50	5	—	75
General and administrative	—	—	—	3	3
Operating income (loss)	49	75	7	(3)	128
Equity in earnings of unconsolidated affiliates	4	9	—	—	13
Other income, net	—	2	—	—	2
Interest expense	(12)	(36)	(1)	(19)	(68)
Income (loss) before income taxes	41	50	6	(22)	75
Income tax expense	—	—	—	12	12
Net Income (Loss)	$ 41	$ 50	$ 6	$ (34)	$ 63
Total Assets	$ 2,037	$ 5,862	$ 423	$ 186	$ 8,508

(a) Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

	Three months ended June 30, 2015 [(a)]				
(In millions)	**Conventional Generation**	**Renewables**	**Thermal**	**Corporate**	**Total**
Operating revenues	$ 85	$ 132	$ 42	$ —	$ 259
Cost of operations	15	32	31	—	78
Depreciation and amortization	21	53	4	—	78
General and administrative	—	—	—	3	3
Acquisition-related transaction and integration costs	—	—	—	1	1
Operating income (loss)	49	47	7	(4)	99
Equity in earnings of unconsolidated affiliates	4	—	—	—	4
Other income, net	—	1	—	—	1
Loss on debt extinguishment	(7)	—	—	—	(7)
Interest expense	(13)	(23)	(2)	(13)	(51)
Income (loss) before income taxes	33	25	5	(17)	46
Income tax expense	—	—	—	4	4
Net Income (Loss)	$ 33	$ 25	$ 5	$ (21)	$ 42

(a) Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

(In millions)	Six months ended June 30, 2016 [a] Conventional Generation	Renewables	Thermal	Corporate	Total
Operating revenues	$ 164	$ 270	$ 83	$ —	$ 517
Cost of operations	39	67	56	—	162
Depreciation and amortization	40	99	10	—	149
General and administrative	—	—	—	6	6
Operating income (loss)	85	104	17	(6)	200
Equity in earnings of unconsolidated affiliates	7	9	—		16
Other income, net	—	2	—	—	2
Interest expense	(23)	(78)	(3)	(38)	(142)
Income (loss) before income taxes	69	37	14	(44)	76
Income tax expense	—	—	—	12	12
Net Income (Loss)	$ 69	$ 37	$ 14	$ (56)	$ 64

[a] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

(In millions)	Six months ended June 30, 2015 [a] Conventional Generation	Renewables	Thermal	Corporate	Total
Operating revenues	$ 161	$ 223	$ 89	$ —	$ 473
Cost of operations	36	63	65	—	164
Depreciation and amortization	42	102	9	—	153
General and administrative	—	—	—	6	6
Acquisition-related transaction and integration costs	—	—	—	1	1
Operating income (loss)	83	58	15	(7)	149
Equity in earnings of unconsolidated affiliates	7	—	—	—	7
Other income, net	1	1	—	—	2
Loss on debt extinguishment	(7)	—	—	—	(7)
Interest expense	(25)	(75)	(4)	(26)	(130)
Income (loss) before income taxes	59	(16)	11	(33)	21
Net Income (Loss)	$ 59	$ (16)	$ 11	$ (33)	$ 21

[a] Retrospectively adjusted as discussed in Note 1, *Nature of Business*.

Note 10 — *Income Taxes*

Effective Tax Rate

The income tax provision consisted of the following:

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
	(In millions, except percentages)			
Income before income taxes	$ 75	$ 46	$ 76	$ 21
Income tax expense	12	4	12	—
Effective income tax rate	16.0%	8.7%	15.8%	—%

For the three and six months ended June 30, 2016, and 2015, the overall effective tax rate was different than the statutory rate of 35% primarily due to taxable earnings allocated to NRG resulting from its interest in NRG Yield LLC and production and investment tax credits generated from certain wind and solar assets, respectively.

For tax purposes, NRG Yield LLC is treated as a partnership; therefore, the Company and NRG each record their respective share of taxable income or loss.

Note 11 — *Related Party Transactions*

In addition to the transactions and relationships described elsewhere in these notes to the consolidated financial statements, NRG and certain subsidiaries of NRG provide services to the Company and its project entities. Amounts due to NRG subsidiaries are recorded as accounts payable - affiliate and amounts due to the Company from NRG or its subsidiaries are recorded as accounts receivable - affiliate in the Company's balance sheet.

Power Hedge Contracts by and between Renewables segment Entities and NRG

Certain NRG Wind TE Holdco entities, which are subsidiaries in the Renewables segment, entered into power hedge contracts with NRG Texas Power LLC and generated $12 million during the six months ended June 30, 2015. Effective October 2015, Elbow Creek, one of the NRG Wind TE Holdco entities, entered into a PPA with NRG Power Marketing LLC, or NRG Power Marketing, as further described below, and the hedge agreement between Elbow Creek and NRG Texas Power LLC was terminated.

Additionally, Alta X and Alta XI entered into a hedge agreement with NRG Power Marketing, as further described in Note 6, *Accounting for Derivative Instruments and Hedging Activities*, to hedge the forecasted sale of power until the start of the PPAs on January 1, 2016.

Power Purchase Agreement by and between Elbow Creek and NRG

In October 2015, Elbow Creek, the Company's subsidiary in the Renewables segment, entered into a PPA with NRG Power Marketing for the sale of energy and environmental attributes with the effective date of November 1, 2015, and expiring on October 31, 2022. Elbow Creek generated $4 million of revenue during the six months ended June 30, 2016.

