Consolidated Financial Statements and Report of Independent Certified Public Accountants

Terna Energy USA Holding Corporation

December 31, 2020 and 2019

Contents

GRANT THORNTON LLP
101 California Street, Suite 2700
San Francisco, CA 94111

D +1 415 986 3900
F +1 415 986 3916

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Terna Energy USA Holding Corporation

We have audited the accompanying consolidated financial statements of Terna Energy USA Holding Corporation and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, changes in stockholder's equity and noncontrolling interests, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.

Grant Thornton

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Terna Energy USA Holding Corporation and subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

As discussed in Note 17 to the consolidated financial statements, subsequent to December 31, 2020, the Company's operating assets experienced a severe weather event which caused them to be out of service for a period of time. This has led to claims against the Company by the counterparties to its hedging agreements totaling approximately $179.4 million. Management's evaluation and plans regarding these matters are also described in Note 17. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to these matters.

Grant Thornton LLP

San Francisco, California
April 23, 2021

Terna Energy USA Holding Corporation

CONSOLIDATED BALANCE SHEETS

	As of December 31, 2020	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 87,051,811	$ 37,732,088
Restricted cash	-	1,496,413
Trade receivables	2,228,626	7,094,367
Renewable energy credits	689,295	685,050
Short-term investments	2,715,419	-
Prepaid and other current assets	3,532,324	6,593,991
Total current assets	96,217,475	53,601,909
Property and equipment, net	656,654,811	816,614,081
Construction in progress	2,689,443	-
Intangible assets, net	-	4,735,130
Energy derivatives assets	17,846,997	16,089,518
Other non-current assets	19,100	19,100
Total assets	$ 773,427,826	$ 891,059,738
Liabilities and stockholder's equity		
Current liabilities		
Accounts payable	$ 7,730,907	$ 6,471,462
Accrued liabilities	2,364,629	4,192,376
Notes payable	1,031,279	6,093,803
Energy derivatives current liability	3,509,582	8,256,865
Other current liabilities	21,398,645	13,321,091
Total current liabilities	36,035,042	38,335,597
Long-term liabilities		
Energy derivative liabilities	1,712,035	1,552,452
Interest rate swap liabilities	-	266,452
Notes payable, net of debt discount	182,409,983	283,681,158
Notes payable - related parties	74,979,478	65,008,408
Long-term deferred tax liabilities	1,458,418	1,005,432
Asset retirement obligations	5,925,485	7,435,708
Total liabilities	302,520,441	397,285,207
Stockholder's equity		
Common stock par value $1,000 per share; 200,000 shares authorized, 134,317 issued and outstanding at December 31, 2020 and December 31, 2019, respectively	134,317,000	134,317,000
Additional paid-in capital	500	500
Accumulated deficit	(64,939,589)	(103,373,208)
Accumulated other comprehensive income (loss)	2,026,859	(4,177,634)
Total stockholder's equity attributable to Terna Energy USA Holding Corporation's stockholder	71,404,770	26,766,658
Non-controlling interests in consolidated subsidiaries	399,502,615	467,007,873
Total stockholder's equity	470,907,385	493,774,531
Total liabilities and stockholder's equity	$ 773,427,826	$ 891,059,738

The accompanying notes are an integral part of these consolidated financial statements.

Terna Energy USA Holding Corporation

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	For the years ended December 31,	
	2020	**2019**
Operating revenues		
Electricity	$ 39,373,721	$ 41,016,765
Other revenue (loss)	1,813,612	(541,044)
Total operating revenues	41,187,333	40,475,721
Operating expenses		
Operating expenses	(30,246,404)	(23,141,476)
Depreciation and amortization	(32,525,869)	(23,443,848)
Interest charges	(23,714,438)	(19,247,761)
Accretion of asset retirement obligation	(389,592)	(286,905)
Total operating expenses	(86,876,303)	(66,119,990)
Other income (expense)		
Gain (loss) on energy derivatives, net	(470,998)	7,690,556
Unrealized gain (loss) on foreign currency transactions	(3,904,763)	572,242
Realized loss on foreign currency transactions	(98,321)	-
Profit from sale of investments in subsidiaries	50,694,573	-
Other income	488,527	488,647
Total other income (expense), net	46,709,018	8,751,445
Net income (loss) including noncontrolling interests before benefit for income taxes	1,020,048	(16,892,824)
Benefit for income taxes (Deferred tax expense)	(449,329)	2,367,282
Net income (loss) including noncontrolling interests	570,719	(14,525,542)
(Income) loss attributable to noncontrolling interest	37,862,900	(23,941,919)
Net income (loss) attributable to Terna Energy USA Holding	$ 38,433,619	$ (38,467,461)
Net income (loss) including noncontrolling interests	$ 570,719	$ (14,525,542)
Other comprehensive income (loss)	6,997,085	(2,766,926)
Comprehensive income (loss)	7,567,804	(17,292,468)
Less: Comprehensive income (loss) attributable to noncontrolling interest	(37,070,308)	22,886,273
Total comprehensive income (loss) attributable to Terna Energy USA Holding	$ 44,638,112	$ (40,178,741)

The accompanying notes are an integral part of these consolidated financial statements.

Terna Energy USA Holding Corporation

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY AND NONCONTROLLING INTERESTS

	Common stock		Additional	Accumulated	Accumulated Other Comprehensive	Total Stockholder's Equity Attributable to Terna Energy USA Holding	Noncontrolling	Total Stockholder's Equity and Noncontrolling
	Shares	Amount	Paid-in Capital	Deficit	Income (loss)	Corporation	Interests	Interests
Balances at December 31, 2018	69,660	$ 69,660,000	$ 500	$ (64,905,747)	$ (2,466,354)	$ 2,288,399	$ 190,725,722	$ 193,014,121
Issuances of common stock	64,657	64,657,000	-	-	-	64,657,000	-	64,657,000
Contributions from noncontrolling interest	-	-	-	-	-	-	140,100,000	140,100,000
Noncontrolling interest in Bearkat I TE Partnership, LLC	-	-	-	-	-	-	125,712,412	125,712,412
Cash distributions	-	-	-	-	-	-	(6,933,142)	(6,933,142)
Costs of obtaining equity financing						-	(5,483,392)	(5,483,392)
Net income (loss) allocated	-	-	-	(38,467,461)	-	(38,467,461)	23,941,919	(14,525,542)
Other comprehensive loss allocated	-	-	-	-	(1,711,280)	(1,711,280)	(1,055,646)	(2,766,926)
Balances at December 31, 2019	134,317	134,317,000	500	(103,373,208)	(4,177,634)	26,766,658	467,007,873	493,774,531
Cash distributions	-	-	-	-	-	-	(3,749,013)	(3,749,013)
Noncontrolling interest in Mountain Air Alternatives, LLC	-	-	-	-	-	-	(26,685,937)	(26,685,937)
Net income (loss) allocated	-	-	-	38,433,619	-	38,433,619	(37,862,900)	570,719
Other comprehensive income (loss) allocated	-	-	-	-	6,204,493	6,204,493	792,592	6,997,085
Balances at December 31, 2020	134,317	$ 134,317,000	$ 500	$ (64,939,589)	$ 2,026,859	$ 71,404,770	$ 399,502,615	$ 470,907,385

The accompanying notes are an integral part of these financial statements.

