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

FORM 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period Ended: June 30, 2018

o **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 001-36002

NRG Yield, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**46-1777204** (I.R.S. Employer Identification No.)
804 Carnegie Center, Princeton, New Jersey (Address of principal executive offices)	**08540** (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x **No** o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x **No** o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	**Accelerated filer** o	**Non-accelerated filer** o (Do not check if a smaller reporting company)	**Smaller reporting company** o	**Emerging growth company** o

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o **No** x

As of July 31, 2018, there were 34,586,250 shares of Class A common stock outstanding, par value $0.01 per share, 42,738,750 shares of Class B common stock outstanding, par value $0.01 per share, 69,129,643 shares of Class C common stock outstanding, par value $0.01 per share, and 42,738,750 shares of Class D common stock outstanding, par value $0.01 per share.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q of NRG Yield, Inc., together with its consolidated subsidiaries, or the Company, includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The words "believes," "projects," "anticipates," "plans," "expects," "intends," "estimates" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors, risks and uncertainties include the factors described under Item 1A — *Risk Factors* in Part I, of the Company's Annual Report on Form 10-K for the year ended December 31, 2017, as well as the following:

- The Company's ability to maintain and grow its quarterly dividend;
- Potential risks to the Company as a result of the NRG Transaction;
- The Company's ability to successfully identify, evaluate and consummate acquisitions from third parties;
- The Company's ability to acquire assets from NRG and, following the consummation of the NRG Transaction, the Company's ability to acquire assets under a new right of first offer agreement;
- The Company's ability to raise additional capital due to its indebtedness, corporate structure, market conditions or otherwise;
- Changes in law, including judicial decisions;
- Hazards customary to the power production industry and power generation operations such as fuel and electricity price volatility, unusual weather conditions (including wind and solar conditions), catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, unanticipated changes to fuel supply costs or availability due to higher demand, shortages, transportation problems or other developments, environmental incidents, or electric transmission or gas pipeline system constraints and the possibility that the Company may not have adequate insurance to cover losses as a result of such hazards;
- The Company's ability to operate its businesses efficiently, manage maintenance capital expenditures and costs effectively, and generate earnings and cash flows from its asset-based businesses in relation to its debt and other obligations;
- The willingness and ability of counterparties to the Company's offtake agreements to fulfill their obligations under such agreements;
- The Company's ability to enter into contracts to sell power and procure fuel on acceptable terms and prices as current offtake agreements expire;
- Government regulation, including compliance with regulatory requirements and changes in market rules, rates, tariffs and environmental laws;
- Operating and financial restrictions placed on the Company that are contained in the project-level debt facilities and other agreements of certain subsidiaries and project-level subsidiaries generally, in the NRG Yield Operating LLC amended and restated revolving credit facility, in the indentures governing the Senior Notes and in the indentures governing the Company's convertible notes;
- Cyber terrorism and inadequate cybersecurity, or the occurrence of a catastrophic loss and the possibility that the Company may not have adequate insurance to cover losses resulting from such hazards or the inability of the Company's insurers to provide coverage;
- The Company's ability to engage in successful mergers and acquisitions activity; and
- The Company's ability to borrow additional funds and access capital markets, as well as the Company's substantial indebtedness and the possibility that the Company may incur additional indebtedness going forward.

Forward-looking statements speak only as of the date they were made, and the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause the Company's actual results to differ materially from those contemplated in any forward-looking statements included in this Quarterly Report on Form 10-Q should not be construed as exhaustive.

GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

2017 Form 10-K	NRG Yield, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017
2019 Convertible Notes	$345 million aggregate principal amount of 3.50% convertible notes due 2019, issued by NRG Yield, Inc.
2020 Convertible Notes	$287.5 million aggregate principal amount of 3.25% convertible notes due 2020, issued by NRG Yield, Inc.
2024 Senior Notes	$500 million aggregate principal amount of 5.375% unsecured senior notes due 2024, issued by NRG Yield Operating LLC
2026 Senior Notes	$350 million aggregate principal amount of 5.00% unsecured senior notes due 2026, issued by NRG Yield Operating LLC
Adjusted EBITDA	Represents EBITDA adjusted for mark-to-market gains or losses, asset write offs and impairments; and factors which the Company does not consider indicative of future operating performance
ASC	The FASB Accounting Standards Codification, which the FASB established as the source of authoritative GAAP
ASU	Accounting Standards Updates - updates to the ASC
ATM Program	At-The-Market Equity Offering Program
August 2017 Drop Down Assets	The remaining 25% interest in NRG Wind TE Holdco, an 814 net MW portfolio of twelve wind projects, acquired from NRG on August 1, 2017
Buckthorn Solar Drop Down Asset	Buckthorn Renewables, LLC, which owns 100% of Buckthorn Solar Portfolio, LLC, which was acquired by NRG Yield Operating LLC from NRG on March 30, 2018
Buffalo Bear	Buffalo Bear, LLC, the operating subsidiary of Tapestry Wind LLC, which owns the Buffalo Bear project
CAFD	Cash Available for Distribution (CAFD) is Adjusted EBITDA plus cash distributions/return of investment from unconsolidated affiliates, cash receipts from notes receivable, cash distributions from noncontrolling interests, less cash distributions to noncontrolling interests, maintenance capital expenditures, pro-rata Adjusted EBITDA from unconsolidated affiliates, cash interest paid, income taxes paid, principal amortization of indebtedness, Walnut Creek investment payments, and changes in prepaid and accrued capacity payments
Company	NRG Yield, Inc. together with its consolidated subsidiaries
CVSR	California Valley Solar Ranch
CVSR Drop Down	The Company's acquisition from NRG of the remaining 51.05% interest of CVSR Holdco
CVSR Holdco	CVSR Holdco LLC, the indirect owner of CVSR
DGPV Holdco 1	NRG DGPV Holdco 1 LLC
DGPV Holdco 2	NRG DGPV Holdco 2 LLC
DGPV Holdco 3	NRG DGPV Holdco 3 LLC
Distributed Solar	Solar power projects, typically less than 20 MW in size, that primarily sell power produced to customers for usage on site, or are interconnected to sell power into the local distribution grid
Drop Down Assets	Collectively, the June 2014 Drop Down Assets, January 2015 Drop Down Assets, November 2015 Drop Down Assets, CVSR Drop Down, March 2017 Drop Down Assets, August 2017 Drop Down Assets, November 2017 Drop Down Assets and Buckthorn Solar Drop Down Asset
Economic Gross Margin	Energy and capacity revenue less cost of fuels
El Segundo	El Segundo Energy Center LLC, the indirect, operating subsidiary of Natural Gas Repowering LLC, which owns the El Segundo Energy Center project
EPC	Engineering, Procurement and Construction
Exchange Act	The Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
GAAP	Accounting principles generally accepted in the U.S.
GenConn	GenConn Energy LLC
GIP	Global Infrastructure Partners
HLBV	Hypothetical Liquidation at Book Value

IASB	International Accounting Standards Board
ISO	Independent System Operator, also referred to as RTO
January 2015 Drop Down Assets	The Laredo Ridge, Tapestry and Walnut Creek projects, which were acquired by NRG Yield Operating LLC from NRG on January 2, 2015
Kansas South	NRG Solar Kansas South LLC, the operating subsidiary of NRG Solar Kansas South Holdings LLC, which owns the Kansas South project
KPPH	Kilo Pascals Per Hour
Laredo Ridge	Laredo Ridge Wind, LLC, the operating subsidiary of Mission Wind Laredo, LLC, which owns the Laredo Ridge project
LIBOR	London Inter-Bank Offered Rate
March 2017 Drop Down Assets	(i) Agua Caliente Borrower 2 LLC, which owns a 16% interest (approximately 31% of NRG's 51% interest) in the Agua Caliente solar farm and (ii) NRG's 100% ownership in the Class A equity interests in the Utah Solar Portfolio (defined below), both acquired by the Company on March 27, 2017
Marsh Landing	NRG Marsh Landing LLC, formerly GenOn Marsh Landing LLC
MMBtu	Million British Thermal Units
MW	Megawatts
MWh	Saleable megawatt hours, net of internal/parasitic load megawatt-hours
MWt	Megawatts Thermal Equivalent
NECP	NRG Energy Center Pittsburgh LLC, a subsidiary of the Company
NERC	North American Electric Reliability Corporation
Net Exposure	Counterparty credit exposure to NRG Yield, Inc. net of collateral
NOLs	Net Operating Losses
November 2015 Drop Down Assets	75% of the Class B interests of NRG Wind TE Holdco, which owns a portfolio of 12 wind facilities totaling 814 net MW, which was acquired by NRG Yield Operating LLC from NRG on November 3, 2015
November 2017 Drop Down Assets	38 MW portfolio of distributed and small utility-scale solar assets, primarily comprised of assets from NRG's Solar Power Partners (SPP) funds, in addition to other projects developed since the acquisition of SPP by NRG, which was acquired by NRG Yield Operating LLC from NRG on November 1, 2017
NRG	NRG Energy, Inc.
NRG Power Marketing	NRG Power Marketing LLC
NRG Transaction	On February 6, 2018, GIP entered into a purchase and sale agreement with NRG for the acquisition of NRG's full ownership interest in the Company and NRG's renewable energy development and operations platform. GIP, NRG and the Company also entered into a consent and indemnity agreement in connection with the purchase and sale agreement.
NRG Wind TE Holdco	NRG Wind TE Holdco LLC
NRG Yield LLC	The holding company through which the projects are owned by NRG, the holder of Class B and Class D units, and NRG Yield, Inc., the holder of the Class A and Class C units
NRG Yield Operating LLC	The holder of the project assets that are owned by NRG Yield LLC
OCI/OCL	Other comprehensive income/loss
O&M	Operation and Maintenance
Pinnacle	Pinnacle Wind, LLC, the operating subsidiary of Tapestry Wind LLC, which owns the Pinnacle project
PPA	Power Purchase Agreement
ROFO Agreement	Second Amended and Restated Right of First Offer Agreement between the Company and NRG
ROFO Assets	Specified assets subject to sale, as described in the ROFO Agreement
RPV Holdco	NRG RPV Holdco 1 LLC
RTO	Regional Transmission Originator
SEC	U.S. Securities and Exchange Commission
Senior Notes	Collectively, the 2024 Senior Notes and the 2026 Senior Notes

SPP	Solar Power Partners
Taloga	Taloga Wind, LLC, the operating subsidiary of Tapestry Wind LLC, which owns the Taloga project
Tapestry	Collection of the Pinnacle, Buffalo Bear and Taloga projects
Tax Act	Tax Cuts and Jobs Act of 2017
Thermal Business	The Company's thermal business, which consists of thermal infrastructure assets that provide steam, hot water and/or chilled water, and in some instances electricity, to commercial businesses, universities, hospitals and governmental units
Third Amendment	Third Amendment to Amended and Restated Credit Agreement and Administrative Agent Resignation and Appointment Agreement, dated as of April 30, 2018
UPMC Thermal Project	The University of Pittsburgh Medical Center Thermal Project, a 73 MWt district energy system that allows NECP to provide steam, chilled water and 7.5 MW of emergency backup power service to UPMC.
U.S.	United States of America
Utah Solar Portfolio	Collection consists of Four Brothers Solar, LLC, Granite Mountain Holdings, LLC, and Iron Springs Holdings, LLC, which are equity investments owned by Four Brothers Capital, LLC, Granite Mountain Capital, LLC, and Iron Springs Capital, LLC, respectively, and are part of the March 2017 Drop Down Assets acquisition that closed on March 27, 2017
Utility Scale Solar	Solar power projects, typically 20 MW or greater in size (on an alternating current, or AC, basis), that are interconnected into the transmission or distribution grid to sell power at a wholesale level
VaR	Value at Risk
VIE	Variable Interest Entity
Walnut Creek	Walnut Creek Energy, LLC, the operating subsidiary of WCEP Holdings, LLC, which owns the Walnut Creek project

PART I - FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS

NRG YIELD, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
(In millions, except per share amounts)	2018	2017 [a]	2018	2017 [a]
Operating Revenues				
Total operating revenues	$ 307	$ 288	$ 532	$ 509
Operating Costs and Expenses				
Cost of operations	74	77	163	162
Depreciation and amortization	82	79	163	156
General and administrative	6	6	11	10
Acquisition-related transaction and integration costs	1	1	2	2
Total operating costs and expenses	163	163	339	330
Operating Income	144	125	193	179
Other Income (Expense)				
Equity in earnings of unconsolidated affiliates	29	16	33	35
Other income, net	1	1	2	2
Loss on debt extinguishment	—	—	—	(2)
Interest expense	(71)	(90)	(126)	(165)
Total other expense, net	(41)	(73)	(91)	(130)
Income Before Income Taxes	103	52	102	49
Income tax expense	7	8	6	7
Net Income	96	44	96	42
Less: Pre-acquisition net income of Drop Down Assets	—	2	4	15
Net Income Excluding Pre-acquisition Net Income of Drop Down Assets	96	42	92	27
Less: Income (loss) attributable to noncontrolling interests	17	14	(3)	2
Net Income Attributable to NRG Yield, Inc.	$ 79	$ 28	$ 95	$ 25
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	49	49	35
Weighted average number of Class C common shares outstanding - basic	67	63	66	63
Weighted average number of Class C common shares outstanding - diluted	78	74	77	63
Earnings per Weighted Average Class A and Class C Common Share - Basic	$ 0.77	$ 0.29	$ 0.94	$ 0.26
Earnings per Weighted Average Class A Common Share - Diluted	0.61	0.26	0.80	0.26
Earnings per Weighted Average Class C Common Share - Diluted	0.70	0.28	0.89	0.26
Dividends Per Class A Common Share	0.309	0.27	0.607	0.53
Dividends Per Class C Common Share	$ 0.309	$ 0.27	$ 0.607	$ 0.53

[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

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2018	2017 [a]	2018	2017 [a]
Net Income	$ 96	$ 44	$ 96	$ 42
Other Comprehensive Gain (Loss), net of tax				
Unrealized gain (loss) on derivatives, net of income tax (expense) benefit of $0, $1, ($3) and $0	7	(6)	24	—
Other comprehensive gain (loss)	7	(6)	24	—
Comprehensive Income	103	38	120	42
Less: Pre-acquisition net income of Drop Down Assets	—	2	4	15
Less: Comprehensive income attributable to noncontrolling interests	21	11	10	2
Comprehensive Income Attributable to NRG Yield, Inc.	$ 82	$ 25	$ 106	$ 25