Operation and Maintenance (O&M) Services Agreements by and between Thermal Entities and NRG

Certain wholly-owned subsidiaries of the Company are party to a Plant O&M Services Agreement with NRG, pursuant to which NRG provides necessary and appropriate services to operate and maintain the subsidiaries' plant operations, businesses and thermal facilities. NRG is reimbursed for the provided services, as well as for all reasonable and related expenses and expenditures, and payments to third parties for services and materials rendered to or on behalf of the parties to the agreements. NRG is not entitled to any management fee or mark-up under the agreements. Total fees incurred under the agreements were $15 million for the six months ended June 30, 2016, and 2015. There was a balance of $27 million and $29 million due to NRG in accounts payable — affiliate as of June 30, 2016, and December 31, 2015, respectively. As of June 30, 2016, $7 million of the balance was recorded in the current liabilities of the consolidated balance sheet and $20 million was recorded in long term liabilities of the consolidated balance sheet. Subsequent to June 30, 2016, $4 million of the outstanding balance has been paid.

Power Purchase Agreement by and between NRG Energy Center Dover LLC and NRG

In February 2016, NRG Energy Center Dover LLC, or NRG Dover, a subsidiary of the Company, entered into a PPA with NRG Power Marketing for the sale of energy and environmental attributes with an effective date of February 1, 2016 and expiration date of December 31, 2018. NRG Dover generated $2 million of revenue during the six months ended June 30, 2016. The agreement in place is additive to the existing Power Sales and Services Agreement as described further below.

Power Sales and Services Agreement by and between NRG Energy Center Dover LLC and NRG

NRG Energy Center Dover LLC, or NRG Dover, a subsidiary of the Company, is party to a Power Sales and Services Agreement with NRG Power Marketing. The agreement is automatically renewed on a month-to-month basis unless terminated by either party upon at least 30 days written notice. Under the agreement, NRG Power Marketing has the exclusive right to (i) manage, market and sell power, (ii) procure fuel and fuel transportation for operation of the Dover generating facility, to include for purposes other than generating power, (iii) procure transmission services required for the sale of power, and (iv) procure and market emissions credits for operation of the Dover generating facility.

In addition, NRG Power Marketing has the exclusive right and obligation to direct the output from the generating facility, in accordance with and to meet the terms of any power sales contracts executed against the power generation of the Dover facility. Under the agreement, NRG Power Marketing pays NRG Dover gross receipts generated through sales, less costs incurred by NRG Power Marketing related to providing such services as transmission and delivery costs, as well as fuel costs. In July 2013, the coal-fueled plant was converted to a natural gas facility. For the six months ended June 30, 2016, and 2015, NRG Dover purchased $1 million and $3 million, respectively, of natural gas from NRG Power Marketing.

Energy Marketing Services Agreement by and between NRG Energy Center Minneapolis LLC and NRG

NRG Energy Center Minneapolis LLC, or NRG Minneapolis, a subsidiary of the Company is party to an Energy Marketing Services Agreement with NRG Power Marketing, a wholly-owned subsidiary of NRG. Under the agreement, NRG Power Marketing procures fuel and fuel transportation for the operation of the Minneapolis generating facility. For the six months ended June 30, 2016, and 2015, NRG Minneapolis purchased $4 million and $5 million, respectively, of natural gas from NRG Power Marketing.

O&M Services Agreements by and between GenConn and NRG

GenConn incurs fees under two O&M services agreements with wholly-owned subsidiaries of NRG. The fees incurred under the agreements were $3 million and $2 million for the six months ended June 30, 2016, and 2015, respectively.

O&M Services Agreement by and between El Segundo and NRG

El Segundo incurs fees under an O&M services agreement with NRG El Segundo Operations, Inc., a wholly-owned subsidiary of NRG. Under the O&M services agreement, NRG El Segundo Operations, Inc. manages, operates and maintains the El Segundo facility for an initial term of ten years following the commercial operations date. For the six months ended June 30, 2016, and 2015, the costs incurred under the agreement were $2 million. There was a balance of $1 million due to NRG El Segundo in accounts payable — affiliate as of June 30, 2016, and December 31, 2015.

Administrative Services Agreement by and between Marsh Landing and NRG

Marsh Landing is a party to an administrative services agreement with GenOn Energy Services, LLC, a wholly-owned subsidiary of NRG, which provides invoice processing and payment on behalf of Marsh Landing. Marsh Landing reimburses GenOn Energy Services, LLC for the amounts paid by it. The Company reimbursed costs under this agreement of $5 million and $9 million for the six months ended June 30, 2016, and 2015, respectively. There was a balance of $6 million due to GenOn Energy Services, LLC in accounts payable — affiliate as of June 30, 2016, and December 31, 2015.

Administrative Services Agreement by and between CVSR and NRG

CVSR is a party to an administrative services agreement with NRG Renew Operation & Maintenance LLC, a wholly-owned subsidiary of NRG, which provides O&M services on behalf of CVSR. CVSR reimburses NRG Energy Services LLC for the amounts paid by it. CVSR reimbursed costs under this agreement of $2 million and $3 million for the six months ended June 30, 2016, and 2015, respectively.

Management Services Agreement by and between the Company and NRG

NRG provides the Company with various operation, management, and administrative services, which include human resources, accounting, tax, legal, information systems, treasury, and risk management, as set forth in the Management Services Agreement. As of June 30, 2016, the base management fee was approximately $7 million per year, subject to an inflation-based adjustment annually at an inflation factor based on the year-over-year U.S. consumer price index. The fee is also subject to adjustments following the consummation of future acquisitions and as a result of a change in the scope of services provided under the Management Services Agreement. During the year ended December 31, 2015, the fee was increased by $1 million per year primarily due to the acquisitions of the January 2015 Drop Down Assets and the November 2015 Drop Down Assets. Costs incurred under this agreement were $5 million for the six months ended June 30, 2016, and 2015, which included certain direct expenses incurred by NRG on behalf of the Company in addition to the base management fee. There was a balance of $4 million due to NRG in accounts payable — affiliate as of June 30, 2016. Subsequent to June 30, 2016, the balance has been paid in full.