Terna Energy USA Holding Corporation

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,	
	2020	2019
Cash flows from operating activities		
Net income (loss)	$ 570,719	$ (14,525,542)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	32,525,869	23,443,848
Amortization of debt discount and finance fees	3,818,055	138,106
(Gain) loss on energy derivatives, net	470,998	(5,405,181)
Accretion of asset retirement obligations	389,592	286,904
Unrealized (gain) loss on energy derivatives included in other revenue	(85,544)	1,266,129
Profit from sale of investments in subsidiaries	(50,694,573)	-
Unrealized (gain) loss on foreign currency transactions	3,904,763	(572,242)
Interest charges	709,075	449,607
(Gains) losses on disposals of fixed assets	2,689	(220,975)
Benefit for income taxes (deferred tax expense)	449,329	(2,367,281)
Changes in operating assets and liabilities		
Prepaid and other current assets	3,303,607	1,319,154
Trade receivable	3,524,873	2,664,889
Renewable energy credits	(4,246)	(202,155)
Accounts payable	2,577,939	(1,143,197)
Accrued liabilities	(1,067,595)	1,574,465
Accrued interest on notes payable - related parties	3,695,502	3,441,567
Accrued interest on notes payable	1,302,948	1,017,979
Net cash provided by operating activities	5,394,000	11,166,075
Cash flows from investing activities		
Capital expenditures	(4,840,069)	(124,710,187)
Short term investments	(2,715,419)	-
Proceeds from sale of investments in subsidiaries, net of cash sold	47,083,233	-
Acquisition of Bearkat I TE Partnership, LLC, net of cash received	-	(59,245,931)
Net cash provided by (used in) investing activities	39,527,745	(183,956,118)
Cash flows from financing activities		
Proceeds from issuance of common stock	-	64,657,000
Distributions to noncontrolling interests	(3,749,013)	(6,933,142)
Contributions from noncontrolling interests	-	140,100,000
Deferred financing costs and costs of obtaining equity	-	(481,475)
Repayments on borrowings of notes payable - related parties	-	(19,320,504)
Proceeds from construction loan	-	102,604,324
Repayments on construction loan	-	(102,604,324)
Proceeds from borrowings of notes payable	-	2,915,123
Repayments on borrowings of notes payable	(3,088,706)	(10,720,551)
Borrowings under tracking account included in other current liabilities	7,368,479	5,063,767
Net cash provided by financing activities	530,760	175,280,218
Net increase in cash and cash equivalents	45,452,505	2,490,175
Cash and cash equivalents		
Beginning of period	39,228,501	37,651,659
Effect of exchange rate on cash	2,370,805	(913,333)
End of period	$ 87,051,811	$ 39,228,501
Reconciliation of cash and cash equivalents, and restricted cash:		
Cash and cash equivalents at beginning of period	37,732,088	36,165,862
Restricted cash at beginning of period	1,496,413	1,485,797
Cash and cash equivalents, and restricted cash at beginning of period	39,228,501	37,651,659
Cash and cash equivalents at end of period	87,051,811	37,732,088
Restricted cash at end of period	-	1,496,413
Cash and cash equivalents, and restricted cash at end of period	87,051,811	39,228,501
Supplemental disclosure of cash flow information		
Interest paid	$ 15,206,738	$ 25,576,942
Non cash transactions		
Capital expenditures included in accounts payable	$ -	$ 1,992
Borrowings in connection with acquisition of Bearkat I TE Partnership, LLC	$ -	$ 67,357,392
Interest capitalized in connection with construction in progress	$ -	$ 4,327,668
Noncontrolling interest in Bearkat I TE Partnership LLC	$ -	$ 125,712,412
Discount on loans in connection with acquisition of Bearkat I TE Partnership, LLC	$ 622,274	$ 19,877,726
Tracking account gain reduction in connection with amendments to hedging agreements (see Note 5)	$ -	$ 3,564,625

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - NATURE OF THE BUSINESS

Terna Energy USA Holding Corporation (collectively with its subsidiaries, the "Company"), a Delaware corporation and a wholly-owned subsidiary of Terna Energy SA (the "Parent," which is incorporated in Greece), is a company that acquires, constructs, and operates wind farm projects within the United States of America. The location of the Company's registered office is in San Francisco, California. Wind farm acquisition, construction, and operations are conducted primarily in Idaho and Texas.

The Company was formed on December 15, 2010. During the period from January 1, 2012 through December 7, 2012, the Company constructed its wind farm facilities in Idaho, with a total capacity of 138 megawatts. The construction of the Idaho wind farms (known as "Mountain Air") concluded and began commercial operation on December 8, 2012.

During 2016, the Company formed Terna DEN, LLC, a Delaware limited liability company ("Terna DEN") to, among other things, pursue development of wind farm projects in Texas. Terna DEN is the parent entity to all entities holding Class B interests in the projects located in Texas and has no other business. The three wind farm projects described below are collectively referred to as "the Projects."

During 2016, the Company commenced the construction of a new project in Texas (known as "Fluvanna"), with a total capacity of 155.4 megawatts, that began commercial operation on November 21, 2017.

On December 28, 2017, the Company entered into a series of agreements with AEG Fluvanna Wind LLC and Special Situations Investing Group II LLC (collectively, "Goldman Sachs") whereby Special Situations Investing Group II LLC received 100% of the Class A membership interest in Fluvanna I Holding Company LLC ("Fluvanna I Holding") in exchange for a cash contribution of $152,670,415 and Fluvanna I Investor, Inc., a wholly-owned subsidiary of the Company, converted its membership interests in Fluvanna I Holding to 100% of the Class B membership interests in Fluvanna I Holding. The capital contribution from Fluvanna I Investor, Inc. was $ 92,815,380. Pursuant to the Administrative Services Agreement between AEG Fluvanna Wind LLC and Fluvanna I Investor, Inc. dated December 28, 2017, Fluvanna I Investor, Inc. was appointed as the managing member responsible for managing the performance of Fluvanna I Holding.

During 2018, the Company commenced the construction of a new project in Texas (known as "Gopher Creek"), with a total capacity of 158 megawatts, that began commercial operation on September 1, 2019.

On September 13, 2019 and following the commencement of commercial operation of Gopher Creek project, the Company entered into a series of agreements with MidAmerican Wind Tax Equity Holdings, LLC whereby MidAmerican Wind Tax Equity Holdings, LLC received 100% of the Class A membership interest in Fluvanna Holdings 2 LLC ("Fluvanna Holdings 2") in exchange for a cash contribution of $140,100,000 and Fluvanna Investments 2, LLC, a wholly-owned subsidiary of the Company, converted its membership interests in Fluvanna Holdings 2 to 100% of the Class B membership interests in Fluvanna Holdings 2. The capital contribution from Fluvanna Investments 2, LLC was $ 97,551,923. Pursuant to Limited Liability Company Agreement, Fluvanna Investments 2, LLC was appointed as the managing member responsible for managing the performance of Fluvanna Holdings 2.

On April 5, 2019, CI-II QFPF LP, a Delaware limited partnership ("QFPF LP"), CI II Bearkat Non-QFPF Inc., a Delaware corporation ("Non-QFPF Inc.") and Bearkat CIV II Inc., a Delaware corporation ("CIV Inc.") and Terna DEN entered into a Membership Interest Purchase Agreement ("MIPA"). QFPF LP owns 100% of the membership interests of CI-II Bearkat QFPF, LLC, a Delaware limited liability company ("QFPF LLC") and QFPF LLC owns 68.25%, Non-QFPF Inc. owns 31.55% and CIV Inc. owns 0.20%, respectively, of the membership interests of CI-II Bearkat Holding B, LLC ("Bearkat Holding B"). Bearkat Holding B owns 100% of the membership interests of Sponsor Bearkat I Holdco, LLC ("Bearkat Sponsor") and Bearkat Sponsor owns 100% of the Class B membership interests of, and is the manager of, Bearkat I TE Partnership, LLC, a Delaware limited liability company ("Bearkat Holdings"). Pursuant to the MIPA, on September 5, 2019

(“Acquisition Date”), Terna DEN purchased (i) from QFPF LP, 100% of the membership interests in QFPF LLC, (ii) from Non-QFPF Inc., 31.55% of the membership interests of Bearkat Holding B, and (iii) from CIV Inc., 0.20% of the membership interests of Bearkat Holding B, so that after giving effect to the transactions contemplated hereby, Terna DEN directly or indirectly owns 100% of the membership interests of Bearkat Holding B. Antrim Corporation and BAL Investment & Advisory, Inc., an affiliate of Merrill Lynch, Pierce, Fenner, & Smith Incorporated own 100% of the Class A membership interests of Bearkat Holdings.