[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, 2018	December 31, 2017 [a]
ASSETS	(unaudited)	
Current Assets		
Cash and cash equivalents	$ 130	$ 148
Restricted cash	139	168
Accounts receivable — trade	132	95
Inventory	39	39
Notes receivable	6	13
Prepayments and other current assets	26	19
Total current assets	472	482
Property, plant and equipment, net	5,376	5,410
Other Assets		
Equity investments in affiliates	1,183	1,178
Intangible assets, net	1,192	1,228
Derivative instruments	23	1
Deferred income taxes	120	128
Other non-current assets	82	62
Total other assets	2,600	2,597
Total Assets	$ 8,448	$ 8,489
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 651	$ 339
Accounts payable — trade	40	46
Accounts payable — affiliate	47	49
Derivative instruments	6	18
Accrued expenses and other current liabilities	60	88
Total current liabilities	804	540
Other Liabilities		
Long-term debt	5,244	5,659
Derivative instruments	12	31
Other non-current liabilities	101	100
Total non-current liabilities	5,357	5,790
Total Liabilities	6,161	6,330
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); 189,145,393 shares issued and outstanding (Class A 34,586,250, Class B 42,738,750, Class C 69,081,643, Class D 42,738,750) at June 30, 2018 and 184,780,837 shares issued and outstanding (Class A 34,586,250, Class B 42,738,750, Class C 64,717,087, Class D 42,738,750) at December 31, 2017	1	1
Additional paid-in capital	1,859	1,843
Retained earnings (accumulated deficit)	25	(69)
Accumulated other comprehensive loss	(17)	(28)
Noncontrolling interest	419	412
Total Stockholders' Equity	2,287	2,159
Total Liabilities and Stockholders' Equity	$ 8,448	$ 8,489

[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,	
	2018	**2017** [(a)]
	(In millions)	
Cash Flows from Operating Activities		
Net income	$ 96	$ 42
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of unconsolidated affiliates	(33)	(35)
Distributions from unconsolidated affiliates	32	29
Depreciation and amortization	163	156
Amortization of financing costs and debt discounts	13	11
Amortization of intangibles and out-of-market contracts	35	34
Adjustment for debt extinguishment	—	2
Changes in deferred income taxes	6	7
Derivative interest (income) expense	(32)	2
(Gain) loss on disposal of asset components	(1)	4
Changes in prepaid and accrued liabilities for tolling agreements	(62)	(64)
Changes in other working capital	(36)	(19)
Net Cash Provided by Operating Activities	181	169
Cash Flows from Investing Activities		
Acquisition of businesses, net of cash acquired	(11)	—
Payments for the Drop Down Assets	(126)	(131)
Capital expenditures	(45)	(60)
Cash receipts from notes receivable	7	9
Return of investment from unconsolidated affiliates	18	25
Investments in unconsolidated affiliates	(16)	(33)
Other	7	—
Net Cash Used in Investing Activities	(166)	(190)
Cash Flows from Financing Activities		
Net contributions from noncontrolling interests	94	15
Net distributions and return of capital to NRG prior to the acquisition of Drop Down Assets	—	(26)
Net proceeds from the issuance of common stock	75	16
Payments of dividends and distributions	(113)	(97)
Payments of debt issuance costs	(5)	(12)
Proceeds from the revolving credit facility	35	—
Payments for the revolving credit facility	(90)	—
Proceeds from the issuance of long-term debt	227	99
Payments for long-term debt	(285)	(172)
Net Cash Used in Financing Activities	(62)	(177)
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(47)	(198)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	316	498
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 269	$ 300

[(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

(Unaudited)

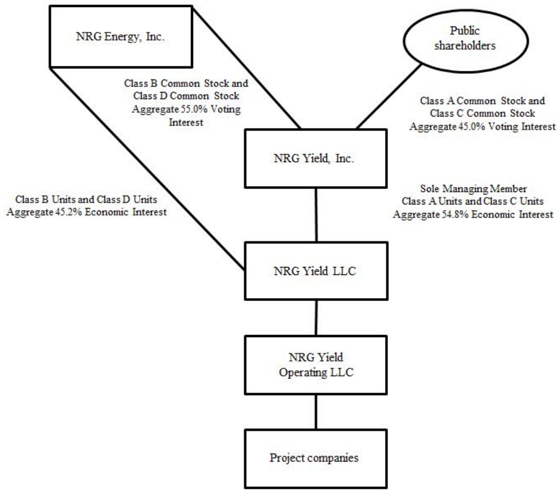
Note 1 — *Nature of Business*

NRG Yield, Inc., together with its consolidated subsidiaries, or the Company, is a dividend growth-oriented company that has historically served 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 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 5,118 net MW as of June 30, 2018. Nearly all of these assets sell substantially all of their output pursuant to long-term offtake agreements with creditworthy counterparties. The weighted average remaining contract duration of these offtake agreements was approximately 15 years as of June 30, 2018 based on CAFD. The Company also owns thermal infrastructure assets with an aggregate steam and chilled water capacity of 1,392 net MWt and electric generation capacity of 133 net MW. These thermal infrastructure assets provide steam, hot 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.

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. 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, 2018:



On February 6, 2018, Global Infrastructure Partners, or GIP, entered into a purchase and sale agreement with NRG, or the NRG Transaction, for the acquisition of NRG's full ownership interests in the Company and NRG's renewable development and operations platform. The NRG Transaction is subject to certain closing conditions, including customary legal and regulatory approvals. As of July 31, 2018, all regulatory approvals have been obtained and the Company expects the NRG Transaction to close in the third quarter of 2018. NRG is currently the Company's controlling stockholder and the Company has been highly dependent on NRG for, among other things, growth opportunities and management and administration services. In connection with the NRG Transaction, the Company entered into a Consent and Indemnity Agreement with NRG and GIP setting forth key terms and conditions of the Company's consent to the NRG Transaction.

For further discussion of the NRG Transaction, refer to Item 1 - *Business* in the Company's 2017 Form 10-K. For risks related to the NRG Transaction and the Company's relationship with NRG see Part I, Item 1A, *Risk Factors* in the Company's 2017 Form 10-K.

As of June 30, 2018, 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				
Agua Caliente	16%	46	Pacific Gas and Electric	2039
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	2034
Desert Sunlight 300	25%	75	Pacific Gas and Electric	2039
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
Utah Solar Portfolio [b] [e]	50%	265	PacifiCorp	2036
		921		
Distributed Solar				
Apple I LLC Projects	100%	9	Various	2032
AZ DG Solar Projects	100%	5	Various	2025 - 2033
SPP Projects	100%	25	Various	2026 - 2037
Other DG Projects	100%	13	Various	2023 - 2039
		52		
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 [b] [f]	99%	21	Corn Belt Power Cooperative	2027
Elbow Creek [b] [f]	100%	122	NRG Power Marketing LLC	2022
Elkhorn Ridge [b] [f]	66.7%	54	Nebraska Public Power District	2029
Forward [b] [f]	100%	29	Constellation NewEnergy, Inc.	2022

Projects	Percentage Ownership	Net Capacity (MW)[a]	Offtake Counterparty	Expiration
Goat Wind [b] [f]	100%	150	Dow Pipeline Company	2025
Hardin [b] [f]	99%	15	Interstate Power and Light Company	2027
Laredo Ridge	100%	80	Nebraska Public Power District	2031
Lookout [b] [f]	100%	38	Southern Maryland Electric Cooperative	2030
Odin [b] [f]	99.9%	20	Missouri River Energy Services	2028
Pinnacle	100%	55	Maryland Department of General Services and University System of Maryland	2031
San Juan Mesa [b] [f]	75%	90	Southwestern Public Service Company	2025
Sleeping Bear [b] [f]	100%	95	Public Service Company of Oklahoma	2032
South Trent	100%	101	AEP Energy Partners	2029
Spanish Fork [b] [f]	100%	19	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 [b] [f]	100%	161	Southwestern Public Service Company	2027
		2,200		
Thermal				
NRG Energy Center Dover LLC	100%	103	NRG Power Marketing LLC	2018
Thermal generation	100%	30	Various	Various
		133		
Total net generation capacity[c]		5,251		
Thermal equivalent MWt [d]	100%	1,392	Various	Various

[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, 2018.
[b] Projects are part of tax equity arrangements.
[c] The Company's total generation capacity is net of 6 MWs for noncontrolling interest for Spring Canyon II and III. The Company's generation capacity including this noncontrolling interest was 5,257 MWs.
[d] 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.
[e] Represents interests in Four Brothers Solar, LLC, Granite Mountain Holdings, LLC, and Iron Springs Holdings, LLC, all acquired as part of the March 2017 Drop Down Assets (ownership percentage is based upon cash to be distributed).
[f] Projects are part of NRG Wind TE Holdco portfolio.

In addition to the facilities owned or leased in the table above, the Company entered into partnerships to own or purchase solar power generation projects, as well as other ancillary related assets from a related party via intermediate funds. The Company does not consolidate these partnerships and accounts for them as equity method investments. The Company's net interest in these projects is 268 MW based on cash to be distributed as of June 30, 2018. For further discussions, see Note 4, *Investments Accounted for by the Equity Method and Variable Interest Entities* of this Form 10-Q and Note 5, *Investments Accounted for by the Equity Method and Variable Interest Entities* to the consolidated financial statements included in the Company's 2017 Form 10-K.

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. Certain district energy systems are subject to rate regulation by state public utility commissions (although they may negotiate certain rates) while the other district energy systems have rates determined by negotiated bilateral contracts.

Recast of the Historical Financial Statements

As described in Note 3, *Business Acquisitions*, on March 30, 2018, the Company acquired 100% of NRG's interests in Buckthorn Renewables, LLC, which owned a 154 MW construction-stage utility-scale solar generation project, or the Buckthorn Solar Drop Down Asset, for cash consideration of approximately $42 million, subject to working capital adjustments, plus assumed non-recourse debt of approximately $183 million and non-controlling interest of $19 million (as of the acquisition date) attributable to the Class A member. On May 31, 2018, $132 million of non-recourse debt was converted to a term loan with an expected maturity of May 2025, and the remainder of the non-recourse debt was repaid with the final proceeds from the Class A member upon the project reaching substantial completion in May 2018. The purchase price was funded with cash on hand and borrowings from the revolving credit facility.

The acquisition of the Buckthorn Solar Drop Down Asset was accounted for as a transfer of entities under common control. The accounting guidance requires retrospective combination of the entities for all periods presented as if the combinations had been in effect from the beginning of the financial statement period or from the date the entities were under common control (if later than the beginning of the financial statement period). The recast of the Company's financial statements for the Buckthorn Solar Drop Down Asset did not affect the historical net income attributable to NRG Yield, Inc., weighted average number of shares outstanding, earnings per share or dividends.

Additionally, as described in Note 3, *Business Acquisitions*, during the year ended December 31, 2017, the Company acquired the November 2017 Drop Down Assets and August 2017 Drop Down Assets from NRG. Similarly to the Buckthorn Solar Drop Down Asset, the Company recast its historical financial statements to combine the entities for the periods presented as if the combinations had been in effect from the beginning of the financial statements period. The recast of the Company's financial statements for the November 2017 Drop Down Assets and August 2017 Drop Down Assets did not affect the historical net income attributable to NRG Yield, Inc., weighted average number of shares outstanding, earnings per share or dividends.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the SEC's regulations for interim financial information and with the instructions to Form 10-Q. 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 consolidated financial statements included in the Company's 2017 Form 10-K. 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, 2018, and the results of operations, comprehensive income (loss) and cash flows for the six months ended June 30, 2018 and 2017.

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 amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimates.

Accumulated Depreciation, Accumulated Amortization

The following table presents the accumulated depreciation included in the property, plant and equipment, net, and accumulated amortization included in intangible assets, net, respectively, as of June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
	(In millions)	
Property, Plant and Equipment Accumulated Depreciation	$ 1,428	$ 1,285
Intangible Assets Accumulated Amortization	272	237

Noncontrolling Interests

Stockholders' equity represents the equity associated with the Class A and Class C common stockholders, the equity associated with the Class B and Class D common stockholder, NRG, and the third-party interests under certain tax equity arrangements are classified as noncontrolling interests. The following table reflects the changes in the Company's noncontrolling interest balance:

		(In millions)
Balance as of December 31, 2017 as previously reported [(a)]	$	391
Net Assets of Buckthorn Solar Drop Down Asset as of December 31, 2017		21
Balance as of December 31, 2017 as recast	$	412
Capital contributions from tax equity investors, net of distributions		109
Payment for the Buckthorn Solar Drop Down Asset		(42)
Non cash distributions to NRG in connection with the UPMC Thermal Project Asset Acquisition		(13)
Pre-acquisition net income of the Buckthorn Solar Drop Down Asset		4
Comprehensive income		10
Non-cash adjustment for change in tax basis of assets		2
Distributions to NRG, net		(63)
Balance as of June 30, 2018	$	419

[(a)] As previously reported in the Company's Form 10-K for the year ended December 31, 2017.

NRG Yield LLC Distributions to NRG

The following table lists the distributions paid to NRG on NRG Yield LLC's Class B and D units during the six months ended June 30, 2018:

	Second Quarter 2018		First Quarter 2018	
Distributions per Class B Unit	$	0.309	$	0.298
Distributions per Class D Unit	$	0.309	$	0.298

On July 24, 2018, NRG Yield LLC declared a distribution on its Class A, Class B, Class C and Class D units of $0.320 per unit payable on September 18, 2018 to unit holders of record as of September 4, 2018.

Revenue Recognition

Revenue from Contracts with Customers

On January 1, 2018, the Company adopted the guidance in ASC 606, *Revenue from Contracts with Customers*, or Topic 606, using the modified retrospective method applied to contracts which were not completed as of the adoption date, with no adjustment required to the financial statements upon adoption. Following the adoption of the new standard, the Company’s revenue recognition of its contracts with customers remains materially consistent with its historical practice. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company's policies with respect to its various revenue streams are detailed below. In general, the Company applies the invoicing practical expedient to recognize revenue for the revenue streams detailed below, except in circumstances where the invoiced amount does not represent the value transferred to the customer.