Administrative Services Agreements by and between NRG Wind TE Holdco and NRG

Certain subsidiaries of NRG have entered into agreements with the Company's project entities to provide operation and maintenance services for the balance of the plants not covered by turbine supplier's maintenance and service agreements for the post-warranty period. The agreements have various terms with provisions for extension until terminated. For the six months ended June 30, 2016, and 2015, the costs incurred under the agreements were $3 million and $2 million, respectively.

Certain subsidiaries of NRG provide support services to the NRG Wind TE Holdco project entities pursuant to various support services agreements. The agreements provide for administrative and support services and reimbursements of certain insurance, consultant, and credit costs. For the six months ended June 30, 2016, and 2015, the costs incurred under the agreements were $1 million and $2 million, respectively.

Note 12 — *Contingencies*

The Company's material legal proceeding is described below. The Company believes that it has a valid defense to this legal proceeding and intends to defend it vigorously. The Company records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. In addition, legal costs are expensed as incurred. Management assesses such matters based on current information and makes a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought, and the probability of success. The Company is unable to predict the outcome of the legal proceeding below or reasonably estimate the scope or amount of any associated costs and potential liabilities. As additional information becomes available, management adjusts its assessment and estimates of such contingencies accordingly. Because litigation is subject to inherent uncertainties and unfavorable rulings or developments, it is possible that the ultimate resolution of the Company's liabilities and contingencies could be at amounts that are different from its currently recorded reserves and that such difference could be material.

In addition to the legal proceeding noted below, the Company and its subsidiaries are party to other litigation or legal proceedings arising in the ordinary course of business. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect the Company's consolidated financial position, results of operations, or cash flows.

Braun v. NRG Yield, Inc. — On April 19, 2016, plaintiffs filed a purported class action lawsuit against NRG Yield, Inc. and against each current and former member of its board of directors individually in California Superior Court in Kern County, CA. Plaintiffs allege various violations of the Securities Act due to the defendants' alleged failure to disclose material facts related to low wind production prior to the Company's June 22, 2015 Class C common stock offering. Plaintiffs seek compensatory damages, rescission, attorney's fees and costs. On August 3, 2016, the court approved a stipulation entered into by the parties. The stipulation provided that the plaintiffs would file an amended complaint by August 19, 2016, which they did on August 18, 2016. The Defendants need to file a responsive pleading by October 18, 2016.

Exhibit 99.10

ITEM 2 — Management's Discussion and Analysis of Financial Condition and the Results of Operations

The following discussion analyzes the Company's historical financial condition and results of operations, which were recast to include the effect of the CVSR Drop Down and the November 2015 Drop Down Assets, which were acquired from NRG on September 1, 2016 and November 3, 2015, respectively. As further discussed in Note 1, *Nature of Business*, to the Consolidated Financial Statements, the purchase of these assets was accounted for in accordance with ASC 805-50*, Business Combinations - Related Issues*, pursuant to which the assets and liabilities transferred to the Company relate to interests under common control by NRG and, accordingly, were recorded at historical cost. The difference between the cash proceeds and historical value of the net assets was recorded as a distribution from NRG with the offset to noncontrolling interest. The guidance requires retrospective combination of the entities for all periods presented as if the combination has been in effect since the inception of common control.

As you read this discussion and analysis, you should refer to the Company's Consolidated Statements of Operations to this Form 8-K, which present the results of operations for the six months ended June 30, 2016, and 2015. You should also refer to the Company's 2015 Form 10-K, which includes detailed discussions of various items impacting the Company's business, results of operations and financial condition.

The discussion and analysis below has been organized as follows:

- Executive Summary, including a description of the business and significant events that are important to understanding the results of operations and financial condition;
- Results of operations, including an explanation of significant differences between the periods in the specific line items of the consolidated statements of income;
- Financial condition addressing liquidity position, sources and uses of cash, capital resources and requirements, commitments, and off-balance sheet arrangements;
- Known trends that may affect the Company’s results of operations and financial condition in the future; and
- Critical accounting policies which are most important to both the portrayal of the Company's financial condition and results of operations, and which require management's most difficult, subjective or complex judgment.

Executive Summary

Introduction and Overview

The Company is a dividend growth-oriented company formed to serve as the primary vehicle through which NRG owns, operates and acquires contracted renewable and conventional generation and thermal infrastructure assets. The Company believes it is well positioned to be a premier company for investors seeking stable and growing dividend income from a diversified portfolio of lower-risk high-quality assets.

The Company owns a diversified portfolio of contracted renewable and conventional generation and thermal infrastructure assets in the U.S. The Company's contracted generation portfolio collectively represents 4,563 net MW. Each of these assets sells substantially all of its output pursuant to long-term offtake agreements with creditworthy counterparties. The average remaining contract duration of these offtake agreements was approximately 17 years as of June 30, 2016, based on CAFD. The Company also owns thermal infrastructure assets with an aggregate steam and chilled water capacity of 1,315 net MWt and electric generation capacity of 123 net MW. These thermal infrastructure assets provide steam, hot water and/or chilled water, and in some instances electricity, to commercial businesses, universities, hospitals and governmental units in multiple locations, principally through long-term contracts or pursuant to rates regulated by state utility commissions.

Regulatory Matters

The Company's regulatory matters are described in the Company's 2015 Form 10-K in Item 1, *Business — Regulatory Matters* and Item 1A, *Risk Factors.*

As owners of power plants and participants in wholesale and thermal energy markets, certain of the Company's subsidiaries are subject to regulation by various federal and state government agencies. These include FERC and the PUCT, as well as other public utility commissions in certain states where the Company's assets are located. Each of the Company's U.S. generating facilities qualifies as a EWG or QF. In addition, the Company is subject to the market rules, procedures and protocols of the various ISO and RTO markets in which it participates. Likewise, the Company must also comply with the mandatory reliability requirements imposed by NERC and the regional reliability entities in the regions where the Company operates.