Bearkat Holdings owns 100% of the membership interests of Bearkat Wind I LLC, a Delaware limited liability company (“Bearkat Wind”). Bearkat Wind owns and operates a 196.65 megawatt wind power project in Glasscock County, Texas (known as “Bearkat 1”). The wind farm began construction in March 2017 and commercial operations in December 2017.

On July 15, 2020, Mountain Air Resources LLC, a wholly-owned subsidiary of Terna Energy USA Holding Corporation, sold to INNERGEX HOLDINGS USA, INC., a Delaware corporation, 100% of the issued and outstanding Class B membership interests in Mountain Air Alternatives LLC, a Delaware limited liability company. Mountain Air Alternatives LLC, owns 100% of the membership interests in Mountain Air Investments LLC, which owns 100% of the membership interests in Mountain Air Projects LLC. Mountain Air Projects LLC is the owner of the following wind farm entities of a total capacity of 138MW and are located in the state of Idaho: Cold Springs Windfarm LLC, Desert Meadow Windfarm LLC, Hammet Hill Windfarm LLC, Mainline Windfarm LLC, Ryegrass Windfarm LLC, Two Ponds Windfarm LLC, and Mountain Air Wind LLC (Note 4).

Terna DEN is a wholly owned subsidiary of Terna Renewable Energy Projects LLC, which is wholly-owned by Company.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation Policy

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, Terna Renewable Energy Projects LLC, Terna DEN LLC, Mohave Valley Energy LLC, Mountain Air Resources LLC and Aegis Renewables LLC, as well as the consolidated accounts of Mountain Air Alternatives LLC and subsidiaries, Fluvanna I Investor, Inc. and subsidiaries, Fluvanna Investments 2, LLC and its subsidiaries and QFPF LLC and its subsidiaries, over which the Company exercises control.

The consolidated accounts of Mountain Air Alternatives LLC include the accounts of its wholly-owned subsidiaries, MA Investments, MA Projects, Cold Springs Windfarm LLC, Desert Meadow Windfarm LLC, Hammet Hill Windfarm LLC, Mainline Windfarm LLC, Ryegrass Windfarm LLC, Two Ponds Windfarm LLC, and Mountain Air Wind LLC until their sale on July 15, 2020 (Note 4).

The consolidated accounts of Fluvanna I Investor, Inc. include the accounts of Fluvanna I Holding and Fluvanna Wind Energy LLC.

The consolidated accounts of Fluvanna Investments 2, LLC include the accounts of Fluvanna Holdings 2 and Fluvanna Wind Energy 2, LLC.

The consolidated accounts of QFPF LLC include the accounts of Bearkat Holding B, Bearkat Sponsor, Bearkat Holdings and Bearkat Wind.

Non controlling interests represent investments by third parties in subsidiaries of the Company that operate wind farm facilities. Profits and losses are allocated to such interests in accordance with the hypothetical liquidation at book value method.

All intercompany accounts and transactions have been eliminated in consolidation.

Foreign Currency Transactions

Foreign currency expenses are translated at average rates of exchange during the period. Foreign currency balances are translated at the rates of exchange on the consolidated balance sheet date. Net foreign currency exchange transaction gains or losses are included as a component of other income (expense), net, in the Company's consolidated statements of operations and comprehensive income (loss).

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents.

Cash in excess of federally insured amounts may potentially subject the Company to concentrations of credit risk. The Company's cash and cash equivalents are with high quality institutions. The Company believes that this credit risk is not significant.

Restricted Cash

The Company considers cash restricted as to withdrawal or usage as restricted cash (Note 6).

Trade Receivables and Allowance for Doubtful Accounts

Trade receivables are recorded at the invoiced amount and do not bear interest. The Company's trade receivables are generated by selling energy to Idaho Power Company and the Electric Reliability Council of Texas ("ERCOT") West Hub and North Hub and also settlement payments related to energy derivative instruments related to energy production. It is the policy of management to review outstanding trade receivables at year end and establish an allowance for doubtful accounts for estimated uncollectible amounts. The Company believes that all amounts are collectible and an allowance for doubtful accounts is not required as of December 31, 2020 and 2019.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization and cash grant receipts. Major improvements are capitalized; maintenance and repairs are expensed as incurred. When assets are sold or retired, the applicable cost and accumulated depreciation and amortization are removed from the accounts. The resulting gains or losses are included in results from operations. Property and equipment associated with the Company's wind farm facilities is depreciated upon completion of construction and commencement of commercial operation.

The Company provides for depreciation of property and equipment using the straight-line method over estimated useful lives of 25 years for its wind farm facilities and seven years for office furniture and equipment and trucks.

Construction in Progress

Construction in progress is stated at cost. When placed in service, property and equipment will be stated at cost, less accumulated depreciation. Major improvements are capitalized; maintenance and repairs are expensed as incurred. All direct costs associated with the development of wind farms, including construction and legal fees and interest on related borrowings, are capitalized to construction in progress.

Capitalized Interest Costs

The Company has capitalized interest incurred on borrowings used to fund the construction of the wind facilities. Capitalized interest cost is included in property and equipment on the consolidated balance sheets. Interest incurred after construction was completed and commercial operation commenced is expensed. Gopher Creek project began commercial operations on September 1, 2019 and transferred its construction in progress balance to property and equipment.

Intangible Assets

On December 15, 2010, the Company entered into a Master Wind Projects Membership Interest Purchase and Development Services Agreement pursuant to which it acquired membership interests in certain Idaho wind farm project companies. The membership interest acquisition provided the Company the rights to all the project assets including deposits, studies, plans, analyses, projections, land easement contracts, permits, and contracts. Such rights were recorded as intangible assets at the acquisition date based upon their fair values as of that date. Intangible assets are amortized over 25 years.

As of December 31, 2020, there are no intangible assets in the consolidated balance sheet, following the Mountain Air sale (Note 4).

Impairment of Long-Lived Assets

Long-lived assets, including property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. To the extent that estimated future undiscounted net cash flows attributable to the assets are less than the carrying amount, an impairment charge equal to the difference between the carrying value of such asset and its fair value is recognized. Management believes that no impairment existed for long-lived assets at December 31, 2020 and 2019.

Government Grant

The Company's wind farm facilities in Idaho met the requirement to be eligible to receive a cash grant from the U.S. Government pursuant to Section 1603 of the American Recovery and Reinvestment Act of 2009. The Company filed its final application with the U.S. Government on December 26, 2012 for a total grant of $76,256,302 and received the requested amount in full on February 1, 2013.

The proceeds of the government grant were recorded against intangible assets and property and equipment and are recognized in the consolidated statements of operations and comprehensive income (loss) in equal annual installments, based on the expected useful life of the asset that was subsidized, as a reduction to the associated depreciation expense and amortization income.

As of December 31, 2020, there is no government grant in the consolidated balance sheet, following the Mountain Air sale (Note 4).

Asset Retirement Obligations

The Company has recorded long-term liabilities related to the estimated removal costs for its windfarm projects and to restore the related land to its original state. These amounts were recorded at their estimated present value and will accrete over the estimated remaining life of the projects. The balance of the liability at December 31, 2020 and 2019 was $5,925,485 and $7,435,708, respectively.

Revenue Recognition

The Company has energy revenues recognized pursuant to power purchase agreements ("PPAs") with Idaho Power, until Mountain Air sale on July 15, 2020 (Note 4). The PPAs generally provide for electricity payments through their respective terms, which expire in 2033. The energy payments are calculated based on the amount of electrical energy delivered to a designated delivery point. Price terms are customary in the industry and include, among others, fixed price fees subject to fixed seasonal and time adjustments. Revenues related to the sale of electricity are recorded based upon output delivered at rates specified under the relevant contract terms. The PPAs are exempt from derivative accounting treatment due to the normal purchase and sale exception.

For 2020 (until July 15, 2020) and 2019, the PPAs are deemed to be leases within the scope of Accounting Standards Codification ("ASC") Topic 840, *Leases*, and are outside the scope of ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). The lease element of the PPAs is determined in accordance with the revenue arrangements with multiple deliverables guidance, which requires that revenues be allocated to the separate earnings process based on their relative fair value. Revenues related to the lease element of the PPAs are included in electricity revenues. Each wind farm is contractually obligated to produce 4,796 megawatts of energy, which represents 10% of the initial year's monthly net energy amounts.