Thermal Revenues

Steam and chilled water revenue is recognized as the Company transfers the product to the customer, 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. For thermal contracts, the Company’s performance obligation to deliver steam and chilled water is satisfied over time and revenue is recognized based on the invoiced amount. 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.

As contracts for steam and chilled water are long-term contracts, the Company has performance obligations under these contracts that have not yet been satisfied. These performance obligations have transaction prices that are both fixed and variable, and that vary based on the contract duration, customer type, inception date and other contract-specific factors. For the fixed price contracts, the Company cannot accurately estimate the amount of its unsatisfied performance obligations as it will vary based on customer usage, which will depend on factors such as weather and customer activity.

Power Purchase Agreements, or PPAs

The majority of the Company's revenues are obtained through PPAs or other contractual agreements. Energy, capacity and where applicable, renewable attributes, from the majority of the Company's renewable energy assets and certain conventional energy plants is sold through long-term PPAs and tolling agreements to a single counterparty, which is often a utility or commercial customer. The majority of these PPAs are accounted for as 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.

Renewable Energy Credits, or RECs

As stated above, renewable energy credits, or RECs, are usually sold through long-term PPAs. Revenue from the sale of self-generated RECs is recognized when related energy is generated and simultaneously delivered even in cases where there is a certification lag as it has been deemed to be perfunctory.

In a bundled contract to sell energy, capacity and/or self-generated RECs, all performance obligations are deemed to be delivered at the same time and hence, timing of recognition of revenue for all performance obligations is the same and occurs over time. In such cases, it is often unnecessary to allocate transaction price to multiple performance obligations.

Sale of Emission Allowances

The Company records its bank of emission allowances as part of intangible assets. From time to time, management may authorize the transfer of emission allowances in excess of usage from the Company's emission bank to intangible assets held-for-sale for trading purposes. The Company records the sale of emission allowances on a net basis within operating revenue in the Company's consolidated statements of operations.

Disaggregated Revenues

The following tables represent the Company's disaggregation of revenue from contracts with customers for the three and six months ended June 30, 2018, along with the reportable segment for each category:

	Three months ended June 30, 2018			
(In millions)	**Conventional Generation**	**Renewables**	**Thermal**	**Total**
Energy revenue[a]	$ 2	$ 193	$ 43	$ 238
Capacity revenue[a]	85	—	2	87
Contract amortization	(2)	(16)	—	(18)
Total operating revenue	85	177	45	307
Less: Lease revenue	(87)	(179)	(1)	(267)
Less: Contract amortization	2	16	—	18
Total revenue from contracts with customers	$ —	$ 14	$ 44	$ 58

[a] The following amounts of energy and capacity revenue relate to leases and are accounted for under ASC 840:

	Conventional Generation	**Renewables**	**Thermal**	**Total**
Energy Revenue	$ 2	$ 179	$ 1	$ 182
Capacity Revenue	85	—	—	85
	87	179	1	267

	Six months ended June 30, 2018			
(In millions)	**Conventional Generation**	**Renewables**	**Thermal**	**Total**
Energy revenue[b]	$ 3	$ 306	$ 89	$ 398
Capacity revenue[b]	164	—	5	169
Contract amortization	(3)	(31)	(1)	(35)
Total operating revenue	164	275	93	532
Less: Lease revenue	(167)	(280)	(1)	(448)
Less: Contract amortization	3	31	1	35
Total revenue from contracts with customers	$ —	$ 26	$ 93	$ 119

[b] The following amounts of energy and capacity revenue relate to leases and are accounted for under ASC 840:

	Conventional Generation	**Renewables**	**Thermal**	**Total**
Energy Revenue	$ 3	$ 280	$ 1	$ 284
Capacity Revenue	164	—	—	164
	167	280	1	448

Contract Amortization

Assets and liabilities recognized from power sales agreements assumed through acquisitions related to the sale of electric capacity and energy in future periods for which the fair value has been determined to be significantly less (more) than market are amortized to revenue over the term of each underlying contract based on actual generation and/or contracted volumes or on a straight-line basis, where applicable.

Contract Balances

The following table reflects the contract assets and liabilities included on the Company’s balance sheet as of June 30, 2018:

(In millions)		June 30, 2018
Accounts receivable, net - Contracts with customers	$	29
Accounts receivable, net - Leases		103
Total accounts receivable, net	$	132

Income Taxes

NRG Yield, Inc. is included in certain NRG consolidated unitary state tax return filings which is reflected in NRG Yield, Inc.'s state effective tax rate. If NRG Yield, Inc. filed under a separate standalone methodology, there would be an additional state tax expense of approximately $2 million as of June 30, 2018 due to a change in the NRG Yield, Inc. state effective tax rate.

Reclassifications

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

Recent Accounting Developments - Not Yet Adopted

ASU 2016-02 — In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), or Topic 842, 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 by expanding the related disclosures. The guidance in Topic 842 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, Topic 842 expands the required quantitative and qualitative disclosures with regards to lease arrangements. The Company will adopt the standard effective January 1, 2019 and expects to elect certain of the practical expedients permitted, including the expedient that permits the Company to retain its existing lease assessment and classification. The Company is currently working through an adoption plan and evaluating the anticipated impact on the Company's results of operations, cash flows and financial position. While the Company is currently evaluating the impact the new guidance will have on its financial position and results of operations, the Company expects to recognize lease liabilities and right of use assets. The extent of the increase to assets and liabilities associated with these amounts remains to be determined pending the Company’s review of its existing lease contracts and service contracts which may contain embedded leases. While this review is still in process, the Company believes the adoption of Topic 842 may be material to its financial statements. The Company is continuing to monitor potential changes to Topic 842 that have been proposed by the FASB and will assess any necessary changes to the implementation as the guidance is updated.

Note 3 — *Business Acquisitions*

2018 Acquisitions

UPMC Thermal Project Asset Acquisition — On June 19, 2018, upon reaching substantial completion, the Company acquired from NRG the UPMC Thermal Project for cash consideration of $84 million, subject to working capital adjustments. The Company also recorded a payable of $4 million to be paid to NRG upon final completion of the project pursuant to the EPC agreement, as discussed in Note 12, *Related Party Transactions*. The project adds 73 MWt of thermal equivalent capacity and 7.5 MW of emergency backup thermal capacity to the Company's portfolio. The transaction is reflected in the Company's Thermal segment. The acquisition was funded with the proceeds from the sale of the Series E Notes and Series F Notes, as further described in Note 7, *Long-term Debt*. The assets transferred to the Company relate to interests under common control by NRG and were recorded at book value in accordance with ASC 805-50, *Business Combinations - Related Issues*. The difference between the purchase price and book value of the assets was recorded as a distribution to NRG and decreased the balance of its noncontrolling interest. The acquisition was determined to be an asset acquisition and not a business combination, therefore no recast of the historical financial information was deemed necessary.

Central CA Fuel Cell 1, LLC — On April 18, 2018, the Company acquired the Central CA Fuel Cell 1, LLC project in Tulare, California from FuelCell Energy Finance, Inc., for cash consideration of $11 million, subject to working capital adjustments. The project adds 2.8 MW of thermal capacity to the Company's portfolio, with a 20-year PPA contract with the City of Tulare. The transaction is reflected in the Company's Thermal segment.

Buckthorn Solar Drop Down Asset — On March 30, 2018, the Company acquired 100% of NRG's interests in Buckthorn Renewables, LLC, which owned a 154 MW construction-stage utility-scale solar generation project located in Texas, or the Buckthorn Solar Drop Down Asset, for cash consideration of approximately $42 million, subject to working capital adjustments. The Company also assumed non-recourse debt of $183 million and non-controlling interest of $19 million (as of acquisition date) attributable to the Class A member, as further described below. The Company converted $132 million of non-recourse debt to a term loan and the remainder of the outstanding debt was paid down with the contribution from the Class A member in the amount of $80 million upon the project reaching substantial completion in May 2018. The purchase price for the Buckthorn Solar Drop Down Asset was funded with cash on hand and borrowings from the Company's 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 to NRG and decreased the balance of its noncontrolling interest. Since 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 had been in effect since the inception of common control.

Buckthorn Solar Portfolio, LLC, a wholly owned subsidiary of Buckthorn Renewables, LLC, is the Class B member in a tax equity partnership, Buckthorn Holdings, LLC, the owner of the Buckthorn Solar Drop Down Asset. The Class A member is a tax equity investor, or TE investor, who receives 99% of allocations of taxable income and other items through the six month anniversary of the placed in service date, at which time the allocations change to 67% through the last calendar year before the flip point, and then back to 99% through 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 5% for all the periods thereafter. Before the flip point, the TE investor would receive a priority distribution of distributable cash, as defined, plus a percentage of remaining distributable cash after the priority distribution subject to a percentage cap.

The project sells power under a 25-year PPA to the City of Georgetown, Texas, which commenced in July 2018.

The following is a summary of net assets transferred in connection with the acquisition of the Buckthorn Solar Drop Down Asset as of March 31, 2018:

	(In millions)
Assets:	
Current assets	$ 20
Property, plant and equipment	212
Non-current assets	3
Total assets	235
Liabilities:	
Debt (Current and non-current) [(a)]	176
Other current and non-current liabilities	15
Total liabilities	191
Less: noncontrolling interest	19
Net assets acquired	$ 25

[(a)] Net of $7 million of net debt issuance costs.

2017 Acquisitions

November 2017 Drop Down Assets — On November 1, 2017, the Company acquired a 38 MW solar portfolio primarily comprised of assets from NRG's Solar Power Partners (SPP) funds and other projects developed by NRG, for cash consideration of $74 million, including working capital adjustments, plus assumed non-recourse debt of $26 million.

The purchase price for the November 2017 Drop Down Assets 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 and increased the balance of its noncontrolling interest. Since 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.

August 2017 Drop Down Assets — On August 1, 2017, the Company acquired the remaining 25% interest in NRG Wind TE Holdco, a portfolio of 12 wind projects, from NRG for total cash consideration of $44 million, including working capital adjustments. The purchase agreement also included potential additional payments to NRG dependent upon actual energy prices for merchant periods beginning in 2027, which were estimated and accrued as contingent consideration in the amount of $8 million.

The Company originally acquired 75% of NRG Wind TE Holdco on November 3, 2015, or November 2015 Drop Down Assets, which were consolidated with 25% of the net assets recorded as noncontrolling interest. The assets and liabilities transferred to the Company related to interests under common control by NRG and were recorded at historical cost in accordance with ASC 805-50, *Business Combination - Related Issues.* As the Company had reflected NRG's 25% ownership of NRG Wind TE Holdco in noncontrolling interest, the difference between the cash paid of $44 million, net of the contingent consideration of $8 million, and the historical value of the remaining 25% of $87 million as of July 31, 2017, was recorded as an adjustment to NRG's noncontrolling interest. Since the transaction constituted a transfer 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 from the beginning of the financial statement period or from the date the entities were under common control (if later than the beginning of the financial statement period).

The following tables present a summary of the Company's historical information combining the financial information for the Buckthorn Solar Drop Down Asset, November 2017 Drop Down Assets and August 2017 Drop Down Assets transferred in connection with the acquisition:

	Three months ended June 30, 2017				
	As Previously Reported (a)	Buckthorn Solar Drop Down Asset	November 2017 Drop Down Assets	August 2017 Drop Down Assets	As Currently Reported
(In millions)					
Total operating revenues	$ 284	$ —	$ 4	$ —	$ 288
Operating income	122	—	3	—	125
Net income (loss)	45	(3)	2	—	44
Less: Pre-acquisition net (loss) income of Drop Down Assets	—	(3)	2	3	2
Less: Income (loss) attributable to noncontrolling interests	17	—	—	(3)	14
Net income attributable to NRG Yield, Inc.	28	—	—	—	28

	Six months ended June 30, 2017				
	As Previously Reported (a)	Buckthorn Solar Drop Down Asset	November 2017 Drop Down Assets	August 2017 Drop Down Assets	As Currently Reported
(In millions)					
Total operating revenues	$ 502	$ —	$ 7	$ —	$ 509
Operating income	176	—	3	—	179
Net income (loss)	44	(3)	1	—	42
Less: Pre-acquisition net income (loss) of Drop Down Assets	12	(3)	1	5	15
Less: Income (loss) attributable to noncontrolling interests	7	—	—	(5)	2
Net income attributable to NRG Yield, Inc.	25	—	—	—	25

(a) As previously reported in the Company's Form 10-Q for the quarter ended June 30, 2017.

March 2017 Drop Down Assets — On March 27, 2017, the Company acquired the following interests from NRG: (i) Agua Caliente Borrower 2 LLC, which owns a 16% interest (approximately 31% of NRG's 51% interest) in the Agua Caliente solar farm, one of the ROFO Assets, representing ownership of approximately 46 net MW of capacity and (ii) NRG's interests in the Utah Solar Portfolio. Agua Caliente is located in Yuma County, AZ and sells power subject to a 25-year PPA with Pacific Gas and Electric, with 22 years remaining on that contract. The seven utility-scale solar farms in the Utah Solar Portfolio are owned by the following entities: Four Brothers Capital, LLC, Iron Springs Capital, LLC, and Granite Mountain Capital, LLC. These utility-scale solar farms achieved commercial operations in 2016, sell power subject to 20-year PPAs with PacifiCorp, a subsidiary of Berkshire Hathaway and are part of a tax equity structure with Dominion Solar Projects III, Inc., or Dominion, through which the Company is entitled to receive 50% of cash to be distributed, as further described below. The Company paid cash consideration of $128 million, which includes $3 million of final net working capital adjustment received by the Company from NRG. The acquisition of the March 2017 Drop Down Assets was funded with cash on hand. The Company recorded the acquired interests as equity method investments. The Company also assumed non-recourse debt of $41 million and $287 million on Agua Caliente Borrower 2 LLC and the Utah Solar Portfolio, respectively, as well as its pro-rata share of non-recourse project-level debt of Agua Caliente Solar LLC, as further described in Note 4, *Investments Accounted for by the Equity Method and Variable Interest Entities*.