The Company's operations within the ERCOT footprint are not subject to rate regulation by FERC, as they are deemed to operate solely within the ERCOT market and not in interstate commerce. These operations are subject to regulation by the PUCT.

Environmental Matters

The Company's environmental matters are described in the Company's 2015 Form 10-K in Item 1, *Business — Environmental Matters* and Item 1A, *Risk Factors.*

The Company is subject to a wide range of environmental laws in the development, construction, ownership and operation of projects. These laws generally require that governmental permits and approvals be obtained before construction and during operation of facilities. The Company is also subject to laws and regulations surrounding the protection of wildlife, including migratory birds, eagles and threatened and endangered species. Environmental laws have become increasingly stringent and the Company expects this trend to continue.

Trends Affecting Results of Operations and Future Business Performance

Wind and Solar Resource Availability

The availability of the wind and solar resources affects the financial performance of the wind and solar facilities, which may impact the Company's overall financial performance. Due to the variable nature of the wind and solar resources, the Company cannot predict the availability of the wind and solar resources and the potential variances from expected performance levels from quarter to quarter. To the extent the wind and solar resources are not available at expected levels, it could have a negative impact on the Company's financial performance for such periods.

Capital Market Conditions

The Company believes that its inability to access the capital markets has largely subsided and has continued to improve through the second quarter and into the third quarter of 2016. The Company's growth strategy depends on its ability to identify and acquire additional conventional and renewable facilities from NRG and unaffiliated third parties, which will require access to debt or equity financing to complete such acquisitions or replenish capital for future acquisitions.

Consolidated Results of Operations

The following table provides selected financial information:

(In millions, except otherwise noted)	Three months ended June 30, 2016	Three months ended June 30, 2015	Change %	Six months ended June 30, 2016	Six months ended June 30, 2015	Change %
Operating Revenues						
Energy and capacity revenues	$ 300	$ 278	8	$ 551	$ 496	11
Contract amortization	(17)	(15)	13	(34)	(26)	31
Mark-to-market economic hedging activities	—	(4)	100	—	3	(100)
Total operating revenues	283	259	9	517	473	9
Operating Costs and Expenses						
Cost of fuels	14	16	(13)	30	38	(21)
Emissions credit amortization	—	—	—	6	—	100
Operations and maintenance	49	44	11	93	91	2
Other costs of operations	14	18	(22)	33	35	(6)
Depreciation and amortization	75	78	(4)	149	153	(3)
General and administrative	3	3	—	6	6	—
Acquisition-related transaction and integration costs	—	1	(100)	—	1	(100)
Total operating costs and expenses	155	160	(3)	317	324	(2)
Operating Income	128	99	29	200	149	34
Other Income (Expense)						
Equity in earnings of unconsolidated affiliates	13	4	225	16	7	129
Other income, net	2	1	100	2	2	—
Loss on debt extinguishment	—	(7)	(100)	—	(7)	100
Interest expense	(68)	(51)	33	(142)	(130)	9
Total other expense, net	(53)	(53)	—	(124)	(128)	(3)
Income Before Income Taxes	75	46	63	76	21	262
Income tax expense	12	4	200	12	—	100
Net Income	63	42	50	64	21	205
Less: Pre-acquisition net income (loss) of Drop Down Assets	5	1	400	4	(4)	(200)
Net Income Excluding Pre-acquisition Net Income (Loss) of Drop Down Assets	58	41	41	60	25	(140)
Less: Net income attributable to noncontrolling interests	26	31	(16)	23	20	(15)
Net Income Attributable to NRG Yield, Inc.	$ 32	$ 10	220	$ 37	$ 5	NM

NM - Not meaningful

Business metrics:	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Renewables MWh generated/sold (in thousands) [(a)]	2,041	1,911	3,819	3,217
Conventional MWh generated (in thousands) [(b)]	376	541	637	861
Thermal MWt sold (in thousands)	448	434	1,001	1,051
Thermal MWh sold (in thousands) [(c)]	9	83	49	127

[(a)] Volumes sold do not include the MWh generated by the Company's equity method investments.

[(b)] Volumes generated are not sold as the Conventional facilities sell capacity rather than energy.

[(c)] MWh sold do not include 23 MWh and 74 MWh generated by NRG Dover, a subsidiary of the Company, under the PPA with NRG Power Marketing during the three and six months ended June 30, 2016, respectively, as further described in Note 11, *Related Party Transactions*.

Management's Discussion of the Results of Operations for the Three Months ended June 30, 2016, and 2015

Gross Margin and Economic Gross Margin

In addition to gross margin, the Company evaluates its operating performance using the measure of economic gross margin, which is not a GAAP measure and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Economic gross margin should be viewed as a supplement to and not a substitute for the Company' presentation of gross margin, which is the most directly comparable GAAP measure. Economic gross margin is not intended to represent gross margin. The Company believes that economic gross margin is useful to investors as it is a key operational measure reviewed by the Company's chief operating decision maker. Economic gross margin is defined as energy and capacity revenue less cost of fuels. Economic gross margin excludes the following components from GAAP gross margin: contract amortization, mark-to-market results, emissions credit amortization and (losses) gains on economic hedging activities. Mark-to-market results consist of unrealized gains and losses on contracts that are not yet settled.