The Company also sells electricity generated at spot market prices to the ERCOT West Hub and North Hub. Revenue from the sale of electricity is recognized based on the amount of electricity delivered at market prices for spot market transactions when all revenue recognition criteria have been met in accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. The Company manages its exposure to changes in commodity prices using the derivative instruments described in Note 5 below.

The Company may sell the Renewable Energy Credits ("RECs"), which are economic benefit obtained through the operations of the wind farms. RECs are created by the production output of the facilities, and those RECs are viewed as part of the utility of the plants. As RECs are generated, they are recognized as an asset at fair market value and the related revenue deferred until sale. When RECs are sold, they are recognized as a component of other revenue at fair market value. Gains and losses from the subsequent sale of RECs to third parties are also recognized as a component of other revenue. The amount recognized as of December 31, 2020 and 2019 was $689,295 and $685,050, respectively. Deferred revenue is recorded for amounts that have not yet been sold.

The components of electricity revenues during the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Electricity	$ 25,469,194	$ 17,345,214
Lease portion of electricity	13,904,527	23,671,551
Total electricity revenues	$ 39,373,721	$ 41,016,765

Deferred Financing Costs

The Company incurs financing costs and legal fees in connection with its various debt and noncontrolling interest agreements. The amounts are classified as an asset prior to funding of the related financings and are reclassified upon funding to debt discount or to a reduction of noncontrolling interest, as applicable. The Company uses the effective interest method for the amortization of the amounts that are classified as debt discounts.

During 2020 and 2019, the Company incurred $0 and $418,475, respectively, in financing costs and legal fees in connection with its various debt and noncontrolling interest agreements, which funded during 2019 (Note 11).

Income Taxes

The Company provides for income taxes using the asset and liability approach, which requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns. The measurement of current and deferred tax assets and liabilities are based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. A valuation allowance is provided to reduce net deferred tax assets to an amount that is more likely than not to be realized.

The Company is a taxpaying entity for the State of Texas Franchise Tax, commonly referred to as the Texas Margin Tax. Each year, Texas Margin Tax is assessed upon the lower of three measures. One of these measures, to the extent applicable, may result in the recognition of deferred income tax assets and liabilities because of differences between the book and tax bases of the assets used to determine the amount subject to tax. The amount of deferred income taxes recognized in any year is limited to the amount of these differences expected to reverse in future periods. The other measures of Texas Margin Tax do not result in the recognition of deferred income taxes.

The Company periodically reviews its Texas Margin Tax position and records current and deferred income taxes as they are incurred. For current income taxes, the Company calculates a provision based on the amounts expected to be included on its State of Texas income tax return in the current year. For deferred income taxes, the Company estimates its future revenues and expenses to determine under which method it expects the Texas Margin Tax to be assessed. Once the method is determined, the Company calculates the amount of deferred income taxes, if any, expected to be created or reversed in future years. The amounts recognized in the consolidated financial statements represent management's best estimates of the Company's current and deferred income taxes. These amounts could change materially in future years due to changes in operations, market conditions, rules around the treatment of certain costs for income tax purposes or the business environment that result in changes to management's estimate of the method under which the Company's Texas Margin Tax will be assessed or the amounts of such tax.

There is no current income tax expense provision reflected in the consolidated financial statements as of and for the years ended December 31, 2020 and 2019, as the Company expects that there will be no Texas Margin Tax due for the 2020 and 2019 tax years. The related deferred income tax liability at December 31, 2020 and 2019 was $1,458,418 and $1,005,432, respectively.

Deferred income taxes have no impact on the current cash flows or operating profit or loss of the Company. Because Texas Margin Tax-related deferred income taxes are not included in Federal taxable income or loss in any year, their impact on the profit and loss allocation attributable to members, and thus the members' equity balances, is limited and considered by management to be immaterial.

As of December 31, 2020 and 2019, the Company recorded no liabilities, interest, or penalties associated with uncertain tax positions and believes it is not reasonably possible that the total amount of uncertain tax benefits will significantly increase within 12 months of the reporting date. The Company's income tax returns would be subject to examinations by relevant taxing authorities for these years.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The derivative instruments described in Note 5 were valued using Level 2 and 3 inputs. The interest rate swap asset/liability described in Note 10 was valued using Level 2 inputs.

Derivatives

The Company recognizes its derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value. The accounting for changes in the fair value (i.e. gains or losses) of a derivative instrument depends on whether it qualifies and has been designated as part of a hedging relationship and, further, on the type of hedging relationship. Derivative liabilities associated with cash flows that will come due within the coming year are classified as current liabilities. All other derivative assets and liabilities are classified as long term.

For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that are attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income or loss. Changes in the fair value of these derivatives are subsequently reclassified into earnings in the period the hedged transaction affects earnings. The ineffective portion of changes in fair value is recorded as a component of net income (loss) in the consolidated statements of operations and comprehensive income (loss).

For undesignated derivative instruments, their change in fair value is reported as a component of net income (loss) in the consolidated statements of operations and comprehensive income (loss).

Settlement payments pursuant to energy derivative instruments qualifying as hedges are recorded in electricity sales. Settlement payments and unrealized gains and losses related to derivative instruments that do not qualify as hedges, but which are associated with the current period generation of electricity are recorded in other revenue. All other gains and losses related to energy derivative instruments not qualifying as hedges are recorded in other income (expense).

Upcoming Accounting Standards

In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, *Leases* (Topic 842), that expands upon ASU 2016-02 *Leases* (Topic 842). Under the new guidance, the Company will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: 1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. This guidance, as subsequently amended by the FASB, was effective for fiscal periods beginning after December 15, 2021. Various practical expedients are available. The new standard is required to be applied with a modified retrospective approach to each prior reporting period presented. The Company has not yet determined the impact that the adoption of this guidance will have on its consolidated financial statements.

NOTE 3 - BUSINESS COMBINATIONS

On September 5th 2019, TERNA DEN LLC acquired 100% of the membership interests in QFPF LLC, Bearkat Holding B, Bearkat Sponsor and also the Class B membership interests of Bearkat Holdings. Bearkat Holdings owns 100% of the membership interests of Bearkat Wind, which owns and operates Bearkat 1 project (Note 1). The total purchase consideration of the above transaction was $132,357,392, out of which $65,000,000 was cash settled and $67,357,392 was settled through the undertaking of a long term loan from the seller (Copenhagen Infrastructure Partners ("CIP")) (Note 11).

As of December 31, 2019, the purchase price allocation, in accordance with ASC 805, *Business Combinations*, had not been finalized and the net assets recognized in the December 31, 2019 consolidated financial statements were based on a preliminary assessment of their fair values from an independent valuator for the property and equipment owned by QFPF LLC and its subsidiaries. During 2020, the purchase price allocation finalized. The fair value of the identifiable assets and liabilities of QFPF LLC and its subsidiaries, based on the final and preliminary assessment, as at the Acquisition Date were:

Recognized amounts of identifiable net assets	**Final assessment**	**Preliminary assessment**
Property and equipment, net	$ 233,309,796	$ 233,932,070
Energy derivative assets	8,260,083	8,260,083
Total non-current assets	241,569,879	242,192,153
Cash and cash equivalents	5,754,069	5,754,069
Trade receivables	2,965,486	2,965,486
Prepaid and other current assets	3,599,588	3,599,588
Total current assets	12,319,143	12,319,143
Deferred income tax liabilities	3,372,713	3,372,713
Asset retirement obligation	1,514,950	1,514,950
Total non-current liabilities	4,887,663	4,887,663
Accounts payable	$ 2,643,022	$ 2,643,022
Accrued liabilities	1,476,375	1,476,375
Other current liabilities	7,312,424	7,312,424
Total current liabilities	11,431,821	11,431,821
Identifiable net assets	237,569,538	(238,191,812)
Total Purchase consideration	132,357,392	132,357,392
Identifiable net assets	(237,569,538)	(238,191,812)
Non controlling interest	125,712,146	125,712,146
Benefit from interest rate reduction	(20,500,000)	(19,877,726)
Goodwill on acquisition	-	-
Consideration transferred settled in cash	65,000,000	65,000,000
Consideration transferred settled in loan	67,357,392	67,357,392
Total Purchase consideration	132,357,392	132,357,392
Less: consideration transferred settled in loan	(67,357,392)	(67,357,392)
Less: cash and cash equivalents acquired	(5,754,069)	(5,754,069)
Net cash outflow on acquisition	$ 59,245,931	$ 59,245,931