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 Combination - Related Issues.* The difference between the cash paid and the historical value of the entities' equity of $8 million was recorded as an adjustment to NRG's noncontrolling interest. Since the transaction constituted a transfer 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 from the beginning of the financial statement period or from the date the entities were under common control (if later than the beginning of the financial statement period).

Note 4 — *Investments Accounted for by the Equity Method and Variable Interest Entities*

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 consolidated financial statements included in the Company's 2017 Form 10-K.

Buckthorn Renewables, LLC — As described in Note 3, *Business Acquisitions*, on March 30, 2018, the Company acquired 100% of NRG's interest in a 154 MW construction-stage utility-scale solar generation project, Buckthorn Renewables, LLC, which owns 100% interest in Buckthorn Solar Portfolio, LLC, which in turn owns 100% of the Class B membership interests in Buckthorn Holdings, LLC for total consideration of approximately $42 million, subject to working capital adjustments. The Company also assumed non-recourse debt of $183 million and non-controlling interest of $19 million attributable to the Class A member, as further described below. On May 31, 2018, $132 million of non-recourse debt was converted to a term loan with an expected maturity of May 2025, and the remainder of the non-recourse debt was repaid with final proceeds from the Class A member upon the project reaching substantial completion in May 2018. Buckthorn Holdings, LLC is a tax equity fund, which is a variable interest entity that is consolidated by Buckthorn Solar Portfolio, LLC. The Company is the primary beneficiary, through its position as managing member, and indirectly consolidates Buckthorn Holdings, LLC through Buckthorn Solar Portfolio, LLC. The Class A member is a tax equity investor who made its initial capital contribution of $19 million on March 30, 2018, which is reflected as noncontrolling interest on the Company's consolidated balance sheet. The project achieved substantial completion in May 2018, at which time the remaining contributions in the amount of $80 million were funded. The Company utilizes the HLBV method to determine the net income or loss allocated to the tax equity investor noncontrolling interest. The Company recorded $51 million of loss attributable to its non-controlling interest in Buckthorn Renewables, LLC during the period ended June 30, 2018.

Summarized financial information for the Company's consolidated VIEs consisted of the following as of June 30, 2018:

(In millions)	NRG Wind TE Holdco	Alta Wind TE Holdco	Spring Canyon	Buckthorn Renewables, LLC
Other current and non-current assets	$ 163	$ 23	$ 1	$ 24
Property, plant and equipment	362	423	93	226
Intangible assets	2	256	—	—
Total assets	527	702	94	250
Current and non-current liabilities	184	9	4	141
Total liabilities	184	9	4	141
Noncontrolling interest	10	72	48	48
Net assets less noncontrolling interests	$ 333	$ 621	$ 42	$ 61

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 consolidated financial statements included in the Company's 2017 Form 10-K.

The Company's maximum exposure to loss as of June 30, 2018, is limited to its equity investment in the unconsolidated entities, as further summarized in the table below:

(In millions)	Maximum exposure to loss
Four Brothers Solar, LLC	$ 209
GenConn Energy LLC	100
NRG DGPV Holdco 1 LLC	81
Granite Mountain Holdings, LLC	76
NRG DGPV Holdco 3 LLC	75
NRG DGPV Holdco 2 LLC	61
Iron Springs Holdings, LLC	53
NRG RPV Holdco 1 LLC	46

NRG DGPV Holdco 1 LLC — The Company invested $4 million of cash during the six months ended June 30, 2018 into DGPV Holdco 1 LLC and recorded $3 million due to NRG in accounts payable - affiliate as of June 30, 2018 to be funded in tranches as the project milestones are completed. The Company owns approximately 52 MW of distributed solar capacity, based on cash to be distributed, with a weighted average remaining contract life of approximately 18 years as of June 30, 2018.

NRG DGPV Holdco 3 LLC — The Company invested $12 million of cash during the six months ended June 30, 2018 into DGPV Holdco 3 LLC and recorded $10 million due to NRG in accounts payable - affiliate as of June 30, 2018 to be funded in tranches as the project milestones are completed. The Company owns approximately 59 MW of distributed solar capacity, based on cash to be distributed, with a weighted average remaining contract life of approximately 21 years as of June 30, 2018.

Utah Solar Portfolio — As described in Note 3, *Business Acquisitions*, on March 27, 2017, as part of the March 2017 Drop Down Assets acquisition, the Company acquired from NRG 100% of the Class A equity interests in the Utah Solar Portfolio, comprised of Four Brothers Solar, LLC, Granite Mountain Holdings, LLC, and Iron Springs Holdings, LLC. The Class B interests of the Utah Solar Portfolio are owned by a tax equity investor, who receives 99% of allocations of taxable income and other items until the flip point, which occurs when the tax equity investor obtains a specified return on its initial investment, at which time the allocations to the tax equity investor change to 50%. The Company generally receives 50% of distributable cash throughout the term of the tax-equity arrangements. The three entities comprising the Utah Solar Portfolio are VIEs. As the Company is not the primary beneficiary, the Company uses the equity method of accounting to account for its interests in the Utah Solar Portfolio. The Company utilizes the HLBV method to determine its share of the income or losses in the investees.

Non-recourse project-level debt of unconsolidated affiliates

Agua Caliente Financing — As described in Note 3, *Business Acquisitions*, on March 27, 2017, the Company acquired a 16% interest in the Agua Caliente solar facility through its acquisition of Agua Caliente Borrower 2 LLC. As of June 30, 2018, Agua Caliente Solar LLC, the direct owner of the Agua Caliente solar facility, had $812 million outstanding under the Agua Caliente financing agreement with the Federal Financing Bank, or FFB, borrowed to finance the costs of constructing the facility. The Company's pro-rata share of the Agua Caliente financing arrangement was $130 million as of June 30, 2018. Amounts borrowed under the Agua Caliente financing agreement accrue interest at a fixed rate based on U.S. Treasury rates plus a spread of 0.375%, mature in 2037 and are secured by the assets of Agua Caliente Solar LLC. The loans provided by the FFB are guaranteed by the U.S. DOE.

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, current portion of the accounts payable — affiliates, 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, 2018		As of December 31, 2017	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Notes receivable	$ 6	$ 6	$ 13	$ 13
Liabilities:				
Long-term debt, including current portion [a]	$ 5,957	$ 5,936	$ 6,066	$ 6,099

[a] Excludes deferred financing costs, which are recorded as a reduction to long-term debt on the Company's consolidated balance sheets.

The fair value of the Company's publicly-traded long-term debt is based on quoted market prices and is classified as Level 2 within the fair value hierarchy. The fair value of debt securities, non-publicly traded long-term debt and certain notes receivable of the Company are 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. The following table presents the level within the fair value hierarchy for long-term debt, including current portion as of June 30, 2018 and December 31, 2017:

	As of June 30, 2018		As of December 31, 2017	
	Level 2	Level 3	Level 2	Level 3
	(In millions)			
Long-term debt, including current portion	$ 1,456	$ 4,480	$ 1,502	$ 4,597

Recurring Fair Value Measurements

The Company records its derivative assets and liabilities at fair value on its consolidated balance sheet. 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, 2018	As of December 31, 2017
	Fair Value [a]	Fair Value [a]
(In millions)	Level 2	Level 2
Derivative assets:		
Commodity contracts	$ —	$ 1
Interest rate contracts	24	1
Total assets	24	2
Derivative liabilities:		
Commodity contracts	1	1
Interest rate contracts	17	48
Total liabilities	$ 18	$ 49

[a] There were no derivative assets or liabilities classified as Level 1 or Level 3 as of June 30, 2018 and December 31, 2017.

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, 2018, the credit reserve was $1 million 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 consolidated financial statements included in the Company's 2017 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, 2018, 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. 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 consolidated financial statements included in the Company's 2017 Form 10-K.

Energy-Related Commodities

As of June 30, 2018, the Company had energy-related derivative instruments extending through 2020. At June 30, 2018, these contracts were not designated as cash flow or fair value hedges.

Interest Rate Swaps

As of June 30, 2018, the Company had interest rate derivative instruments on non-recourse debt extending through 2041, a portion of which are designated as cash flow hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy of the Company's open derivative transactions broken out by commodity:

		Total Volume	
		June 30, 2018	December 31, 2017
Commodity	Units	(In millions)	
Natural Gas	MMBtu	1	2
Interest	Dollars	$ 1,972	$ 2,050

Fair Value of Derivative Instruments

The following table summarizes the fair value within the derivative instrument valuation on the balance sheet:

	Fair Value			
	Derivative Assets [(a)]		Derivative Liabilities	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
	(In millions)			
Derivatives Designated as Cash Flow Hedges:				
Interest rate contracts current	$ 1	$ —	$ 1	$ 4
Interest rate contracts long-term	9	1	5	9
Total Derivatives Designated as Cash Flow Hedges	10	1	6	13
Derivatives Not Designated as Cash Flow Hedges:				
Interest rate contracts current	—	—	4	13
Interest rate contracts long-term	14	—	7	22
Commodity contracts current	—	1	1	1
Total Derivatives Not Designated as Cash Flow Hedges	14	1	12	36
Total Derivatives	$ 24	$ 2	$ 18	$ 49

[(a)] Derivative Assets balances classified as current are included within the prepayments and other current assets line item of the consolidated balance sheets as of June 30, 2018 and December 31, 2017.

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, 2018 and December 31, 2017, there was no outstanding collateral paid or received. The following tables summarize the offsetting of derivatives by the counterparty master agreement level as of June 30, 2018 and December 31, 2017:

As of June 30, 2018	Gross Amounts of Recognized Assets/Liabilities	Derivative Instruments	Net Amount
Commodity contracts[(a)]:		(In millions)	
Derivative liabilities	$ (1)	$ —	$ (1)
Total commodity contracts	(1)	—	(1)
Interest rate contracts:			
Derivative assets	24	(2)	22
Derivative liabilities	(17)	2	(15)
Total interest rate contracts	7	—	7
Total derivative instruments	$ 6	$ —	$ 6

[(a)] There were no commodity contracts classified as derivative assets as of June 30, 2018.

As of December 31, 2017	Gross Amounts of Recognized Assets/Liabilities	Derivative Instruments	Net Amount
Commodity contracts:		(In millions)	
Derivative assets	$ 1	$ —	$ 1
Derivative liabilities	(1)	—	(1)
Total commodity contracts	—	—	—
Interest rate contracts:			
Derivative assets	1	(1)	—
Derivative liabilities	(48)	1	(47)
Total interest rate contracts	(47)	—	(47)
Total derivative instruments	$ (47)	$ —	$ (47)

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,	
	2018	2017	2018	2017
	(In millions)			
Accumulated OCL beginning balance	$ (43)	$ (64)	$ (60)	$ (70)
Reclassified from accumulated OCL to income due to realization of previously deferred amounts	2	2	6	6
Mark-to-market of cash flow hedge accounting contracts	5	(8)	18	(6)
Accumulated OCL ending balance, net of income tax benefit of $6 and $16, respectively	(36)	(70)	(36)	(70)
Accumulated OCL attributable to noncontrolling interests	(19)	(42)	(19)	(42)
Accumulated OCL attributable to NRG Yield, Inc.	$ (17)	$ (28)	$ (17)	$ (28)
Losses expected to be realized from OCL during the next 12 months, net of income tax benefit of $1	$ 9		$ 9	

The Company's regression analysis for Marsh Landing, Walnut Creek and Avra Valley interest rate swaps, while positively correlated, no longer contain matching terms for cash flow hedge accounting. As a result, the Company voluntarily de-designated the Marsh Landing, Walnut Creek and Avra Valley cash flow hedges as of April 28, 2017, and will prospectively mark these derivatives to market through the income statement.

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 June 30, 2018 and 2017, the impact to the consolidated statements of income was a gain of $7 million and a loss of $13 million, respectively. For the six months ended June 30, 2018 and 2017, the impact to the consolidated statements of operations was a gain of $31 million and a loss of $9 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.

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 10, *Long-term Debt*, to the consolidated financial statements included in the Company's 2017 Form 10-K. Long-term debt consisted of the following:

	June 30, 2018	December 31, 2017	June 30, 2018, interest rate % [(a)]	Letters of Credit Outstanding at June 30, 2018
	(In millions, except rates)			
2019 Convertible Notes	$ 345	$ 345	3.500	$ —
2020 Convertible Notes	288	288	3.250	—
2024 Senior Notes	500	500	5.375	—
2026 Senior Notes	350	350	5.000	—
NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility, due 2023 [(b)]	—	55	L+1.75	67
Project-level debt:				
Agua Caliente Borrower 2, due 2038	40	41	5.430	17
Alpine, due 2022	133	135	L+1.750	16
Alta Wind I - V lease financing arrangements, due 2034 and 2035	901	926	5.696 - 7.015	102
Buckthorn Solar, due 2025	132	169	L+1.750	16
CVSR, due 2037	731	746	2.339 - 3.775	—
CVSR Holdco Notes, due 2037	188	194	4.680	13
El Segundo Energy Center, due 2023	369	400	L+1.75 - L+2.375	138
Energy Center Minneapolis Series C Notes, due 2025	—	83	5.950	—
Energy Center Minneapolis Series D Notes, due 2031	125	125	3.550	—
Energy Center Minneapolis Series E, F, G, H Notes	203	—	various	—
Laredo Ridge, due 2028	92	95	L+1.875	10
Marsh Landing, due 2023	305	318	L+2.125	65
Tapestry, due 2021	155	162	L+1.625	20
Utah Solar Portfolio, due 2022	273	278	various	13
Viento, due 2023	154	163	L+3.00	26
Walnut Creek, due 2023	254	267	L+1.625	93
Other	432	443	various	36
Subtotal project-level debt:	4,487	4,545		
Total debt	5,970	6,083		
Less current maturities [(c)]	(651)	(339)		
Less net debt issuance costs	(62)	(68)		
Less discounts [(d)]	(13)	(17)		
Total long-term debt	$ 5,244	$ 5,659		

[(a)] As of June 30, 2018, L+ equals 3 month LIBOR plus x%, except for Viento, due 2023 where L+ equals 6 month LIBOR plus 3.00% and Buckthorn Solar and Utah Solar Portfolio, where L+ equals 1 month LIBOR plus x%.
[(b)] Applicable rate is determined by the borrower leverage ratio, as defined in the credit agreement.
[(c)] The 2019 Convertible Notes become due in February 2019 and are included in current portion of long-term debt on the Company's consolidated balance sheet as of June 30, 2018. Upon conversion of the 2019 Convertible Notes, pursuant to a notice delivered by the Company to the holders of the 2019 Convertible Notes on July 26, 2018, the Company will settle all conversions through the payment of cash, as described in the 2019 Convertible Notes indenture.
[(d)] Discounts relate to the 2019 Convertible Notes and 2020 Convertible Notes.