The below tables present the composition of gross margin, as well as the reconciliation to economic gross margin, for the three months ended June 30, 2016, and 2015:

(In millions)	Conventional Generation	Renewables	Thermal	Total
Three months ended June 30, 2016				
Energy and capacity revenues	$ 87	$ 174	$ 39	$ 300
Cost of fuels	(1)	—	(13)	(14)
Contract amortization	(2)	(15)	—	(17)
Gross margin	84	159	26	269
Contract amortization	2	15	—	17
Economic gross margin	$ 86	$ 174	$ 26	$ 286
Three months ended June 30, 2015				
Energy and capacity revenues	$ 86	$ 150	$ 42	$ 278
Cost of fuels	—	—	(16)	(16)
Contract amortization	(1)	(14)	—	(15)
Mark-to-market for economic hedging activities	—	(4)	—	(4)
Gross margin	85	132	26	243
Contract amortization	1	14	—	15
Mark-to-market for economic hedging activities	—	4	—	4
Economic gross margin	$ 86	$ 150	$ 26	$ 262

Gross margin increased by $26 million and economic gross margin increased by $24 million during the three months ended June 30, 2016, compared to the same period in 2015, primarily due to:

(In millions)	
Increase in Renewables economic gross margin due to higher wind generation primarily at Alta, as well as the acquisition of Spring Canyon	$ 15
Increase in Renewables economic gross margin due to higher pricing in the Alta X and XI PPAs, which began in January 2016, compared with merchant prices in 2015	9
Increase in economic gross margin	**24**
Higher contract amortization primarily for the Alta X and XI PPAs, which began in January 2016	(2)
Increase due to unrealized losses on forward contracts with an NRG subsidiary hedging the forecasted sale of power from Elbow Creek, Alta X and Alta XI in 2015, prior to the start of the PPAs	4
Increase in gross margin	**$ 26**

Operations and Maintenance Expense

Operations and maintenance expense increased by $5 million during the three months ended June 30, 2016, compared to the same period in 2015, primarily due to component disposals and inventory adjustments for certain wind projects and the acquisition of Spring Canyon in 2015, partially offset by the extended forced outage at El Segundo in 2015.

Other Costs of Operations

Other costs of operations decreased by $4 million during the three months ended June 30, 2016, compared to the same period in 2015, primarily due to a property tax rebate received in 2016 for the Alta projects.

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates increased by $9 million during the three months ended June 30, 2016, compared to the same period in 2015, due primarily to the acquisition of Desert Sunlight, which was acquired on June 29, 2015, as well as increased equity in earnings from DGPV Holdco and RPV Holdco.

Interest Expense

Interest expense increased by $17 million during the three months ended June 30, 2016, compared to the same period in 2015, due primarily to:

(In millions)		
Increase from changes in the fair value of Alpine interest rate swaps	$	7
Increase for Alta due to change in value of Alta X and XI interest rate swaps, partially offset by a decrease in interest expense for the redemption of Alta X and XI project-level debt		5
Increase due to the 2020 Convertible Notes issued in June 2015, amortization of the related discount on the notes and debt issuance costs		4
Increase due to higher revolving credit facility borrowings in 2016		1
	$	17

Income Tax Expense

For the three months ended June 30, 2016, the Company recorded income tax expense of $12 million on pretax income of $75 million. For the same period in 2015, the Company recorded income tax expense of $4 million on pretax income of $46 million. For the three months ended June 30, 2016 and 2015, the Company's overall effective tax rate was different than the statutory rate of 35% primarily due to taxable earnings allocated to NRG resulting from its interest in NRG Yield LLC and production and investment tax credits generated from certain wind and solar assets, respectively.

Income Attributable to Noncontrolling Interests

For the three months ended June 30, 2016, the Company had income of $42 million attributable to NRG's interest in the Company and a loss of $16 million attributable to non-controlling interests with respect to its tax equity financing arrangements and the application of the HLBV method. For the three months ended June 30, 2015, the Company had income of $24 million attributable to NRG's interest in the Company and income of $7 million attributable to non-controlling interests with respect to its tax equity financing arrangements and the application of the HLBV method.

Management’s Discussion of the Results of Operations for the Six Months ended June 30, 2016, and 2015

Gross Margin and Economic Gross Margin

In addition to gross margin, the Company evaluates its operating performance using the measure of economic gross margin, which is not a GAAP measure and may not be comparable to other companies’ presentations or deemed more useful than the GAAP information provided elsewhere in this report. Economic gross margin should be viewed as a supplement to and not a substitute for the Company' presentation of gross margin, which is the most directly comparable GAAP measure. Economic gross margin is not intended to represent gross margin. The Company believes that economic gross margin is useful to investors as it is a key operational measure reviewed by the Company's chief operating decision maker. Economic gross margin is defined as energy and capacity revenue less cost of fuels. Economic gross margin excludes the following components from GAAP gross margin: contract amortization, mark-to-market results, emissions credit amortization and (losses) gains on economic hedging activities. Mark-to-market results consist of unrealized gains and losses on contracts that are not yet settled.

The below tables present the composition of gross margin, as well as the reconciliation to economic gross margin, for the six months ended June 30, 2016, and 2015:

(In millions)	Conventional Generation	Renewables	Thermal	Total
Six months ended June 30, 2016				
Energy and capacity revenues	$ 167	$ 300	$ 84	$ 551
Cost of fuels	(1)	—	(29)	(30)
Contract amortization	(3)	(30)	(1)	(34)
Emissions credit amortization	(6)	—	—	(6)
Gross margin	157	270	54	481
Contract amortization	3	30	1	34
Emissions credit amortization	6	—	—	6
Economic gross margin	$ 166	$ 300	$ 55	$ 521
Six months ended June 30, 2015				
Energy and capacity revenues	$ 163	$ 243	$ 90	$ 496
Cost of fuels	(1)	—	(37)	(38)
Contract amortization	(2)	(23)	(1)	(26)
Mark-to-market for economic hedging activities	—	3	—	3
Gross margin	160	223	52	435
Contract amortization	2	23	1	26
Mark-to-market for economic hedging activities	—	(3)	—	(3)
Economic gross margin	$ 162	$ 243	$ 53	$ 458

Gross margin increased by $46 million and economic gross margin increased by $63 million during the six months ended June 30, 2016, compared to the same period in 2015 due to:

(In millions)		
Increase in Renewables economic gross margin due mainly to higher wind generation, primarily for the Alta projects, as well as the acquisition of Spring Canyon	$	41
Increase in Renewables economic gross margin due to higher pricing in the Alta X and XI PPAs which began in January 2016, compared with merchant prices in 2015		16
Increase in Conventional Generation economic gross margin primarily due to higher revenues at El Segundo in 2016 as a result of a return to service after an extended forced outage in 2015		4
Increase in Thermal economic gross margin primarily due to lower gas prices, partially offset by a decrease in generation due to milder weather conditions		2
Increase in economic gross margin		**63**
Higher contract amortization primarily for the Alta X and XI PPAs, which began in January 2016		(8)
Emissions credit amortization of NOx allowances at Walnut Creek and El Segundo in compliance with amendments to the Regional Clean Air Incentives Market program		(6)
Decrease due to unrealized gains on forward contracts with an NRG subsidiary hedging the forecasted sale of power from Elbow Creek, Alta X and Alta XI in 2015, prior to the start of the PPAs		(3)
Increase in gross margin	**$**	**46**

Operations and Maintenance Expense

Operations and maintenance expense increased by $2 million during the six months ended June 30, 2016, compared to the same period in 2015, due to:

Increase in Renewables operations and maintenance expense primarily due to component disposals and inventory adjustments for certain wind projects, higher wind generation in the current year, and the acquisition of Spring Canyon in 2015	$	7
Decrease in the Conventional operations and maintenance expense primarily due to extended forced outage at El Segundo in 2015		(4)
Decrease in Thermal operations and maintenance expense due to lower generation due to milder weather conditions		(1)
	$	2

Other Costs of Operations

Other costs of operations decreased by $2 million during the six months ended June 30, 2016, compared to the same period in 2015, primarily due to a property tax rebate received in 2016 for the Alta projects.

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates increased by $9 million during the six months ended June 30, 2016, compared to the same period in 2015, due primarily to the acquisition of Desert Sunlight, which was acquired on June 29, 2015, as well as increased equity in earnings from DGPV Holdco, RPV Holdco and San Juan Mesa, partially offset by losses from Elkhorn Ridge.

Interest Expense

Interest expense increased by $12 million during the six months ended June 30, 2016, compared to the same period in 2015, due to:

(In millions)	
Increase from changes in the fair value of Alpine interest rate swaps	$ 9
Increase due to issuance of the 2020 Convertible Notes in the second quarter of 2015, amortization of the related discount on the notes and debt issuance costs	8
Increase due to higher revolving credit facility borrowings in 2016	3
Decrease from repricing of project-level financing arrangements and principal repayments in the Conventional segment	(1)
Decrease for redemption of Alta X and XI project-level debt	(7)
	$ 12

Income Tax Expense

For the six months ended June 30, 2016, the Company recorded income tax expense of $12 million on pretax income of $76 million. For the same period in 2015, the Company did not record any income tax expense on pretax income of $21 million. For the six months ended June 30, 2016 and 2015, the overall effective tax rate was different than the statutory rate of 35% primarily due to taxable earnings allocated to NRG resulting from its interest in NRG Yield LLC and production and investment tax credits generated from certain wind and solar assets, respectively.

Income Attributable to Noncontrolling Interests

For the six months ended June 30, 2016, the Company had income of $52 million attributable to NRG related to its 46.7% economic interest in NRG Yield LLC and its 25% interest in NRG Wind TE Holdco. Additionally, for the six months ended June 30, 2016, the Company had a loss of $29 million attributable to non-controlling interests with respect to its tax equity financing arrangements and the application of the HLBV method. For the six months ended June 30, 2015, the Company had income of $13 million attributable to NRG's 55.3% economic interest in the Company and income of $7 million attributable to non-controlling interests with respect to its tax equity financing arrangements and application of the HLBV method.

Liquidity and Capital Resources

The Company's principal liquidity requirements are to meet its financial commitments, finance current operations, fund capital expenditures, including acquisitions from time to time, to service debt and to pay dividends. Historically, the Company's predecessor operations were financed as part of NRG's integrated operations and largely relied on internally generated cash flows as well as corporate and/or project-level borrowings to satisfy its capital expenditure requirements. As a normal part of the Company's business, depending on market conditions, the Company will from time to time consider opportunities to repay, redeem, repurchase or refinance its indebtedness. Changes in the Company's operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause the Company to seek additional debt or equity financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations and additional covenants and operating restrictions.

Liquidity Position

As of June 30, 2016, and December 31, 2015, the Company's liquidity was approximately $322 million and $375 million, respectively, comprised of cash, restricted cash, and availability under the Company's revolving credit facility. The Company's liquidity includes $123 million and $131 million of restricted cash balances as of June 30, 2016, and December 31, 2015, respectively. Restricted cash consists primarily of funds to satisfy the requirements of certain debt agreements and funds held within the Company's projects that are restricted in their use. The Company's various financing arrangements are described in Note 7, *Long-term Debt.* As of June 30, 2016, the Company had $110 million of available borrowings under its revolving credit facility.

Management believes that the Company's liquidity position, cash flows from operations and availability under its revolving credit facility will be adequate to meet the Company's financial commitments; debt service obligations; growth, operating and maintenance capital expenditures; and to fund dividends to holders of the Company's Class A common stock and Class C common stock. Management continues to regularly monitor the Company's ability to finance the needs of its operating, financing and investing activity within the dictates of prudent balance sheet management.

Credit Ratings

Credit rating agencies rate a firm's public debt securities. These ratings are utilized by the debt markets in evaluating a firm's credit risk. Ratings influence the price paid to issue new debt securities by indicating to the market the Company's ability to pay principal, interest and preferred dividends. Rating agencies evaluate a firm's industry, cash flow, leverage, liquidity, and hedge profile, among other factors, in their credit analysis of a firm's credit risk.