During 2019, in the process of finalizing the consideration of the acquisition, an amount of $19,877,726 was recognized, which relates to the benefit from interest rate reduction of the existing loans by CIP (for Fluvanna and Gopher Greek), and which was agreed upon in the context of the transaction. Specifically, based on the amended and reduced interest rates (Note 11), the Company derecognized a previous loan of $138,832,653 and recognized a new loan of $118,954,927. The loans were recognized at their fair values, based on a preliminary assessment by management by discounting the new cash flows at the initial interest rate of the loans (10.38%). The difference between the nominal value and the fair value of the loans was a benefit of $19,877,726. Since this benefit arose by the acquisition transaction during the purchase price allocation procedure, that amount was recognized as a deduction to purchase consideration, as it was considered as element of the purchase consideration.

During 2020, the valuation was finalized and resulted in a reduction in property and equipment, net and an increase in the Benefit from interest rate reduction in the amount of $622,274 in comparison to the preliminary assessment. The Benefit from interest rate reduction is accounted for as a discount on the related loans.

In the context of all the above calculations and as presented in the above table, the Company has not recognized goodwill from the above acquisition in the consolidated financial statements as of December 31, 2020 and 2019.

As of December 31, 2019, the above acquisition resulted in an increase in the Company's total assets and total liabilities by $248,162,941 (28% of the Company's total assets) and $940,756 (0.24% of the Company's total liabilities), respectively. Additionally, the above acquisition contributed to the Company’s revenues from electricity and comprehensive loss from the Acquisition Date to December 31, 2019, amounting to $3,857,076 and $(5,677,420), respectively.

NOTE 4 - DECONSOLIDATION OF A SUBSIDIARY

On July 15, 2020, Mountain Air Resources LLC, a wholly-owned subsidiary of Terna Energy USA Holding Corporation, sold to INNERGEX HOLDINGS USA, INC., a Delaware corporation, 100% of the issued and outstanding Class B membership interests in Mountain Air Alternatives LLC, a Delaware limited liability company. Mountain Air Alternatives LLC, owns 100% of the membership interests in Mountain Air Investments LLC, which owns 100% of the membership interests in Mountain Air Projects LLC. Mountain Air Projects LLC is the owner of the following wind farm entities of a total capacity of 138MW and are located in the state of Idaho: Cold Springs Windfarm LLC, Desert Meadow Windfarm LLC, Hammet Hill Windfarm LLC, Mainline Windfarm LLC, Ryegrass Windfarm LLC, Two Ponds Windfarm LLC, and Mountain Air Wind LLC.

The purchase price of the above transaction (“Mountain Air sale”) is $ 55,491,514 and settled in cash. The net cash proceeds are $47,083,233, after taking into consideration the amount of cash held by the sold entities as of July 15, 2020. The above sale resulted in gain of $50,694,573 which recognized in the consolidated statements of operations and comprehensive income (loss).

NOTE 5 - ENERGY DERIVATIVE INSTRUMENTS

The Company has entered into various financial instruments to mitigate its exposure to power prices and production volume. The nature of the risk being managed is the variability of cash flows associated with the market price of electricity.

For Fluvanna, the Company’s cash flows are subject to variability resulting from fluctuations in both the price and production of electricity. The Company’s risk management objective is to reduce the variability associated with market fluctuations in price by purchasing an hourly put option to set a floor for its sales price and selling a call option to minimize the cost of the put option thereby setting a range of variable cash flows for a portion of its anticipated electricity sales. It manages its exposure to production risk through instruments that fix payments for a portion of its production capacity.

For Gopher Creek, the Company's cash flows are subject to variability resulting from price risk associated with market fluctuations in electricity. The Company's risk management objective is to reduce the variability associated with market fluctuations by selling energy at a fixed price for a portion of its anticipated electricity sales.

On September 5, 2019, through the acquisition of Bearkat 1, the Company acquired project's financial instruments to mitigate its exposure to power prices. The Company's cash flows are subject to variability resulting from price risk associated with market fluctuations in electricity. The Company's risk management objective is to reduce the variability associated with market fluctuations by selling energy at a fixed price for a portion of its anticipated electricity sales.

The Company is exposed to a concentration of counter party credit risk insofar as all derivative instruments have been entered into with four entities.

For Fluvanna, the nature of the risk being hedged is the variability of cash flows associated with changes in the market electricity price at the Company's node in ERCOT West. Changes in the value of the options are expected to be highly effective in maintaining a range of sales price variability between the floor (put strike) and ceiling (call strike) offsetting the changes in the future cash flows (i.e., changes in revenue settlements) attributable to fluctuations in the market energy sales price at Fluvanna.

In September 2019, Fluvanna proceeded to an amendment in the agreements relating to the aforementioned derivative instruments. Specifically, the hedged quantities were reduced by 50% for the Collar and 75% for the Swaption for periods beginning after June 30, 2020. In addition, the termination date of the Swaption was shortened to December 31, 2025. These amendments had resulted in a gain of $5,850,000, which was recognized in the consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2019. Out of this gain, an amount of $3,564,000 was used to partially repay the tracking account, which is a component of other current liabilities.

For the Gopher Creek project, the nature of the risk being hedged is the variability of cash flows associated with changes in the market electricity price at Company's node in ERCOT North. Changes in the value of the physical forward are expected to be highly effective in offsetting the changes in the future cash flows (i.e., changes in revenue settlements) attributable to fluctuations in the market energy sales price at Fluvanna.

For the Bearkat 1 project, the nature of the risk being hedged is the variability of cash flows associated with changes in the market electricity price at the Company's node in the ERCOT West and North Trading Hubs. Changes in the value of the physical forward are expected to be highly effective in offsetting the changes in the future cash flows (i.e., changes in revenue settlements) attributable to fluctuations in the market energy sales price at ERCOT.

Hedging Instruments

<u>Fluvanna Collar</u>

The financially-settled option contract executed with Morgan Stanley Capital Group Inc. ("Morgan Stanley") on September 23, 2016 for Fluvanna (the "Fluvanna Collar") was designated as the hedging instrument on January 23, 2017 and subsequently redesignated on September 13, 2019, in connection with the amendments described above.

Trade Date:	September 23, 2016
Effective Date:	January 1, 2018
Termination Date:	December 31, 2023
Notional Quantity:	January 1, 2018 to June 30, 2020, 1,339,836 megawatt hours ("MWh"), July 1, 2020 to December 31, 2023, initially 1,875,770 MWh, amended to 938,682 MWh
Calculation Period:	Each calendar month during the term
Pricing Date:	Each day during the calculation period
Floating Price:	For the applicable hour, the simple average of the real-time settlement price point for energy, stated in dollars per MWh, for such hour based on the specified prices for the intervals ending 15, 30, 45 and 00 of the relevant hour for the ERCOT West 345kV Hub (Settlement Point Name "HB_West" as described in sections 3.5.2 and 6.6.1.3 of the ERCOT nodal protocols, as may be amended or supplemented from time to time), as published by ERCOT
Put Option (European):	
Option Buyer:	Fluvanna
Option Seller:	Morgan Stanley
Option Strike Price:	$18.00 per MWh
Hourly Notional Quantity:	For any given hour, the corresponding notional quantity
Call Option (European):	
Option Buyer:	Morgan Stanley
Option Seller:	Fluvanna
Option Strike Price:	$24.75 per MWh
Hourly Notional Quantity:	For any given hour, the corresponding notional quantity as specified in the contract.