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, 2018, 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, 2018.

NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility

As of June 30, 2018, there were no outstanding borrowings under the revolving credit facility and the Company had $67 million of letters of credit outstanding.

On April 30, 2018, the Company closed on the refinancing of the revolving credit facility, which extended the maturity of the facility to April 28, 2023, and decreased the Company's overall cost of borrowing from L+2.50% to L+1.75%. The facility will continue to be used for general corporate purposes including financing of future acquisitions and posting letters of credit.

On February 6, 2018, NRG Yield Operating LLC and NRG Yield LLC amended the revolving credit facility to modify the "change of control" provisions to permit the consummation of the NRG Transaction, and also to permit NRG Yield Operating LLC, NRG Yield LLC and certain subsidiaries to incur up to $1.5 billion of unsecured indebtedness in order to repurchase or make other required cash payments, in each case if applicable, with respect to NRG Yield Operating LLC's outstanding senior notes and NRG Yield's outstanding convertible notes in connection with the NRG Transaction.

Project - level Debt

Energy Center Minneapolis Series E, F, G, H Notes

On June 19, 2018, NRG Energy Center Minneapolis LLC, a subsidiary of the Company, entered into an amended and restated Thermal note purchase and private shelf agreement under which it authorized the issuance of the Series E Notes, Series F Notes, Series G Notes, and Series H Notes, as further described in the table below:

(in millions)		**Amount**	**Interest Rate**
Energy Center Minneapolis Series E Notes, due 2033	$	70	4.80%
Energy Center Minneapolis Series F Notes, due 2033		10	4.60%
Energy Center Minneapolis Series G Notes, due 2035		83	5.90%
Energy Center Minneapolis Series H Notes, due 2037		40	4.83%
Total proceeds	**$**	**203**	
Repayment of Energy Center Minneapolis Series C Notes, due 2025		(83)	5.95%
Net borrowings	**$**	**120**	

The proceeds from the sale of the Series E Notes and the Series F Notes were utilized to finance the acquisition of the UPMC Thermal Project as described in Note 3, *Business Acquisitions*. The Series G Notes were used to refinance the Series C Notes as noted above in the table. The Series H Notes were used to make a dividend to NRG Yield Operating LLC.

The amended and restated Thermal note purchase and private shelf agreement also established a private shelf facility for the future issuance of notes in the amount of $40 million.

Buckthorn Solar Drop Down Asset Debt

As part of the Buckthorn Solar Drop Down Asset acquisition, as further described in Note 3, *Business Acquisitions*, the Company assumed non-recourse debt of $183 million relating to Buckthorn Solar Portfolio, LLC as of the date of the acquisition, March 30, 2018. The assumed debt consisted of a Construction Loan and an Investment Tax Credits, or ITC, Bridge Loan, both at an interest rate of LIBOR plus 1.75%. On May 31, 2018, $132 million of non-recourse debt was converted to a term loan with an expected maturity of May 2025, and the remainder of the non-recourse debt was repaid with the final proceeds from the Class A member upon the project reaching substantial completion in May 2018.

Buckthorn Solar entered into a series of fixed for floating interest rate swaps that would fix the interest rate for a minimum of 80% of the outstanding notional amount. All interest rate swap payments by Buckthorn Solar and its counterparties are made quarterly and LIBOR is determined in advance of each interest period.

Note 8 — *Earnings Per Share*

Basic earnings per common share is 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. Diluted earnings per share is computed in a manner consistent with that of basic earnings per share while giving effect to all potentially dilutive common shares that were outstanding during the period.

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

	Three months ended June 30,			
	2018		2017	
(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.	$ 27	$ 52	$ 10	$ 18
Weighted average number of common shares outstanding — basic	35	67	35	63
Earnings per weighted average common share — basic	$ 0.77	$ 0.77	$ 0.29	$ 0.29
Diluted earnings per share attributable to NRG Yield, Inc. common stockholders				
Net income attributable to NRG Yield, Inc.	$ 30	$ 55	$ 13	$ 21
Weighted average number of common shares outstanding — diluted	49	78	49	74
Earnings per weighted average common share — diluted	$ 0.61	$ 0.70	$ 0.26	$ 0.28

	Six months ended June 30,			
	2018		2017	
(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.	$ 33	$ 62	$ 9	$ 16
Weighted average number of common shares outstanding — basic	35	66	35	63
Earnings per weighted average common share — basic	$ 0.94	$ 0.94	$ 0.26	$ 0.26
Diluted earnings per share attributable to NRG Yield, Inc. common stockholders				
Net income attributable to NRG Yield, Inc.	$ 40	$ 68	$ 9	$ 16
Weighted average number of common shares outstanding — diluted	49	77	35	63
Earnings per weighted average common share — diluted	$ 0.80	$ 0.89	$ 0.26	$ 0.26

[a] Basic and diluted earnings per share might not recalculate due to presenting values in millions rather than whole dollars.

The following table summarizes the Company's outstanding equity instruments that are anti-dilutive and were not included in the computation of the Company's diluted earnings per share:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	(In millions of shares)			
2019 Convertible Notes - Common Class A	—	—	—	15
2020 Convertible Notes - Common Class C	—	—	—	10

Note 9 — *Changes in Capital Structure*

At-the-Market Equity Offering Program, or the ATM Program

NRG Yield, Inc. is party to an equity distribution agreement with Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC and RBC Capital Markets, LLC, as sales agents. Pursuant to the terms of the equity distribution agreement, NRG Yield, Inc. may offer and sell shares of its Class C common stock par value $0.01 per share, from time to time through the sales agents up to an aggregate sales price of $150 million through an at-the-market equity offering program, or the ATM Program. NRG Yield, Inc. may also sell shares of its Class C common stock to any of the sales agents, as principals for its own account, at a price agreed upon at the time of sale.

The Company sold a total of 4,392,583 shares of Class C common stock for gross proceeds of $77 million during the period ended June 30, 2018, $1 million of which was received in July of 2018. The Company incurred commission fees of $762 thousand during the period ended June 30, 2018.

As of July 3, 2018, approximately $38 million of Class C common stock remains available for issuance under the ATM Program.

As a result of the Company's sale of shares of Class C common stock under the ATM Program, the public shareholders of Class A and Class C common stock increased their economic and voting interests in NRG Yield, Inc. to 54.8%, and 45.0%, respectively, as of June 30, 2018.

Dividends to Class A and Class C common stockholders

The following table lists the dividends paid on the Company's Class A common stock and Class C common stock during the six months ended June 30, 2018:

	Second Quarter 2018	First Quarter 2018
Dividends per Class A share	$ 0.309	$ 0.298
Dividends per Class C share	$ 0.309	$ 0.298

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.

On July 24, 2018, the Company declared quarterly dividends on its Class A common stock and Class C common stock of $0.320 per share payable on September 18, 2018, to stockholders of record as of September 4, 2018.

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

Note 10 — *Segment Reporting*

The Company’s segment structure reflects how management currently operates and allocates resources. The Company's businesses are 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, 2018				
(In millions)	**Conventional Generation**	**Renewables**	**Thermal**	**Corporate**	**Total**
Operating revenues	$ 85	$ 177	$ 45	$ —	$ 307
Cost of operations	10	33	31	—	74
Depreciation and amortization	24	52	6	—	82
General and administrative	—	—	—	6	6
Acquisition-related transaction and integration costs	—	—	—	1	1
Operating income (loss)	51	92	8	(7)	144
Equity in earnings of unconsolidated affiliates	2	27	—	—	29
Other income, net	1	—	—	—	1
Interest expense	(13)	(35)	(2)	(21)	(71)
Income (loss) before income taxes	41	84	6	(28)	103
Income tax expense	—	—	—	7	7
Net Income (Loss)	$ 41	$ 84	$ 6	$ (35)	$ 96
Total Assets	$ 1,828	$ 5,937	$ 512	$ 171	$ 8,448

	Three months ended June 30, 2017				
(In millions)	**Conventional Generation**	**Renewables**	**Thermal**	**Corporate**	**Total**
Operating revenues	$ 83	$ 165	$ 40	$ —	$ 288
Cost of operations	15	35	27	—	77
Depreciation and amortization	26	48	5	—	79
General and administrative	—	—	—	6	6
Acquisition-related transaction and integration costs	—	—	—	1	1
Operating income (loss)	42	82	8	(7)	125
Equity in earnings of unconsolidated affiliates	3	13	—	—	16
Other income, net	—	—	—	1	1
Interest expense	(14)	(53)	(2)	(21)	(90)
Income (loss) before income taxes	31	42	6	(27)	52
Income tax expense	—	—	—	8	8
Net Income (Loss)	$ 31	$ 42	$ 6	$ (35)	$ 44

(In millions)	Six months ended June 30, 2018 Conventional Generation	Renewables	Thermal	Corporate	Total
Operating revenues	$ 164	$ 275	$ 93	$ —	$ 532
Cost of operations	32	67	64	—	163
Depreciation and amortization	50	102	11	—	163
General and administrative	—	—	—	11	11
Acquisition-related transaction and integration costs	—	—	—	2	2
Operating income (loss)	82	106	18	(13)	193
Equity in earnings of unconsolidated affiliates	5	28	—	—	33
Other income, net	1	1	—	—	2
Interest expense	(20)	(59)	(4)	(43)	(126)
Income (loss) before income taxes	68	76	14	(56)	102
Income tax expense	—	—	—	6	6
Net Income (Loss)	$ 68	$ 76	$ 14	$ (62)	$ 96
Total Assets	$ 1,828	$ 5,937	$ 512	$ 171	$ 8,448

(In millions)	Six months ended June 30, 2017 Conventional Generation	Renewables	Thermal	Corporate	Total
Operating revenues	$ 158	$ 267	$ 84	$ —	$ 509
Cost of operations	37	68	57	—	162
Depreciation and amortization	50	96	10	—	156
General and administrative	—	—	—	10	10
Acquisition-related transaction and integration costs	—	—	—	2	2
Operating income (loss)	71	103	17	(12)	179
Equity in earnings of unconsolidated affiliates	6	29	—	—	35
Other income, net	—	1	—	1	2
Loss on debt extinguishment	—	(2)	—	—	(2)
Interest expense	(26)	(92)	(5)	(42)	(165)
Income (loss) before income taxes	51	39	12	(53)	49
Income tax expense	—	—	—	7	7
Net Income (Loss)	$ 51	$ 39	$ 12	$ (60)	$ 42

Note 11 — *Income Taxes*

Effective Tax Rate

The income tax provision consisted of the following:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	(In millions, except percentages)		(In millions, except percentages)	
Income before income taxes	$ 103	$ 52	$ 102	$ 49
Income tax expense	7	8	6	7
Effective income tax rate	6.8%	15.4%	5.9%	14.3%

For the three and six months ended June 30, 2018 and 2017, the overall effective tax rate was different than the statutory rate of 21% and 35%, respectively, primarily due to production and investment tax credits generated from certain wind and solar assets, respectively, and earnings allocated to NRG resulting from its interest in NRG Yield LLC.

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 the notes to the consolidated financial statements, NRG or certain subsidiaries of NRG provide services to the Company's project entities. Amounts due to NRG or its subsidiaries are recorded as accounts payable - affiliate and amounts due to the Company from NRG subsidiaries are recorded as accounts receivable - affiliate on the Company's consolidated balance sheet. The disclosures below summarize the Company's material related party transactions with NRG and its subsidiaries that are included in the Company's operating revenues and operating costs.

Power Purchase Agreements (PPAs) between the Company and NRG Power Marketing

Elbow Creek and Dover are parties to PPAs with NRG Power Marketing and generate revenue under the PPAs, which are recorded to operating revenues in the Company's consolidated statements of operations. For the three and six months ended June 30, 2018, Elbow Creek and Dover, collectively, generated revenues of $3 million and $6 million, respectively. For the three and six months ended June 30, 2017, Elbow Creek and Dover, collectively, generated revenue of $3 million and $7 million, respectively.

Energy Marketing Services Agreement by and between Thermal entities and NRG Power Marketing

NRG Energy Center Dover LLC, NRG Energy Center Minneapolis, NRG Energy Center Phoenix LLC, and NRG Energy Center Paxton LLC, or Thermal entities, which are subsidiaries of the Company, are parties to Energy Marketing Services Agreements with NRG Power Marketing, a wholly-owned subsidiary of NRG. Under the agreements, NRG Power Marketing procures fuel and fuel transportation for the operation of the Thermal entities. For each of the three and six months ended June 30, 2018 and 2017, the Thermal entities purchased $2 million and $6 million for each period in each year, respectively, of natural gas from NRG Power Marketing.

Operation and Maintenance (O&M) Services Agreements by and between the Company's subsidiaries and NRG

Certain of the Company's subsidiaries are party to O&M Services Agreements with NRG, pursuant to which NRG subsidiaries provide 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.

The fees incurred under these agreements were $10 million and $20 million for each of the three and six months ended June 30, 2018, respectively. For the three and six months ended June 30, 2017, the fees incurred were $9 million and $19 million, respectively. The Company had $9 million and $13 million due to NRG for the services performed under the O&M Agreements in accounts payable — affiliate as of June 30, 2018 and December 31, 2017, respectively.

O&M Services Agreements by and between GenConn and NRG

GenConn incurs fees under two O&M agreements with wholly-owned subsidiaries of NRG. For the three and six months ended June 30, 2018 and 2017, the aggregate fees incurred under the agreements were $2 million and $3 million for each period in each year, respectively.