The following table summarizes the credit ratings for the Company and its Senior Notes as of June 30, 2016:

	S&P	Moody's
NRG Yield, Inc.	BB+	Ba2
5.375% Senior Notes, due 2024	BB+	Ba2

On August 15, 2016, S&P lowered its corporate credit rating on NRG Yield, Inc and the Senior Notes due 2024 to BB from BB+. The rating outlook is stable.

Sources of Liquidity

The Company's principal sources of liquidity include cash on hand, cash generated from operations, borrowings under new and existing financing arrangements and the issuance of additional equity and debt securities as appropriate given market conditions. As described in Note 7, *Long-term Debt*, to this Form 10-Q and Note 9, *Long-term Debt*, to the audited consolidated financial statements included in the Company's 2015 Form 10-K, the Company's financing arrangements consist of the revolving credit facility, the 2019 Convertible Notes, the 2020 Convertible Notes, the Senior Notes and project-level financings for its various assets.

CVSR Holdco Financing Arrangement

On July 15, 2016, CVSR Holdco, the indirect owner of the CVSR project, issued $200 million of senior secured notes that bear interest at 4.68% and mature on March 31, 2037. Net proceeds of $97.5 million were distributed to NRG Yield Operating LLC based on its pro-rata ownership as of July 15, 2016. The proceeds were utilized, along with $28 million of cash on hand, to reduce borrowings under the Company’s revolving credit facility. As of July 31, 2016, $193 million of borrowings were outstanding.

Uses of Liquidity

The Company's requirements for liquidity and capital resources, other than for operating its facilities, are categorized as: (i) debt service obligations, as described more fully in Note 7, *Long-term Debt*; (ii) capital expenditures; (iii) acquisitions and investments; and (iv) cash dividends to investors.

Capital Expenditures

The Company's capital spending program is mainly focused on maintenance capital expenditures, or costs to maintain the assets currently operating, such as costs to replace or refurbish assets during routine maintenance, and growth capital expenditures or construction of new assets and completing the construction of assets where construction is in process. The Company develops annual capital spending plans based on projected requirements for maintenance and growth capital. For the six months ended June 30, 2016, the Company used approximately $11 million to fund capital expenditures, of which $9 million related to maintenance capital expenditures. For the six months ended June 30, 2015, the Company used approximately $9 million to fund capital expenditures, of which $6 million related to maintenance capital expenditures.

Acquisitions and Investments

The Company intends to acquire generation assets developed and constructed by NRG in the future, as well as generation and thermal infrastructure assets from third parties where the Company believes its knowledge of the market and operating expertise provides a competitive advantage, and to utilize such acquisitions as a means to grow its CAFD.

CVSR — On September 1, 2016, the Company acquired the remaining 51.05% interest of CVSR Holdco LLC, which indirectly owns the CVSR solar facility, CVSR Holdco LLC, which indirectly owns the CVSR solar facility, for total cash consideration of $78.5 million, subject to working capital adjustments and plus assumed non-recourse debt. The acquisition was funded with cash on hand.

Cash Dividends to Investors

NRG Yield, Inc. intends to use the amount of cash that it receives from its distributions from NRG Yield LLC to pay quarterly dividends to the holders of its Class A common stock and Class C common stock. NRG Yield LLC intends to distribute to its unit holders in the form of a quarterly distribution all of the CAFD it generates each quarter, less reserves for the prudent conduct of the business, including among others, maintenance capital expenditures to maintain the operating capacity of the assets. CAFD is defined as net income before interest expense, income taxes, depreciation and amortization; plus cash distributions from unconsolidated affiliates; less cash distributions to noncontrolling interests, maintenance capital expenditures, pro-rata EBITDA from unconsolidated affiliates, cash interest paid, income taxes paid, principal amortization of indebtedness and changes in other assets. Dividends on the Class A common stock and Class C common stock are subject to available capital, market conditions, and compliance with associated laws, regulations and other contractual obligations. The Company expects that, based on current circumstances, comparable cash dividends will continue to be paid in the foreseeable future.

The following table lists the dividends paid on NRG Yield, Inc.'s Class A common stock and Class C common stock during the six months ended June 30, 2016:

	Second Quarter 2016	First Quarter 2016
Dividends per Class A share	$ 0.23	$ 0.225
Dividends per Class C share	$ 0.23	$ 0.225

On July 26, 2016, NRG Yield, Inc. declared quarterly dividends on its Class A common stock and Class C common stock of $0.24 per share payable on September 15, 2016, to stockholders of record as of September 1, 2016.

Cash Flow Discussion

The following table reflects the changes in cash flows for the six months ended June 30, 2016, compared to 2015:

	Six months ended June 30,		
	2016	2015	Change
	(In millions)		
Net cash provided by operating activities	$ 215	$ 98	$ 117
Net cash used in investing activities	(34)	(820)	$ 786
Net cash (used in) provided by financing activities	(203)	600	$ (803)

Net Cash Provided By Operating Activities

Changes to net cash provided by operating activities were driven by:	(In millions)
Increase in operating income adjusted for non-cash items	$ 91
Changes in working capital driven primarily by the timing of wind generation in 2015 compared to 2016	25
Higher distributions from unconsolidated affiliates	1
	$ 117

Net Cash Used In Investing Activities

Changes to net cash used in investing activities were driven by:	(In millions)
Payments made to acquire the January 2015 Drop Down Assets	$ 489
Decrease in investments in unconsolidated affiliates in 2016 primarily due to the investment in Desert Sunlight made in 2015	272
Payments to acquire businesses in 2015, net of cash acquired	37
Changes in restricted cash due to higher funding for certain projects' debt reserves partially offset by higher project distributions in 2016 compared to 2015	(13)
Other	1
	$ 786