In connection with Fluvanna Collar, the Company receives cash flows as additional working capital via a tracking account. The liability recognized in relation to these cash flows is recorded as other current liabilities. The balance as of December 31, 2020 and 2019 is $4,482,515 and $4,499,737, respectively.

Gopher Creek Physical

The fixed price physical forward contract executed with JPMorgan Chase Bank, N.A. ("JPMorgan") on September 26, 2018 for Gopher Creek (the "Gopher Creek Physical"), was designated as a hedging instrument at inception.

Trade Date:	September 26, 2018
Effective Date:	November 1, 2019
Termination Date:	October 31, 2024
Notional Quantity:	2,267,892 megawatt hours ("MWh").
Calculation Period:	Each calendar month during the term
Pricing Date:	Each day during the calculation period
Floating Price:	For the applicable hour, the simple average of the real-time settlement price point for energy, stated in dollars per MWh, for such hour based on the specified prices for the intervals ending 15, 30, 45 and 00 of the relevant Hour for ERCOT North 345kV Hub as described in sections 3.5.2.1 of the ERCOT Nodal Protocols, as may be amended or supplemented from time to time), as published by ERCOT
Physical:	
Physical Buyer:	JPMorgan
Physical Seller:	Gopher Creek
Fixed Price:	$21.30 per MWh
Hourly Notional Quantity:	For any given hour, the corresponding notional quantity as specified in the contract.

In connection with Gopher Creek Physical, the Company receives cash flows as additional working capital via a tracking account. The liability recognized in relation to these cash flows is recorded as other current liabilities. The balance as of December 31, 2020 and 2019 is $3,742,766 and $239,781, respectively.

Bearkat Physical

The fixed price physical forward contract executed with Merrill Lynch Commodities, Inc. ("Merrill") on March 27, 2017 for Bearkat 1 (the "Bearkat Physical"), was designated as the hedging instrument on October 1, 2019.

Part 1

Trade Date:	March 27, 2017
Effective Date:	April 1, 2018
Termination Date:	March 31, 2029
Notional Quantity:	4,219,977 megawatt hours ("MWh")
Calculation Period:	Each calendar month during the term
Pricing Date:	Each day during the calculation period
Floating Price:	For the applicable hour, the arithmetic average of the published real-time settlement price point for energy, stated in dollars per MWh, for such hour based on the specified prices for the intervals ending 15, 30, 45 and 00 of the relevant Hour for ERCOT West 345kV Hub (as described in sections 3.5.2 and 6.6.1.3 of the ERCOT Nodal Protocols, as may be amended or supplemented from time to time), as published by ERCOT
Physical:	
Physical Buyer:	Merrill
Physical Seller:	Bearkat 1
Fixed Price:	$19.52 per MWh from Effective Date though March 31, 2023 and $19.05 from April 1, 2023 through the Termination Date.
Hourly Notional Quantity:	For any given hour, the corresponding notional quantity, as specified in the contract

Part 2

Trade Date:	March 27, 2017
Effective Date:	April 1, 2023
Termination Date:	March 31, 2029
Notional Quantity:	1,986,720 megawatt hours (“MWh”)
Calculation Period:	Each calendar month during the term
Pricing Date:	Each day during the calculation period
Floating Price:	For the applicable Hour, the arithmetic average of the published real-time settlement price point for energy, stated in dollars per MWh, for such hour based on the specified prices for the intervals ending 15, 30, 45 and 00 of the relevant Hour for ERCOT North 345kV Hub (as described in sections 3.5.2 and 6.6.1.3 of the ERCOT Nodal Protocols, as may be amended or supplemented from time to time), as published by ERCOT
Physical:	
Physical Buyer:	Merrill
Physical Seller:	Bearkat 1
Fixed Price:	$19.10 per MWh from Effective Date though March 31, 2029.
Hourly Notional Quantity:	For any given hour, the corresponding notional quantity, as specified in the contract

In connection with the Bearkat Physical, the Company receives cash flows as additional working capital via a tracking account. The liability recognized in relation to these cash flows is recorded as other current liabilities. The balance as of December 31, 2020 and 2019 was $13,173,364 and $8,581,573, respectively.

Other Energy Derivative Instruments

Swaption

The Company has the right to exercise, on January 1, 2024, a put option (the "Swaption") for Fluvanna which activates a two-year physical swap contract (initially a six-year physical swap contract) as described below:

Trade Date:	September 23, 2016
Effective Date:	January 1, 2024
Termination Date:	Initially December 31, 2029, amended to December 31, 2025
Notional Quantity:	January 1, 2024 to December 31, 2025 initially 1,071,869 MWh, amended to 264,684 MWh. January 1, 2026 to December 31, 2029 initially 2,143,738 MWh, amended to 0 MWh
Calculation Period:	Each calendar month during the term
Pricing Date:	Each day during the calculation period
Nodal Price:	For the applicable hour, the simple average of the real-time settlement price point for energy, stated in dollars per MWh, for such hour based on the specified prices for the intervals ending 15, 30, 45 and 00 of the relevant hour at the settlement point of the interconnection of the Project established by ERCOT as described in sections 3.5.2 and 6.6.1.3 of the ERCOT nodal protocols, as may be amended or supplemented from time to time), as published by ERCOT
Product:	Firm LD physical power.
Delivery Point:	ERCOT West 345 kV Hub (Settlement Point Name "HB_West"), as described in sections 3.5.2 and 6.6.1.3 of the ERCOT nodal protocols, as may be amended or supplemented from time to time.
Swaption	
Buyer:	Fluvanna
Seller:	Morgan Stanley
Fixed Price:	$18.00 per MWh
Hourly Notional Quantity:	For any given hour, the corresponding notional quantity

For the Swaption derivative instrument, any gains or losses related to the changes in its fair value will be reflected immediately in net income or loss as the instrument has not been designated as a hedge.

Gopher Creek Collar

The Company has executed with JPMorgan on September 26, 2018, a power option on a collar for Gopher Creek ("the Gopher Creek Collar"), whereby the Company purchased a European Put Option (strike price $14.00) for physical delivery to JPMorgan from Gopher Creek ("Transaction 1") and sold a European Call Option (strike price $31.00) for physical delivery to JPMorgan from Gopher Creek ("Transaction 2"). Upon the exercise of Transaction 1 or Transaction 2 (outlined above), the following terms and conditions will be applicable to the exercised option:

Trade Date:	September 26, 2018
Effective Date:	November 1, 2024
Termination Date:	October 31, 2029
Notional Quantity:	2,267,892 megawatt hours ("MWh").
Calculation Period:	Each calendar month during the term
Floating Price:	For the applicable hour, the simple average of the real-time settlement price point for energy, stated in dollars per MWh, for such hour based on the specified prices for the intervals ending 15, 30, 45 and 00 of the relevant hour for ERCOT North 345kv as described in sections 3.5.2.1 of the ERCOT nodal protocols, as may be amended or supplemented from time to time), as published by ERCOT
Product:	Firm LD energy
Delivery Point:	ERCOT North 345 kv Hub, which shall include the applicable Hub Buses listed in Section 3.5.2.1 of the ERCOT Nodal Protocols, Section 3: Management Activities for the ERCOT System, as may be amended from time to time.
Put Option (European):	
Option Buyer:	Gopher Creek
Option Seller:	JPMorgan
Option Strike Price:	$14.00 per MWh
Exercise date:	October 1, 2024
Call Option (European):	
Option Buyer:	JPMorgan
Option Seller:	Gopher Creek
Option Strike Price:	$31.00 per MWh
Exercise date:	October 1, 2024

For the Gopher Creek Collar, any gains or losses related to the changes in its fair value will be reflected immediately in net income or loss as the instrument has not been designated as a hedge.

BOH

On July 3, 2018, the Company entered an additional derivative instrument, referred to as the Balance of Hedge (the “BOH”), for Fluvanna. The BOH is a financially settled contract and belongs in the broader category of proxy revenue swaps, offering a fixed annual revenue to the wind project. Specifically, under the BOH, the Company exchanges its variable revenue stream for a fixed payment. BOH was contractually terminated on June 30, 2020.