Administrative Services Agreement by and between Marsh Landing and NRG West Coast LLC

Marsh Landing is a party to an administrative services agreement with NRG West Coast LLC, a wholly owned subsidiary of NRG. The Company reimbursed costs under this agreement of $6 million and $9 million for each of the three and six months ended June 30, 2018, respectively. The Company reimbursed costs under the agreement of $3 million and $6 million for the three and six months ended June 30, 2017, respectively. There was a balance of $1 million due to NRG West Coast LLC in accounts payable—affiliate as of June 30, 2018 and December 31, 2017.

Administrative Services Agreements by and between the Company and NRG Renew Operation & Maintenance LLC

Various wholly-owned subsidiaries of the Company in the Renewables segment are party to administrative services agreements with NRG Renew Operation & Maintenance LLC, or RENOM, a wholly-owned subsidiary of NRG, which provides O&M services to these subsidiaries. The Company incurred total expenses for these services of $8 million and $15 million for the three and six months ended June 30, 2018, respectively. The Company incurred total expenses for these services of $6 million and $12 million for the three and six months ended June 30, 2017, respectively. There was a balance of $4 million and $5 million due to RENOM as of June 30, 2018 and December 31, 2017, respectively.

Management Services Agreement by and between the Company and NRG

NRG provides the Company with various operational, 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, 2018, the base management fee was approximately $9 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. Costs incurred under this agreement were $3 million and $5 million for the three and six months ended June 30, 2018, respectively. Costs incurred under this agreement for the three and six months ended June 30, 2017 were $4 million and $6 million, respectively. The costs incurred under the Management Services Agreement included certain direct expenses incurred by NRG on behalf of the Company in addition to the base management fee.

EPC Agreement by and between NECP and NRG

NRG Business Services LLC, a subsidiary of NRG, and NECP, a wholly owned subsidiary of the Company, entered into an EPC agreement for the construction of a 73 MWt district energy system for NECP to provide 150 kpph of steam, 6,750 tons of chilled water and 7.5 MW of emergency backup power service to UPMC Mercy. The initial term of the energy services agreement with UPMC Mercy will be for a period of twenty years from the service commencement date. On June 19, 2018, as discussed in Note 3, *Business Acquisitions*, NECP purchased the UPMC Thermal Project assets from NRG Business Services LLC for cash consideration of $84 million, subject to working capital adjustments. The Company also recorded a payable of $4 million to be paid to NRG upon final completion of the project, which is included in accounts payable - affiliate as of June 30, 2018.

Note 13 — *Contingencies*

This note should be read in conjunction with the complete description under Note 16, *Commitments and Contingencies*, to the Company's 2017 Form 10-K.

The Company's material legal proceedings are described below. The Company believes that it has valid defenses to these legal proceedings and intends to defend them 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. As applicable, the Company has established an adequate reserve for the matters discussed below. 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 proceedings 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 proceedings 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 putative class action lawsuit against NRG Yield, Inc., the current and former members of its board of directors individually, and other parties in California Superior Court in Kern County, California. 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 NRG Yield, Inc.'s June 22, 2015 Class C common stock offering. Plaintiffs seek compensatory damages, rescission, attorney's fees and costs. The defendants filed demurrers and a motion challenging jurisdiction on October 18, 2016. On July 30, 2018, the plaintiffs filed an opposition to the defendants' motion to quash service of the summons and an opposition to the defendants' demurrer.

GenOn Noteholders' Lawsuit — On December 13, 2016, certain indenture trustees for an ad hoc group of holders, or the Noteholders, of the GenOn Energy, Inc., or GenOn, 7.875% Senior Notes due 2017, 9.500% Notes due 2018, and 9.875% Notes due 2020, and the GenOn Americas Generation, LLC 8.50% Senior Notes due 2021 and 9.125% Senior Notes due 2031, along with certain of the Noteholders, filed a complaint in the Superior Court of the State of Delaware against NRG and GenOn alleging certain claims related to the Services Agreement between NRG and GenOn. On April 30, 2017, the Noteholders filed an amended complaint that asserts additional claims of fraudulent transfer, insider preference and breach of fiduciary duties. In addition to NRG and GenOn, the amended complaint names NRG Yield LLC and certain current and former officers and directors of GenOn as defendants. The plaintiffs, among other things, generally seek return of all monies paid under the Services Agreement and any other damages that the court deems appropriate. On April 28, 2017, the bondholders filed an amended complaint adding the GenOn directors and officers as defendants and asserting claims that they breached certain fiduciary duties. Plaintiffs specifically allege that the transfer of Marsh Landing to NRG Yield LLC constituted a fraudulent transfer. On June 12, 2017, certain GenOn entities, NRG and certain holders of the GenOn and GenOn Americas Generation, LLC senior notes entered into a restructuring support and lock-up agreement. On July 13, 2018, NRG and GenOn executed a term sheet that resolves and releases the GenOn Noteholder litigation.

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 Buckthorn Solar Drop Down Asset.

As you read this discussion and analysis, refer to the Company's Consolidated Financial Statements to this Form 10-Q, which present the results of operations for the six months ended June 30, 2018 and 2017. Also refer to the Company's 2017 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;
- Known trends that may affect the Company’s results of operations and financial condition in the future;
- 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; 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 that has historically served 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 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 5,118 net MW as of June 30, 2018. Nearly all of these assets sell substantially all of their output pursuant to long-term offtake agreements with creditworthy counterparties. The weighted average remaining contract duration of these offtake agreements was approximately 15 years as of June 30, 2018, based on CAFD. The Company also owns thermal infrastructure assets with an aggregate steam and chilled water capacity of 1,392 net MWt and electric generation capacity of 133 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.

Strategic Sponsorship with Global Infrastructure Partners

On February 6, 2018, Global Infrastructure Partners, or GIP, entered into a purchase and sale agreement with NRG, or the NRG Transaction, for the acquisition of NRG's full ownership interest in NRG Yield, Inc. and NRG's renewable energy development and operations platform. The NRG Transaction is subject to certain closing conditions, including customary legal and regulatory approvals. As of July 31, 2018, all regulatory approvals have been received and the Company expects the NRG Transaction to close in the third quarter of 2018.

In connection with the NRG Transaction, the Company entered into a Consent and Indemnity Agreement with NRG and GIP setting forth key terms and conditions of the Company's consent to the NRG Transaction. The key provisions of the Consent and Indemnity Agreement are described in the Company's 2017 Form 10-K in Item 7, *Management's Discussion and Analysis of Financial Condition and the Results of Operations.*

Significant Events During the Quarter

Drop Down Offer

- On June 27, 2018, NRG, through its renewables business, offered the Company the opportunity to acquire 80 MW of utility-scale solar projects located in Kawailoa and Oahu, Hawaii. The acquisition is subject to negotiation and approval by the Company's Independent Directors.

UPMC Thermal Project Acquisition and Thermal Financings

- On June 19, 2018, upon reaching substantial completion, the Company acquired from NRG the UPMC Thermal Project for cash consideration of $84 million, subject to working capital adjustments. The Company will pay NRG an additional $4 million at final completion of the project.
- As further described in Note 7, *Long-term Debt,* on June 19, 2018, NRG Energy Center Minneapolis LLC, a subsidiary of the Company, entered into an amended and restated Thermal note purchase and private shelf agreement under which it authorized the issuance of the Series E Notes, Series F Notes, Series G Notes, and Series H Notes and established a private shelf facility for the further issuance of $40 million in notes.

Refinancing of the Revolving Credit Facility

- On April 30, 2018, the Company closed on the refinancing of the revolving credit facility, which extended the maturity of the facility to April 28, 2023 and decreased the Company's overall cost of borrowing. The facility will continue to be used for general corporate purposes including financing of future acquisitions and posting letters of credit.

Environmental Matters and Regulatory Matters

The Company's environmental matters and regulatory matters are described in the Company's 2017 Form 10-K in Item 1, *Business — Regulatory Matters* and Item 1A, *Risk Factors.*

Trends Affecting Results of Operations and Future Business Performance

The Company's trends are described in the Company's 2017 Form 10-K in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations - Trends Affecting Results of Operations and Future Business Performance.*

Consolidated Results of Operations

The following table provides selected financial information:

(In millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Change	Six months ended June 30, 2018	Six months ended June 30, 2017	Change
Operating Revenues						
Energy and capacity revenues	$ 325	$ 305	$ 20	$ 567	$ 543	$ 24
Contract amortization	(18)	(17)	(1)	(35)	(34)	(1)
Total operating revenues	307	288	19	532	509	23
Operating Costs and Expenses						
Cost of fuels	17	14	3	37	30	7
Operations and maintenance	42	46	(4)	94	98	(4)
Other costs of operations	15	17	(2)	32	34	(2)
Depreciation and amortization	82	79	3	163	156	7
General and administrative	6	6	—	11	10	1
Acquisition-related transaction and integration costs	1	1	—	2	2	—
Total operating costs and expenses	163	163	—	339	330	9
Operating Income	144	125	19	193	179	14
Other Income (Expense)						
Equity in earnings of unconsolidated affiliates	29	16	13	33	35	(2)
Other income, net	1	1	—	2	2	—
Loss on debt extinguishment	—	—	—	—	(2)	2
Interest expense	(71)	(90)	19	(126)	(165)	39
Total other expense, net	(41)	(73)	32	(91)	(130)	39
Income Before Income Taxes	103	52	51	102	49	53
Income tax expense	7	8	(1)	6	7	(1)
Net Income	96	44	52	96	42	54
Less: Pre-acquisition net income of Drop Down Assets	—	2	(2)	4	15	(11)
Net Income Excluding Pre-acquisition Net Income of Drop Down Assets	96	42	54	92	27	65
Less: Income (loss) attributable to noncontrolling interests	17	14	3	(3)	2	(5)
Net Income Attributable to NRG Yield, Inc.	$ 79	$ 28	$ 51	$ 95	$ 25	$ 70

Business metrics:	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Renewables MWh generated/sold (in thousands) [(a)]	2,308	2,112	3,924	3,789
Thermal MWt sold (in thousands)	462	418	1,079	987
Thermal MWh sold (in thousands) [(b)]	9	9	18	18
Conventional MWh generated (in thousands) [(a)(c)]	367	313	805	455
Conventional equivalent availability factor	97.5%	94.1%	91.2%	88.9%

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

[(b)] MWh sold do not include 19 MWh and 11 MWh during the three months ended June 30, 2018 and 2017, respectively, and 29 MWh and 18 MWh during the six months ended June 30, 2018 and 2017, respectively, generated by NRG Dover, a subsidiary of the Company, under the PPA with NRG Power Marketing, as further described in Note 12, *Related Party Transactions*.

[(c)] Volumes generated are not sold by the Company as the Conventional facilities sell capacity rather than energy.

Management's Discussion of the Results of Operations for the Three Months Ended June 30, 2018 and 2017

Gross Margin

The Company calculates gross margin in order to evaluate operating performance as operating revenues less cost of sales, which includes cost of fuel, contract and emission credit amortization and mark-to-market for economic hedging activities.

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's 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, 2018 and 2017:

(In millions)	Conventional Generation	Renewables	Thermal	Total
Three months ended June 30, 2018				
Energy and capacity revenues	$ 87	$ 193	$ 45	$ 325
Cost of fuels	(1)	—	(16)	(17)
Contract amortization	(2)	(16)	—	(18)
Gross margin	84	177	29	290
Contract amortization	2	16	—	18
Economic gross margin	$ 86	$ 193	$ 29	$ 308
Three months ended June 30, 2017				
Energy and capacity revenues	$ 85	$ 180	$ 40	$ 305
Cost of fuels	—	—	(14)	(14)
Contract amortization	(2)	(15)	—	(17)
Gross margin	83	165	26	274
Contract amortization	2	15	—	17
Economic gross margin	$ 85	$ 180	$ 26	$ 291

Gross margin increased by $16 million during the three months ended June 30, 2018, compared to the same period in 2017, as further summarized below:

Segment	Increase	Reason for Increase
Renewables:	$ 12	9% increase in volume generated by wind projects, primarily at the Alta Wind projects, as well as 2% increase in solar generation, primarily at CVSR
Thermal:	3	Steam sales revenues generated at the UPMC Thermal Project pursuant to the Energy Sales Agreement between the Company and UPMC Mercy
Conventional :	1	Higher plant availability at Walnut Creek in 2018, partially offset by lower start revenue at Marsh Landing
	$ 16	

Operations and Maintenance

Operations and maintenance expense decreased by $4 million during the three months ended June 30, 2018, primarily due to lower net losses on disposal and replacement of assets at Walnut Creek and El Segundo, as well as lower costs related to the forced outages at Walnut Creek in the second quarter of 2018 compared to the same period in 2017.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $3 million during the three months ended June 30, 2018, compared to the same period in 2017, primarily due to change in estimated useful lives for certain components of fixed assets in the Renewables segment in the first half of 2017, as well as due to the substantial completion of the Buckthorn Solar project in May 2018.

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates increased by $13 million during the three months ended June 30, 2018, compared to the same period in 2017, primarily due to income allocated to the Company in DGPV Holdco 3, which was formed in September 2017. The HLBV method of accounting generally allocates more losses to the TE investors in the first several years after fund formation, and conversely, more income to the Company.

Interest Expense

Interest expense decreased by $19 million during the three months ended June 30, 2018, compared to the same period in 2017, primarily due to changes in the fair value of interest rate swaps during the second quarter of 2018.

Income Tax Expense

For the three months ended June 30, 2018, the Company recorded income tax expense of $7 million on pretax income of $103 million. For the same period in 2017, the Company recorded income tax expense of $8 million on pretax income of $52 million.

For the three months ended June 30, 2018 and 2017, the overall effective tax rate was different than the statutory rate of 21% and 35%, respectively primarily due to production and investment tax credits generated from certain wind and solar assets, respectively, and earnings allocated to NRG resulting from its interest in NRG Yield LLC.

