

CPS Energy Acquires Gas Plants in Corpus Christi and Laredo From Talen Energy as Part of Approved Generation Plan

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Natural gas plants provide necessary firming capacity to diversified portfolio to maintain reliability and affordability for customers.

SAN ANTONIO, March 27, 2024 /PRNewswire/ -- Today, CPS Energy and Talen Energy Corporation ("Talen") (OTCQX: TLNE) announced an agreement for CPS Energy to acquire Talen's 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 at closing. These assets include natural gas plants in Corpus Christi and Laredo. The transaction is expected to close in the second quarter of 2024.

Under the terms of the agreement, which is subject to customary closing conditions, CPS Energy will acquire all assets associated with Talen's 897 MW Barney Davis and 635 MW Nueces Bay natural gas-fired generation facilities, both located in Corpus Christi, Tex., as well as its 178 MW natural gas-fired generation facility in Laredo, Tex.

This action supports CPS Energy's generation plan, approved in 2023 by its Board of Trustees. It secures an additional 1,710 MWs of power for the greater San Antonio community and will be available as soon as this summer. The addition of these units aligns with the generation plan, which includes the retirement of older units and the addition of a blend of gas, solar, wind, and energy storage.

"The purchase of these assets furthers CPS Energy's commitment to deliver reliable and affordable energy supply to one of the nation's fastest growing communities, while also balancing our commitment to reduce carbon emissions by 2030," said Rudy D. Garza, President & CEO of CPS Energy. "The investments we are making to purchase and improve the performance of these plants provide cost benefits when compared to building new assets, which means reliability now at a lower price for our community. In addition to these facilities, as our community continues to grow, we are also adding low and zero-carbon resources as well as energy storage to enable that additional growth."

Talen President and Chief Executive Officer Mac McFarland said, "This transaction demonstrates our continued commitment to unlocking significant value for Talen, while also taking care of our people. We are happy that these assets will assist CPS Energy in its long-term strategy to serve its growing community with reliable and cost-effective power generation."

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 approximately 65 operations employees at these sites, and they will have an opportunity to become CPS Energy employees at the closing of the acquisition.

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

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About Talen

Talen owns and operates approximately 12.4 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, ERCOT and WECC, with our generation fleet principally located in the Mid-Atlantic, Texas and Montana. While the majority of our power is already generated at our zero-carbon, low-cost Susquehanna nuclear facility and other lower-carbon gas-fired facilities, we are reducing the carbon profile of our fleet through conversions and retirements of our wholly owned coal facilities. Talen is headquartered in Houston, Texas. For more information visit www.talenergy.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 talenergy.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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