The Company used this instrument to manage energy price risk and production volume risk and, consequently, its impact on the revenues from electricity. The trading date was July 3, 2018.

Trade Date:	July 3, 2018
Effective Date:	July 1, 2018
Termination Date:	June 30, 2020
Contracted Fraction:	80.00%
Expected Operational Efficiency:	90.00%
Energy Contract Price:	$21.38
Settlement Period:	Three consecutive calendar months.
Buyer:	Fluvanna
Seller:	Allianz Risk Transfer (Bermuda) Ltd.

BOH was not eligible for cash flow hedge accounting. As a result, all settlement payments and receipts and gains or losses related to the change of its fair value are reflected immediately in net income as a component of other revenue.

During 2020 and upon the contractual termination of the hedge, the Company received back a $2,500,000 refundable security deposit which was included within prepaid and other current assets.

Valuation, Gains and Losses

The fair value of the energy derivative instruments at December 31, 2020 and 2019 was as follows:

	As of December 31,			
	2020		2019	
	Energy Derivative Instruments		Energy Derivative Instruments	
	Assets	Liabilities	Assets	Liabilities
Fair value of designated derivatives				
Collar (non current)	$ 2,780,923	$ -	$ 1,399,701	$ -
Physical (non current)	8,603,183	-	9,095,340	-
Collar (current)	-	586,646	-	1,395,936
Physical (current)	-	2,922,936	-	6,775,385
Fair value of designated derivatives				
Swaption (non current)	957,714	-	572,554	-
BOH (current)	-	-	-	85,544
Collar (non current)	5,505,177	1,712,035	5,021,923	1,552,452
	$ 17,846,997	$ 5,221,617	$ 16,089,518	$ 9,809,317

Net results arising from energy derivative instruments for the years ended December 31, 2020 and 2019 were as follows:

	For the year ended December 31, 2020			
	Level	Other comprehensive income	Gain (loss) on energy derivatives	Other revenue
Collar	Level 3	2,177,574	336,608	-
Physical	Level 3	4,553,059	(1,192,766)	-
Swaption	Level 3	-	385,160	-
BOH	Level 2	-	-	85,544
		$ 6,730,633	$ (470,998)	$ 85,544

	For the year ended December 31, 2019			
	Level	Other comprehensive income (loss)	Gain (loss) on energy derivatives	Other revenue (loss)
Collar	Level 3	1,564,590	8,490,492	-
Physical	Level 3	(3,349,532)	226,044	(1,785,626)
Swaption	Level 3	-	(1,025,980)	-
BOH	Level 2	-	-	519,497
		$ (1,784,942)	$ 7,690,556	$ (1,266,129)

Fair Value Measurements

The Company uses transaction information, market price data and market based credit spreads to value the derivative instruments using the income approach. The income approach results in a discounted fair value. A historic simulation model that utilizes forward monthly price curves and maps them to hourly prices based on the historical hourly prices is also performed. The forward price curves use observable monthly market prices when available. A perpetual heat rate and forward natural gas prices are used for the period where the contract term extends beyond a period for which market data is available.

The Company also uses a credit valuation adjustment to reflect the risk of nonperformance of the instrument and how this would impact its fair value. The method for this calculation is the current exposure model that will adjust discount factors used to calculate the present value of expected future cash flows of the derivatives by the credit default spread of the party holding the liability position on the contracts.

The significant unobservable inputs used in calculating the fair value of the energy derivative instruments are forward electricity prices and discount rates. Significant increases or decreases in these unobservable inputs could result in significantly lower or higher fair value measurements.

The valuation techniques and significant unobservable inputs used in recurring Level 2 and 3 fair value measurements were as follows:

December 31, 2020	**Fair Value**	**Level**	**Valuation Technique**
Energy derivatives (asset)	$ 17,846,997	3	Discounted cash flow
Energy derivatives (non current liability)	1,712,035	3	Discounted cash flow
Energy derivatives (current liability)	3,509,582	3	Discounted cash flow
Energy derivatives (current liability)	-	2	Discounted cash flow

December 31, 2019	**Fair Value**	**Level**	**Valuation Technique**
Energy derivatives (asset)	$ 16,089,518	3	Discounted cash flow
Energy derivatives (non current liability)	1,552,452	3	Discounted cash flow
Energy derivatives (current liability)	8,171,321	3	Discounted cash flow
Energy derivatives (current liability)	85,544	2	Discounted cash flow

NOTE 6 - RESTRICTED CASH

In accordance with Mountain Air Alternatives LLC's LLC agreement, entered into during November 2012, an escrow balance was required to be established as a working capital reserve. The restrictions associated with such restricted cash will terminate upon (i) receipt by the escrow agent of notification in writing from the Class A member or of a joint written instruction that the LLC agreement has been terminated; or (ii) receipt by the escrow agent of a joint written instruction directing the escrow agent to close the reserve escrow account. The Class A member in Mountain Air Alternatives LLC represents a portion of the noncontrolling interests in the consolidated results of the Company.

On July 15, 2020, the Company sold Mountain Air (Note 4) and derecognized the related restricted cash from the consolidated balance sheet. At December 31, 2020 and 2019 the Company had $0 and $1,496,413, respectively, in such restricted cash.

NOTE 7 - PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets at December 31, 2020 and 2019 consist of the following:

	2020	2019
Prepayments	$ 2,595,097	$ 5,388,008
Deposits	386,000	367,000
Other current assets	466,428	754,184
Prepaid supplies	84,799	84,799
	$ 3,532,324	$ 6,593,991

NOTE 8 - PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Property and equipment at December 31, 2020 and 2019 consists of the following:

	2020	2019
Wind farm facility		
Buildings	$ 1,957,357	$ 2,570,161
Roads	11,195,439	13,286,205
Wind turbines foundations	27,018,415	35,061,806
Wind turbines	634,652,905	763,349,961
Interconnection	14,452,081	20,801,143
Acquisition cost	-	10,857,693
Plant and machinery	2,351,263	5,419,065
Collection system	21,101,993	25,899,890
Substation	15,532,311	22,601,630
Engineering	-	1,389,367
Construction period interest and other financing costs	-	12,646,244
Other indirect costs	-	7,253,737
Wind farm facility, net of government grant received	728,261,764	921,136,902
Accumulated depreciation, net of government grant amortization	(71,858,204)	(104,722,455)
Vehicles	367,694	338,619
Fixtures and other equipment	63,201	53,201
Accumulated depreciation	(179,644)	(192,186)
Property and equipment, net	$ 656,654,811	$ 816,614,081

On July 15, 2020, the Company sold Mountain Air (Note 4) and derecognized the related property and equipment and government grant from the consolidated balance sheet.

The Company provides for depreciation expense of property and equipment and amortization income of related cash grant proceeds using the straight-line method over the estimated useful life of the property and equipment, which is 25 years. The cash grant amortization amount is transferred to the consolidated statements of operations and comprehensive income (loss) as a reduction to the relevant depreciation expense. For 2020, the depreciation expense and cash grant amortization income amounts that were recognized in the consolidated statements of operations and comprehensive income (loss) were $33,905,549 and $1,522,836, respectively. For 2019, the depreciation expense and cash grant amortization income amounts that were recognized in the consolidated statements of operations and comprehensive income (loss) were $25,990,953 and $2,811,390, respectively.

Construction in progress at December 31, 2020 consists Other development costs amounting to $2,689,443.

A security interest has been granted in all of the respective assets of Fluvanna, Gopher Creek and Bearkat 1 to the counterparties in connection with those project company's hedging contracts described in Note 5.

NOTE 9 - INTANGIBLE ASSETS

Intangible assets at December 31, 2020 and 2019 consist of the following:

	2020	2019
Concessions and rights		
Intangible assets, net of government grant received	$ -	$ 6,949,845
Accumulated depreciation, net of government grant amortization	-	(2,214,715)
	$ -	$ 4,735,130

On July 15, 2020, the Company sold Mountain Air (Note 4) and derecognized the related intangible assets and government grant from the consolidated balance sheet.