Income Attributable to Noncontrolling Interests

For the three months ended June 30, 2018, the Company had income of $73 million attributable to NRG's interest in the Company and a loss of $56 million attributable to noncontrolling interests with respect to its tax equity financing arrangements and the application of the HLBV method. For the three months ended June 30, 2017, the Company had income of $36 million attributable to NRG's interest in the Company and a loss of $22 million attributable to noncontrolling interests with respect to its tax equity financing arrangements and the application of the HLBV method, which generally allocates more loss to the noncontrolling interest in the first several years after fund formation, reflecting the allocation of tax items such as production tax credits and tax depreciation to the fund investors.

Management's Discussion of the Results of Operations for the Six Months Ended June 30, 2018 and 2017

Gross Margin

The Company calculates gross margin in order to evaluate operating performance as operating revenues less cost of sales, which includes cost of fuel, contract and emission credit amortization and mark-to-market for economic hedging activities.

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's 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, 2018 and 2017:

(In millions)	Conventional Generation	Renewables	Thermal	Total
Six months ended June 30, 2018				
Energy and capacity revenues	$ 167	$ 306	$ 94	$ 567
Cost of fuels	(2)	—	(35)	(37)
Contract amortization	(3)	(31)	(1)	(35)
Gross margin	162	275	58	495
Contract amortization	3	31	1	35
Economic gross margin	$ 165	$ 306	$ 59	$ 530
Six months ended June 30, 2017				
Energy and capacity revenues	$ 161	$ 297	$ 85	$ 543
Cost of fuels	—	—	(30)	(30)
Contract amortization	(3)	(30)	(1)	(34)
Gross margin	158	267	54	479
Contract amortization	3	30	1	34
Economic gross margin	$ 161	$ 297	$ 55	$ 513

Gross margin increased by $16 million during the six months ended June 30, 2018, compared to the same period in 2017, due to a combination of the drivers summarized in the table below:

Segment	Increase	Reason for Increase
Renewables:	$ 8	3% increase in volume generated by wind projects, primarily in connection with higher wind resource at the Alta Wind projects, as well as a 5% increase in solar generation, primarily at CVSR
Conventional:	4	Higher plant availability at Walnut Creek and El Segundo
Thermal:	4	Increased consumption across the portfolio in 2018, as well as steam sales revenues generated at the UPMC Thermal Project pursuant to the Energy Sales Agreement between the Company and UPMC Mercy
	$ 16	

Operations and Maintenance

Operations and maintenance expense decreased by $4 million during the six months ended June 30, 2018, compared to the same period in 2017, primarily due to lower net losses on disposal and replacement of assets at Walnut Creek and El Segundo, as well as lower costs related to the forced outages at Walnut Creek in the first half of 2018 compared to the same period in 2017, partially offset by higher personnel and maintenance costs in Thermal segment in connection with the UPMC Thermal Project going on-line in March 2018.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $7 million during the six months ended June 30, 2018, compared to the same period in 2017, due to changes in estimated useful lives for certain components of fixed assets in the first half of 2017 in the Conventional and Renewables segments, as well as due to the substantial completion of the Buckthorn Solar project in May 2018.

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates decreased by $2 million during the six months ended June 30, 2018, compared to the same period in 2017, primarily driven by the prior period HLBV income allocated to the Company's interests in the Utah Portfolio offset by income allocated to the Company in DGPV Holdco 3, which was formed in September 2017. The HLBV method of accounting generally allocates more losses to the TE investors in the first several years after fund formation, and conversely, more income to the Company. The prior period losses allocated to the TE investors were primarily driven by early tax losses allocated to the TE investor in the Utah Solar Portfolio.

Interest Expense

Interest expense decreased by $39 million during the six months ended June 30, 2018, compared to the same period in 2017, primarily due to changes in the fair value of interest rate swaps during the first half of 2018.

Income Tax Expense

For the six months ended June 30, 2018, the Company recorded income tax expense of $6 million on pretax income of $102 million. For the same period in 2017, the Company recorded income tax expense of $7 million on pretax income of $49 million.

For the six months ended June 30, 2018 and 2017, the overall effective tax rate was different than the statutory rate of 21% and 35%, respectively primarily due to production and investment tax credits generated from certain wind and solar assets, respectively, and earnings allocated to NRG resulting from its interest in NRG Yield LLC.

Income Attributable to Noncontrolling Interests

For the six months ended June 30, 2018, the Company had income of $90 million attributable to NRG related to its economic interest in NRG Yield LLC. Additionally, for the six months ended June 30, 2018, the Company had a loss of $93 million attributable to noncontrolling interests with respect to its tax equity financing arrangements and the application of the HLBV method. For the six months ended June 30, 2017, the Company had income of $35 million attributable to NRG's economic interest in the Company and a loss of $33 million attributable to noncontrolling interests with respect to its tax equity financing arrangements and application of the HLBV method, which generally allocates more loss to the noncontrolling interest in the first several years after fund formation, reflecting the allocation of tax items such as production tax credits and tax depreciation to the fund investors.

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, service debt and pay dividends. 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, 2018, the Company had $428 million of available borrowings under its revolving credit facility. As of June 30, 2018 and December 31, 2017, the Company's liquidity was $697 million and $682 million, respectively, comprised of the following:

(In millions)	June 30, 2018	December 31, 2017
Cash and cash equivalents:		
NRG Yield, Inc. and NRG Yield LLC, excluding subsidiaries	$ 48	$ 24
Subsidiaries	82	124
Restricted cash:		
Operating accounts	43	25
Reserves, including debt service, distributions, performance obligations and other reserves	96	143
Total	$ 269	$ 316
Revolving credit facility availability	428	366
Total liquidity	$ 697	$ 682

As of June 30, 2018, there were no outstanding borrowings and $67 million of letters of credit outstanding under the Company's 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, 2018:

	S&P	Moody's
NRG Yield, Inc.	BB	Ba2
5.375% Senior Notes, due 2024	BB	Ba2
5.000% Senior Notes, due 2026	BB	Ba2

The ratings 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 1— Note 7, *Long-term Debt*, and Note 9, *Changes in Capital Structure*, to this Form 10-Q and Note 10, *Long-term Debt*, to the consolidated financial statements included in the Company's 2017 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, the ATM Program and project-level financings for its various assets.

On April 30, 2018, the Company closed on the refinancing of the revolving credit facility, which extended the maturity of the facility to April 28, 2023 and decreased the Company's overall cost of borrowing. The facility will continue to be used for general corporate purposes including financing of future acquisitions and posting letters of credit.

At-the-Market Equity Offering Program

The Company sold a total of 4,392,583 of Class C common stock for gross proceeds of $77 million during the period ended June 30, 2018, $1 million of which was received in the third quarter of 2018. The Company incurred commission fees of $762 thousand during the period ended June 30, 2018.

As of July 3, 2018, approximately $38 million of Class C common stock remains available for issuance under the ATM Program.

Energy Center Minneapolis Series E, F, G, H Notes

On June 19, 2018, NRG Energy Center Minneapolis LLC, a subsidiary of the Company, completed the issuances of 4.80% Series E notes due June 15, 2033, or the Series E Notes, and 4.60% Series F notes due March 15, 2033, or the Series F Notes, for gross proceeds of $80 million. The proceeds of the Series E Notes and Series F Notes were utilized to finance the acquisition of the UPMC Thermal Project. Also, on June 19, 2018, NRG Energy Center Minneapolis LLC issued $83 million of 5.90% Series G notes due June 15, 2035, which were utilized to refinance its $83 million of outstanding Series C notes. NRG Energy Center Minneapolis LLC also issued 4.83% Series H notes due June 15, 2037, or Series H Notes for proceeds of $40 million and established a private shelf facility for the future issuance of $40 million in additional notes.

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 1 — 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, consisting of costs to maintain the assets currently operating, such as costs to replace or refurbish assets, and growth capital expenditures consisting of costs to construct new assets, costs to complete the construction of assets where construction is in process, and capital expenditures related to acquiring additional thermal customers. For the six months ended June 30, 2018, the Company used approximately $45 million to fund capital expenditures, including growth expenditures of $26 million in the Renewables segment in connection with the construction of Buckthorn Solar Drop Down Asset. The $26 million includes $10 million incurred by NRG during the construction of the Buckthorn Solar project prior to its acquisition by the Company on March 30, 2018, as described below. For the six months ended June 30, 2017, the Company used approximately $60 million to fund capital expenditures, of which $47 million related to growth expenditures in the Renewables segment paid by NRG in connection with the construction of Buckthorn Solar. The Company develops annual capital spending plans based on projected requirements for maintenance and growth capital. The Company estimates $32 million of maintenance expenditures for 2018. These estimates are subject to continuing review and adjustment and actual capital expenditures may vary from these estimates.

Acquisitions and Investments

The Company intends to acquire generation and thermal infrastructure assets developed and constructed by NRG and third parties 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.

***UPMC Thermal Project* —** On June 19, 2018, upon reaching substantial completion, the Company acquired from NRG the UPMC Thermal Project for cash consideration of $84 million, subject to working capital adjustments. The Company also recorded a payable of $4 million to be paid to NRG upon final completion of the project. The project adds 73 MWt of thermal equivalent capacity and 7.5 MW of emergency backup thermal capacity to the Company's portfolio. The transaction was accounted for as an asset acquisition and is reflected in the Company's Thermal segment.

***Central CA Fuel Cell 1, LLC* —** On April 18, 2018, the Company acquired the Central CA Fuel Cell 1, LLC project in Tulare, California from FuelCell Energy Finance, Inc., for cash consideration of $11 million, subject to working capital adjustments. The project adds 2.8 MW of thermal capacity to the Company's portfolio, with a 20-year PPA contract with the City of Tulare. The transaction is reflected in the Company's Thermal segment.

***Buckthorn Solar Drop Down Asset* —** On March 30, 2018, the Company acquired 100% of NRG's interests in Buckthorn Renewables, LLC, which owned a 154 MW construction-stage utility-scale solar generation project, located in Texas, or the Buckthorn Solar Drop Down Asset, for cash consideration of approximately $42 million, subject to working capital adjustments. The project sells power under a 25-year PPA to the City of Georgetown, Texas which commenced in July 2018.

Carlsbad Energy Holdings LLC — On February 6, 2018, the Company entered into an agreement with NRG to purchase 100% of the membership interests in Carlsbad Energy Holdings LLC, which indirectly owns the Carlsbad project, a 527 MW natural gas fired project in Carlsbad, CA, pursuant to the ROFO Agreement. The purchase price for the transaction is $365 million in cash consideration, subject to customary working capital and other adjustments. The transaction is expected to close during the fourth quarter of 2018 and is contingent upon the consummation of the NRG Transaction.

Investment Partnership with NRG

During the six months ended June 30, 2018, the Company invested $16 million in distributed generation partnerships with NRG.

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. 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, 2018:

	Second Quarter 2018	First Quarter 2018
Dividends per Class A share	$ 0.309	$ 0.298
Dividends per Class C share	$ 0.309	$ 0.298

On July 24, 2018, NRG Yield, Inc. declared quarterly dividends on its Class A common stock and Class C common stock of $0.320 per share payable on September 18, 2018, to stockholders of record as of September 4, 2018.

Cash Flow Discussion

The following table reflects the changes in cash flows for the six months ended June 30, 2018, compared to the six months ended June 30, 2017:

	Six months ended June 30,		
	2018	2017	Change
	(In millions)		
Net cash provided by operating activities	$ 181	$ 169	$ 12
Net cash used in investing activities	(166)	(190)	24
Net cash used in financing activities	(62)	(177)	115

Net Cash Provided By Operating Activities

	(In millions)
Increase in operating income adjusted for non-cash items	$ 24
Changes in other working capital primarily due to a higher increase in accounts receivable balances in the first half of 2018 compared to the same period in 2017	(15)
Higher distributions from unconsolidated affiliates	3
	$ 12

Net Cash Used In Investing Activities

Changes to net cash used in investing activities were driven by:	(In millions)
Payment to acquire Central CA Fuel Cell 1, LLC in 2018	$ (11)
Lower payments for the Buckthorn Solar Drop Down Asset and UPMC Thermal Project in 2018 compared to the payment made for the March 2017 Drop Down Assets in 2017	5
Decrease in capital expenditures driven primarily by the substantial completion of the Buckthorn Solar Drop Down Asset in May 2018	15
Lower net investment in unconsolidated affiliates primarily in the DGPV partnerships with NRG during 2018	10
Other	5
	$ 24

Net Cash Used in Financing Activities

Changes in net cash used in financing activities were driven by:	(In millions)
Lower distributions, net of contributions to NRG for the Drop Down Assets relating to the pre-acquisition period in 2018 compared to 2017	$ 26
Net repayments under the revolving credit facility in 2018	(55)
Increase in net contributions from noncontrolling interests primarily from Buckthorn Holdings, LLC's Class A member in 2018, as described in Note 3, *Business Acquisitions*	79
Higher net proceeds from the NRG Yield, Inc. Class C common stock offerings under the ATM Program in the first half of 2018 compared to the same period in 2017	59
Net proceeds from the refinancing of the Thermal note purchase and private shelf agreement, as described in Note 7, *Long-term Debt*	120
Conversion of the Buckthorn Solar Portfolio, LLC Construction Loan to a term loan in 2018	(98)
Increase in dividends paid to common stockholders, as declared dividends per share increased by 15% from 2017 to 2018	(16)
	$ 115

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

As of December 31, 2017, the Company has a cumulative federal NOL carry forward balance of $870 million for financial statement purposes, which will begin expiring in 2033, and does not anticipate any federal income tax payments for 2018. 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 2018. 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 ten years inclusive of any NOL generated in 2018 or later subject to an 80% limitation against future taxable income pursuant to the Tax Cuts and Jobs Act.

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, 2018, 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. Utah Solar Portfolio, GenConn, DGPV Holdco 1, RPV Holdco, DGPV Holdco 2, and DGPV Holdco 3 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 $814 million as of June 30, 2018. This indebtedness may restrict the ability of these subsidiaries to issue dividends or distributions to the Company.

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, as disclosed in the Company's 2017 Form 10-K. See also Note 3, *Business Acquisitions* to this Form 10-Q for a discussion of additional contingencies that occurred during 2018.

Fair Value of Derivative Instruments

The Company may enter into fuel purchase contracts and other energy-related derivative 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, 2018, based on their level within the fair value hierarchy defined in ASC 820; and indicate the maturities of contracts at June 30, 2018. For a full discussion of the Company's valuation methodology of its contracts, see *Derivative Fair Value Measurements* in Item — 1 Note 5, *Fair Value of Financial Instruments*.