Net Cash (Used in) Provided By Financing Activities

Changes in net cash (used in) provided by financing activities were driven by:	(In millions)
Proceeds from NRG Yield, Inc. Class C common stock offering on June 29, 2015, net of underwriting discounts and commissions	$ (600)
Lower net borrowings from the revolving credit facility	(255)
Lower net payments for long-term debt in 2016 compared to 2015	184
Decrease in net contributions from noncontrolling interests	(115)
Increase in dividends and distributions paid to common stockholders due to the increase in dividend per share in 2016 compared to 2015	(22)
Debt issuance costs paid in 2015	11
Payment of distributions to NRG due to NRG's 25% ownership of NRG Wind TE Holdco in 2016	(6)
	$ (803)

NOLs, Deferred Tax Assets and Uncertain Tax Position Implications, under ASC 740

As of December 31, 2015, the Company has a cumulative federal NOL carry forward balance of $519 million for financial statement purposes, which will begin expiring in 2033. As a result of the Company's tax position, and based on current forecasts, the Company does not anticipate significant income tax payments for federal, state and local jurisdictions in 2016. Based on the Company's current and expected NOL balances generated primarily by accelerated tax depreciation of its property, plant and equipment, the Company does not expect to pay significant federal income tax for a period of approximately nine years.

The Company is subject to examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and various state jurisdictions. The Company is not subject to U.S. federal or state income tax examinations for years prior to 2013.

The Company has no uncertain tax benefits.

Off-Balance Sheet Arrangements

Obligations under Certain Guarantee Contracts

The Company may enter into guarantee arrangements in the normal course of business to facilitate commercial transactions with third parties.

Retained or Contingent Interests

The Company does not have any material retained or contingent interests in assets transferred to an unconsolidated entity.

Obligations Arising Out of a Variable Interest in an Unconsolidated Entity

Variable interest in equity investments — As of June 30, 2016, the Company has several investments with an ownership interest percentage of 50% or less in energy and energy-related entities that are accounted for under the equity method. DGPV Holdco 1, DGPV Holdco 2, RPV Holdco and GenConn are variable interest entities for which the Company is not the primary beneficiary.

The Company's pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately $454 million as of June 30, 2016. This indebtedness may restrict the ability of these subsidiaries to issue dividends or distributions to the Company. See also Note 4, *Variable Interest Entities, or VIEs*.

Contractual Obligations and Commercial Commitments

The Company has a variety of contractual obligations and other commercial commitments that represent prospective cash requirements in addition to our capital expenditure programs, as disclosed in the Company's 2015 Form 10-K.

Fair Value of Derivative Instruments

The Company may enter into fuel purchase contracts and other energy-related financial instruments to mitigate variability in earnings due to fluctuations in spot market prices and to hedge fuel requirements at certain generation facilities. In addition, in order to mitigate interest rate risk associated with the issuance of variable rate debt, the Company enters into interest rate swap agreements.

The tables below disclose the activities of non-exchange traded contracts accounted for at fair value in accordance with ASC 820. Specifically, these tables disaggregate realized and unrealized changes in fair value; disaggregate estimated fair values at June 30, 2016, based on their level within the fair value hierarchy defined in ASC 820; and indicate the maturities of contracts at June 30, 2016. For a full discussion of the Company's valuation methodology of its contracts, see *Derivative Fair Value Measurements* in Note 5, *Fair Value of Financial Instruments*.

Derivative Activity (Losses)/Gains	(In millions)
Fair value of contracts as of December 31, 2015	$ (100)
Contracts realized or otherwise settled during the period	19
Changes in fair value	(77)
Fair Value of contracts as of June 30, 2016	$ (158)

	Fair Value of contracts as of June 30, 2016				
	Maturity				
Fair Value Hierarchy Losses	1 Year or Less	Greater Than 1 Year to 3 Years	Greater Than 3 Years to 5 Years	Greater Than 5 Years	Total Fair Value
	(In millions)				
Level 2	$ 36	$ 59	$ 35	$ 28	$ 158

The Company has elected to disclose derivative assets and liabilities on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. As discussed below in *Quantitative and Qualitative Disclosures about Market Risk -Commodity Price Risk,* NRG, on behalf of the Company, measures the sensitivity of the portfolio to potential changes in market prices using VaR, a statistical model which attempts to predict risk of loss based on market price and volatility. NRG's risk management policy places a limit on one-day holding period VaR, which limits the net open position.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of the financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements and related disclosures in compliance with GAAP requires the application of appropriate technical accounting rules and guidance as well as the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. The application of these policies necessarily involves judgments regarding future events, including the likelihood of success of particular projects, legal and regulatory challenges, and the fair value of certain assets and liabilities. These judgments, in and of themselves, could materially affect the financial statements and disclosures based on varying assumptions, which may be appropriate to use. In addition, the financial and operating environment may also have a significant effect, not only on the operation of the business, but on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting policies has not changed.

On an ongoing basis, the Company evaluates these estimates, utilizing historic experience, consultation with experts and other methods the Company considers reasonable. In any event, actual results may differ substantially from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the information that gives rise to the revision becomes known.

The Company's significant accounting policies are summarized in Note 2, *Summary of Significant Accounting Policies*, to the Company's 2015 Form 10-K. The Company identifies its most critical accounting policies as those that are the most pervasive and important to the portrayal of the Company's financial position and results of operations, and that require the most difficult, subjective and/or complex judgments by management regarding estimates about matters that are inherently uncertain. The Company's critical accounting policies include income taxes and valuation allowance for deferred tax assets, impairment of long lived assets and other intangible assets and acquisition accounting.

Recent Accounting Developments

See Note 2, *Summary of Significant Accounting Policies*, for a discussion of recent accounting developments.