

CPS ENERGY CLOSES ON PREVIOUSLY ANNOUNCED ACQUISITION OF TALEN ENERGY GAS PLANTS IN CORPUS CHRISTI AND LAREDO

May 1, 2024

SAN ANTONIO, May 1, 2024 /PRNewswire/ -- Today, CPS Energy announced the closing on the acquisition of Talen Energy Corporation's ("Talen") (OTCQX: TLNE) approximately 1,710-megawatt ("MW") generation portfolio located in the South Zone of the Electric Reliability Council of Texas ("ERCOT") market for \$785 million, subject to customary net working capital adjustments. These assets include natural gas plants in Corpus Christi and Laredo, Texas. CPS Energy and Talen previously announced the transaction on March 27, 2024.

Under the terms of the agreement CPS Energy has acquired all assets associated with the 897 MW Barney Davis and 635 MW Nueces Bay natural gas-fired generation facilities, both located in Corpus Christi, Texas, as well as its 178 MW natural gas-fired generation facility in Laredo, Texas.

This action supports [CPS Energy's generation plan](#), approved in 2023 by its Board of Trustees, to power the greater San Antonio community into the future by securing an additional 1,710 MWs that are available immediately. The addition of these units aligns with the generation plan, which includes the retirement of older coal and gas units and the addition of a blend of more efficient gas generation along with solar, wind, and energy storage.

"This step marks CPS Energy's growing role as a regional energy utility, providing additional resiliency and reliability for our customers," said Rudy D. Garza, president and CEO of CPS Energy. "This acquisition adds critical capacity to our generation portfolio to continue to reliably serve one of the fastest-growing regions in the nation. Our customers will benefit from these investments for decades to come."

Talen President and Chief Executive Officer Mac McFarland said, "We are pleased to have completed our strategic transaction with CPS Energy. This transaction demonstrates our continued commitment to unlocking significant value for Talen, while also taking care of our people. We are pleased that these assets will support CPS Energy's efforts to provide reliable and cost-effective power generation through its diverse portfolio to its growing community."

CPS Energy's Vision 2027 plan includes its generation plan that contemplates the retirement of 2,249 MW of older and inefficient dispatchable generation capacity before 2030. CPS Energy has added 730 MW of solar energy and 50 MW of energy storage to date as part of its generation plan, with an additional 500 MW energy storage RFP in the works. With the addition of these facilities, environmental emissions will stay on track to meet the City of San Antonio's Climate Action and Adaptation Plan emissions reduction commitment by 2030. In addition, it provides CPS Energy the flexibility to add more renewable energy and storage with this benefit of firming capacity (power that is available as needed) in place.

The plants in Corpus Christi and Laredo are expected to be operational for the next 25 years. There are a combined total of 66 operations employees at these sites, and they all have retained employment with CPS Energy.

J.P. Morgan acted as exclusive financial advisor and Dykema Gossett PLLC acted as legal advisor to CPS Energy with respect to the Transaction. RBC Capital Markets, LLC served as exclusive financial advisor and Kirkland & Ellis LLP served as legal advisor for Talen.

About CPS Energy

Established in 1860, CPS Energy is the nation's largest public power, natural gas, and electric company, providing safe, reliable, and competitively priced service to more than 930,114 electric and 381,379 natural gas customers in San Antonio and portions of seven adjoining counties. Our customers' combined energy bills rank among the lowest of the nation's 20 largest cities – while generating \$9 billion in revenue for the City of San Antonio for 80 years. As a trusted and strong community partner, we continuously focus on job creation, economic development, and educational investment. We are powered by our skilled workforce, whose commitment to the community is demonstrated through our employees' volunteerism in giving back to our city and programs aimed at bringing value to our customers. CPS Energy is among the top public power wind energy buyers in the nation and San Antonio is number one in Texas for solar generation. www.cpsenergy.com

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About Talen

Talen owns and operates approximately 10.7 gigawatts of power infrastructure in the United States. We produce and sell electricity, capacity, and ancillary services into wholesale U.S. power markets, including PJM and WECC, with our generation fleet principally located in the Mid-Atlantic and Montana. Talen is headquartered in Houston, Texas. For more information visit www.talenenergy.com.

Talen trades on the OTCQX® Best Market under the ticker "TLNE." OTCQX companies meet high financial standards, follow best practice corporate governance, demonstrate compliance with U.S. securities laws, and have a professional third-party sponsor introduction. Investors can find current financial disclosures and Real-Time Level 2 quotes for the Company on www.otcmarkets.com/stock/TLNE/overview.

Additional Information

For additional information and updates about Talen, please visit our Investor Relations webpage at talenenergy.investorroom.com, or contact:

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Forward Looking Statements

This communication contains forward-looking statements within the meaning of the federal securities laws, which statements are subject to substantial risks and uncertainties. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this communication, or incorporated by reference into this communication, are forward-looking statements. Throughout this communication, we have attempted to identify forward-looking statements by using words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecasts," "goal," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "will," or other forms of these words or similar words or expressions or the negative thereof, although not all forward-looking statements contain these terms. Forward-looking statements address future events and conditions concerning, among other things capital expenditures, earnings, litigation, regulatory matters, hedging, liquidity and capital resources and accounting matters. Forward-looking statements are subject to substantial risks and uncertainties that could cause our future business, financial condition, results of operations or performance to differ materially from our historical results or those expressed or implied in any forward-looking statement contained in this communication. All of our forward-looking statements include assumptions underlying or relating to such statements that may cause actual results to differ materially from expectations, and are subject to numerous factors that present considerable risks and uncertainties.

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