Derivative Activity (Losses)/Gains	(In millions)
Fair value of contracts as of December 31, 2017	$ (47)
Contracts realized or otherwise settled during the period	8
Changes in fair value	45
Fair value of contracts as of June 30, 2018	$ 6

Fair Value Hierarchy (Losses)/Gains	Fair value of contracts as of June 30, 2018				
	Maturity				
	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	$ (5)	$ 4	$ 2	$ 5	$ 6

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 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 Item — 1 Note 2, *Summary of Significant Accounting Policies*, for a discussion of recent accounting developments.

ITEM 3 — Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to several market risks in its normal business activities. Market risk is the potential loss that may result from market changes associated with the Company's power generation or with an existing or forecasted financial or commodity transaction. The types of market risks the Company is exposed to are commodity price risk, interest rate risk, liquidity risk, and credit risk. The following disclosures about market risk provide an update to, and should be read in conjunction with, Item 7A — *Quantitative and Qualitative Disclosures About Market Risk*, of the Company's 2017 Form 10-K.

Interest Rate Risk

The Company is exposed to fluctuations in interest rates through its issuance of variable rate debt. Exposures to interest rate fluctuations may be mitigated by entering into derivative instruments known as interest rate swaps, caps, collars and put or call options. These contracts reduce exposure to interest rate volatility and result in primarily fixed rate debt obligations when taking into account the combination of the variable rate debt and the interest rate derivative instrument. NRG's risk management policies allow the Company to reduce interest rate exposure from variable rate debt obligations. See Item 1 — Note 6, *Accounting for Derivative Instruments and Hedging Activities*, for more information.

Most of the Company's project subsidiaries enter into interest rate swaps, intended to hedge the risks associated with interest rates on non-recourse project level debt. See Note 10, *Long-term Debt*, to the Company's audited consolidated financial statements for the year ended December 31, 2017 included in the 2017 Form 10-K for more information about interest rate swaps of the Company's project subsidiaries.

If all of the interest rate swaps had been discontinued on June 30, 2018, the Company would have owed the counterparties $3 million. Based on the credit ratings of the counterparties, the Company believes its exposure to credit risk due to nonperformance by counterparties to its hedge contracts to be insignificant.

The Company has long-term debt instruments that subject it to the risk of loss associated with movements in market interest rates. As of June 30, 2018, a 1% change in interest rates would result in an approximately $3 million change in market interest expense on a rolling twelve-month basis.

As of June 30, 2018, the fair value of the Company's debt was $5,936 million and the carrying value was $5,957 million. The Company estimates that a 1% decrease in market interest rates would have increased the fair value of its long-term debt by approximately $301 million.

Liquidity Risk

Liquidity risk arises from the general funding needs of the Company's activities and in the management of the Company's assets and liabilities.

Commodity Price Risk

Commodity price risks result from exposures to changes in spot prices, forward prices, volatilities, and correlations between various commodities, such as electricity, natural gas and emissions credits. The Company manages the commodity price risk of its merchant generation operations by entering into derivative or non-derivative instruments to hedge the variability in future cash flows from forecasted power sales or purchases of fuel. The portion of forecasted transactions hedged may vary based upon management's assessment of market, weather, operation and other factors.

Based on a sensitivity analysis using simplified assumptions, the impact of a $0.50 per MMBtu increase or decrease in natural gas prices across the term of the derivative contracts would cause a change of approximately $1 million to the net value of derivatives as of June 30, 2018.

Counterparty Credit Risk

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; and (ii) the use of credit mitigation measures such as prepayment arrangements or volumetric limits. 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. See Item 1 - Note 1, *Nature of Business*, and Note 5, *Fair Value of Financial Instruments*, to the Consolidated Financial Statements for more information about concentration of credit risk.

ITEM 4 — Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of the Company's management, including its principal executive officer, principal financial officer and principal accounting officer, the Company conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act. Based on this evaluation, the Company's principal executive officer, principal financial officer and principal accounting officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred in the quarter ended June 30, 2018 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

For a discussion of the material legal proceedings in which the Company was involved through June 30, 2018, see Note 13, *Contingencies*, to this Form 10-Q.

ITEM 1A — RISK FACTORS

Information regarding risk factors appears in Part I, Item 1A, *Risk Factors*, in the Company's 2017 Form 10-K. There have been no material changes in the Company's risk factors since those reported in its 2017 Form 10-K.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 — OTHER INFORMATION

None.

ITEM 6 — EXHIBITS

Number	Description	Method of Filing
4.1	Sixth Supplemental Indenture, dated as of June 12, 2018, among NRG Yield Operating LLC, the guarantors named therein and Delaware Trust Company (as successor in interest to Law Debenture Trust Company of New York).	Incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on June 12, 2018.
4.2	Second Supplemental Indenture, dated as of June 12, 2018, among NRG Yield Operating LLC, the guarantors named therein and Delaware Trust Company (as successor in interest to Law Debenture Trust Company of New York).	Incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on June 12, 2018.
4.3	Seventh Supplemental Indenture, dated as of July 17, 2018, among NRG Yield Operating LLC, the guarantors named therein and Delaware Trust Company (as successor in interest to Law Debenture Trust Company of New York).	Filed herewith.
4.4	Third Supplemental Indenture, dated as of July 17, 2018, among NRG Yield Operating LLC, the guarantors named therein and Delaware Trust Company (as successor in interest to Law Debenture Trust Company of New York).	Filed herewith.
31.1	Rule 13a-14(a)/15d-14(a) certification of Christopher S. Sotos.	Filed herewith.
31.2	Rule 13a-14(a)/15d-14(a) certification of Chad Plotkin.	Filed herewith.
31.3	Rule 13a-14(a)/15d-14(a) certification of David Callen.	Filed herewith.
32	Section 1350 Certification.	Furnished herewith.
101 INS	XBRL Instance Document.	Filed herewith.
101 SCH	XBRL Taxonomy Extension Schema.	Filed herewith.
101 CAL	XBRL Taxonomy Extension Calculation Linkbase.	Filed herewith.
101 DEF	XBRL Taxonomy Extension Definition Linkbase.	Filed herewith.
101 LAB	XBRL Taxonomy Extension Label Linkbase.	Filed herewith.
101 PRE	XBRL Taxonomy Extension Presentation Linkbase.	Filed herewith.

SIGNATURES

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

NRG YIELD, INC.
(Registrant)

/s/ CHRISTOPHER S. SOTOS

Christopher S. Sotos
Chief Executive Officer
(Principal Executive Officer)

/s/ CHAD PLOTKIN

Chad Plotkin
Chief Financial Officer
(Principal Financial Officer)

/s/ DAVID CALLEN

David Callen
Chief Accounting Officer
(Principal Accounting Officer)

Date: August 2, 2018

SEVENTH SUPPLEMENTAL INDENTURE

SEVENTH SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*"), dated as of July 17, 2018, among Thermal Canada Infrastructure Holdings LLC (the "*Guaranteeing Subsidiary*"), a subsidiary of NRG Yield Operating LLC (or its permitted successor), a Delaware limited liability company (the "*Company*"), the Company, the other Guarantors (as defined in the Indenture referred to herein) and Delaware Trust Company (as successor in interest to Law Debenture Trust Company of New York), as trustee under the Indenture referred to below (the "*Trustee*").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "*Indenture*"), dated as of August 5, 2014 providing for the issuance of 5.375% Senior Notes due 2024 (the "*Notes*");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall fully and unconditionally guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "*Subsidiary Guarantee*"); and

WHEREAS, pursuant to Sections 4.10 and 9.01 of the Indenture, the Trustee, the Company and the other Guarantors are authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby becomes party to the Indenture as a Guarantor and as such will have all the rights and be subject to all the Obligations and agreements of Guarantors under the Indenture. The Guaranteeing Subsidiary hereby agrees to provide a full and unconditional Guarantee on the terms and subject to the conditions set forth in the Subsidiary Guarantee and in the Indenture including but not limited to Article 10 thereof.

3. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, this Indenture, the Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

4. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

5. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Company.

8. RATIFICATION OF INDENTURE; SUPPLEMENTAL INDENTURE FOR ADDITIONAL GUARANTEES PART OF INDENTURE. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture for Additional Guarantees shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall by bound hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

THERMAL CANADA INFRASTRUCTURE HOLDINGS LLC

By: /s/ Chad Plotkin
Name: Chad Plotkin
Title: Vice President & Treasurer

[*Signature Page to Seventh Supplemental Indenture*]

NRG YIELD OPERATING LLC
NRG YIELD LLC
NRG YIELD DGPV HOLDING LLC

By: /s/ Chad Plotkin
Name: Chad Plotkin
Title: Senior Vice President, Chief Financial Officer & Treasurer

ALTA WIND 1-5 HOLDING COMPANY, LLC
ALTA WIND COMPANY, LLC
CENTRAL CA FUEL CELL 1, LLC
NRG SOLAR IGUANA LLC
NRG SOLAR LAS VEGAS MB 1 LLC
NRG SOLAR STAR LLC
NRG SOLAR TABERNACLE LLC
NRG SOUTH TRENT HOLDINGS LLC
NRG YIELD RPV HOLDING LLC
NYLD FUEL CELL HOLDINGS LLC
PORTFOLIO SOLAR I, LLC
SOLAR FLAGSTAFF ONE LLC
SPP ASSET HOLDINGS, LLC
SPP FUND II HOLDINGS, LLC
SPP FUND II, LLC
SPP FUND II-B, LLC
SPP FUND III, LLC
THERMAL INFRASTRUCTURE DEVELOPMENT HOLDINGS LLC
UB FUEL CELL, LLC

By: /s/ Chad Plotkin
Name: Chad Plotkin
Title: Vice President & Treasurer

DELAWARE TRUST COMPANY

By: /s/ Thomas Musarra

Authorized Signatory

THIRD SUPPLEMENTAL INDENTURE

THIRD SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*"), dated as of July 17, 2018, among Thermal Canada Infrastructure Holdings LLC (the "*Guaranteeing Subsidiary*"), a subsidiary of NRG Yield Operating LLC (or its permitted successor), a Delaware limited liability company (the "*Company*"), the Company, the other Guarantors (as defined in the Indenture referred to herein) and Delaware Trust Company (as successor in interest to Law Debenture Trust Company of New York), as trustee under the Indenture referred to below (the "*Trustee*").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "*Indenture*"), dated as of August 18, 2016 providing for the issuance of 5.000% Senior Notes due 2026 (the "*Notes*");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall fully and unconditionally guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "*Subsidiary Guarantee*"); and

WHEREAS, pursuant to Sections 4.10 and 9.01 of the Indenture, the Trustee, the Company and the other Guarantors are authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby becomes party to the Indenture as a Guarantor and as such will have all the rights and be subject to all the Obligations and agreements of Guarantors under the Indenture. The Guaranteeing Subsidiary hereby agrees to provide a full and unconditional Guarantee on the terms and subject to the conditions set forth in the Subsidiary Guarantee and in the Indenture including but not limited to Article 10 thereof.

3. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, this Indenture, the Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

4. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

5. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Company.

8. RATIFICATION OF INDENTURE; SUPPLEMENTAL INDENTURE FOR ADDITIONAL GUARANTEES PART OF INDENTURE. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture for Additional Guarantees shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall by bound hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

THERMAL CANADA INFRASTRUCTURE HOLDINGS LLC

By: /s/ Chad Plotkin
Name: Chad Plotkin
Title: Vice President & Treasurer

NRG YIELD OPERATING LLC
NRG YIELD LLC
NRG YIELD DGPV HOLDING LLC

By: /s/ Chad Plotkin
Name: Chad Plotkin
Title: Senior Vice President, Chief Financial Officer & Treasurer

ALTA WIND 1-5 HOLDING COMPANY, LLC
ALTA WIND COMPANY, LLC
CENTRAL CA FUEL CELL 1, LLC
NRG SOLAR IGUANA LLC
NRG SOLAR LAS VEGAS MB 1 LLC
NRG SOLAR STAR LLC
NRG SOLAR TABERNACLE LLC
NRG SOUTH TRENT HOLDINGS LLC
NRG YIELD RPV HOLDING LLC
NYLD FUEL CELL HOLDINGS LLC
PORTFOLIO SOLAR I, LLC
SOLAR FLAGSTAFF ONE LLC
SPP ASSET HOLDINGS, LLC
SPP FUND II HOLDINGS, LLC
SPP FUND II, LLC
SPP FUND II-B, LLC
SPP FUND III, LLC
THERMAL INFRASTRUCTURE DEVELOPMENT HOLDINGS LLC
UB FUEL CELL, LLC

By: /s/ Chad Plotkin
Name: Chad Plotkin
Title: Vice President & Treasurer
DELAWARE TRUST COMPANY

By: /s/ Thomas Musarra
Authorized Signatory:

[*Signature Page to Third Supplemental Indenture*]

EXHIBIT 31.1

CERTIFICATION

I, Christopher S. Sotos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NRG Yield, Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ CHRISTOPHER S. SOTOS

Christopher S. Sotos
Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2018

EXHIBIT 31.2

CERTIFICATION

I, Chad Plotkin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NRG Yield, Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ CHAD PLOTKIN

Chad Plotkin
Chief Financial Officer
(Principal Financial Officer)

Date: August 2, 2018

EXHIBIT 31.3

CERTIFICATION

I, David Callen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NRG Yield, Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ DAVID CALLEN

David Callen
Chief Accounting Officer
(Principal Accounting Officer)

Date: August 2, 2018

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NRG Yield, Inc. on Form 10-Q for the quarter ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-Q.

Date: August 2, 2018

/s/ CHRISTOPHER S. SOTOS
Christopher S. Sotos
Chief Executive Officer
(Principal Executive Officer)

/s/ CHAD PLOTKIN
Chad Plotkin
Chief Financial Officer
(Principal Financial Officer)

/s/ DAVID CALLEN
David Callen
Chief Accounting Officer
(Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this Form 10-Q or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to NRG Yield, Inc. and will be retained by NRG Yield, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.