The Company provides for amortization expense of intangible assets and amortization income of related cash grant proceeds using the straight-line method over the estimated useful life of intangible assets, which is 25 years. The cash grant amortization figure is transferred to the consolidated statements of operations and comprehensive income (loss) as a reduction to the relevant amortization expense. For 2020 (until July 15, 2020), the amortization expense and cash grant amortization income amounts that were recognized in the consolidated statements of operations and comprehensive income (loss) were $200,131 and $56,975, respectively. For 2019, the amortization expense and cash grant amortization income amounts that were recognized in the consolidated statements of operations and comprehensive income (loss) were $369,471 and $105,186, respectively.

NOTE 10 - INTEREST RATE SWAP ASSETS/LIABILITIES

The Company uses its credit facilities to fund capital projects. The use of floating rate debt exposes the Company to fluctuations in market interest rates creating volatility in interest charges and cash flows. The Company manages a portion of its interest rate risk related to floating rate debt by entering into interest rate swaps in which the Company collects floating rate payments and disburses fixed rate payments. These interest rate swaps are accounted for as cash flow hedges, and accordingly, unrealized gains and losses are recorded as a component of accumulated other comprehensive loss in the consolidated balance sheets.

As of December 31, 2019, the Company had one interest rate swap with an initial notional amount of $24,656,101, which is decreased at the end of each interest period according to the scheduled loan repayments, and had a Level 2 measured fair value of $266,452, liability, at December 31, 2019. The Company has elected to measure the fair value of the swap using the settlement value. During the year ended December 31, 2019, there was no ineffectiveness in the interest rate swap hedge, and the Company estimated that none of the net derivative gains or losses related to its cash flow hedge included in other comprehensive losses will be reclassified into earnings within the next 12 months.

As of December 31, 2020, and following the Mountain Air sale (Note 4), the Company has no interest rate swaps.

NOTE 11 - NOTES PAYABLE

Notes payable at December 31, 2020 and 2019 consists of the following:

	2020	2019
Senior secured notes	$ -	$ 95,502,511
Less: Senior secured notes unamortized issuance costs	-	(2,937,708)
Term loan	-	17,681,785
Less: Term loan unamortized issuance costs	-	(533,709)
	-	109,712,879
CIP loans	186,293,104	186,293,104
Plus: CIP loans interest payable added to principal	15,504,146	15,103,608
Less: CIP loans unamortized issuance costs	2,144,012	(1,456,904)
Less: Benefit from interest rate reduction	(20,500,000)	(19,877,726)
	183,441,262	289,774,961
Less: current portion	(1,031,279)	(6,093,803)
	$ 182,409,983	$ 283,681,158

On November 30, 2012, the Company entered into an Amended and Restated Financing Agreement under which a loan of $24,656,101 (the “Term Loan”) was provided to the Company by Norddeutsche Landesbank Girozentrale - New York Branch. The maturity of the Term Loan is November 30, 2029. Interest is payable on the unpaid principal amount of each Term Loan that is a London Interbank Offered Rate (“LIBOR”) loan calculated from the date of such Term Loan until the repayment or prepayment thereof at an annual rate equal to the LIBOR for such interest period plus the applicable term loan margin (3% at December 31, 2019). At December 31, 2019, the interest rate was 5.11%.

Under the Company’s interest rate swap (Note 10), it receives payment of the LIBOR (2.11% at December 31, 2019) and remits payment of a fixed 2.03% on the applicable notional amount. At December 31, 2019, the effective interest rate on the Term Loan after consideration of the interest rate swap was 5.03%.

Further, on November 30, 2012, the Company entered into a Note Purchase Agreement under which it issued $112,965,817 of senior secured notes (the “Notes”). Each Note bears interest on the unpaid principal balance thereof, from the date of such Note or the most recent date to which interest thereon has been paid, until the same is due and payable, at an annual rate (calculated on the basis of the number of days elapsed in a 360-day year consisting of twelve 30-day months) equal to 6.00%. The proceeds of these borrowings were used to pay off prior borrowings. The maturity date of the Notes is June 30, 2032.

The Notes are collateralized by the Idaho wind farm facilities (Mountain Air), and the Company must meet certain financial and nonfinancial covenants. The Company met the defined covenants for the year ended December 31, 2019.

On July 15, 2020, the Company sold Mountain Air (Note 4) and derecognized the above mentioned debt from the consolidated balance sheet.

In December 2016, the Company's subsidiary, Terna DEN, entered into a Mezzanine Facility Agreement under which a loan of $60,935,712 was provided to Terna DEN by CIP, for the construction of the Fluvanna project. Issuance costs of $669,451 were incurred for the loan and will be amortized under the effective interest method. The maturity of the loan is February 28, 2038. Principal payments commence during 2024.

Furthermore, in September 26, 2018, the Company's subsidiary, Terna DEN, entered into a facility agreement under which a loan of $62,000,000 was provided to Terna DEN by CIP, for the construction of the Gopher Creek project. Through December 31, 2018, the total amount of facility, $62,000,000, has been disbursed. Issuance costs of $406,902 were incurred for the loan and will be amortized under the effective interest method. During 2019, the construction fee of $2,915,123 was disbursed. The maturity of the total loan is August 31, 2039. Principal payments commence during 2025.

On September 5, 2019, the Company's subsidiary, Terna DEN, entered into a facility agreement under which a loan of $63,357,392 was provided to Terna DEN by CIP, for the funding of the acquisition of Bearkat 1 project (Note 3). The maturity of the total loan is August 31, 2039. Principal payments commence during 2026. In addition to the above, a short term loan of $ 4,000,000 was provided to Terna DEN by CIP, which fully repaid during 2019.

During the acquisition Bearkat 1 (Note 3), the Company amended and reduced the interest rates of the existing loans from CIP (for Fluvanna and Gopher Creek projects). This amendment resulted in benefit of $20,500,000, which was recognized as a deduction to purchase consideration, as it was considered as element of the purchase consideration.

Interest is payable on the unpaid principal amount of the CIP loans under a rate that amounts to (a) 10.38%, for the period until August 31, 2019, (b) 6.10%, from September 1, 2019 to August 31, 2021 and (c) 9.10%, from September 1, 2021 to the maturity date of each loan.

The ownership interests in Terna DEN and all of its assets have been pledged as security for the CIP loans. These agreements contain cross-default provisions to the hedging contracts described in Note 5.

Also, on September 26, 2018, the Company's subsidiary, Fluvanna Wind Energy 2 LLC ("Fluvanna 2") entered into a Financing Agreement under which a loan up to $140,100,000 (the "Construction Loan") was to be provided to Fluvanna 2 by Norddeutsche Landesbank Girozentrale - New York Branch (administrative agent, collateral agent, mandated lead arranger and lender). During 2019, a principal of $102,604,324 was disbursed and used solely to fund the construction of Gopher Creek project and for the purpose of paying project costs. According to the construction timetable, the received principal of the Gopher Creek Construction Loan was totally repaid during 2019 with the proceeds from certain agreements that Fluvanna Holdings 2 entered into with MidAmerican Wind Tax Equity Holdings, LLC.

The maturity of the Construction Loan was to be the earlier of the commercial operation date or September 17, 2019. Interest was payable on the unpaid principal amount of the Construction Loan that is a LIBOR loan calculated from the date of such Construction Loan until the repayment or prepayment thereof at an annual rate equal to the LIBOR for such interest period plus the applicable margin. Interest is payable on the unpaid principal amount of the Construction Loan that is a base rate loan calculated from the date of such Construction Loan until the repayment or prepayment thereof at a rate per annum equal to the greatest of (a) the prime rate in effect on such day; (b) the federal funds effective rate for such day plus 0.50% and (c) the LIBOR for one month plus one percent (1.00%) per annum. The applicable margin with respect to LIBOR loans is 1.25% per annum and with respect to base rate loans 0.25%.

All interest and related costs incurred in connection with the Construction Loan have been capitalized to the Gopher Creek project and totaled $6,557,893.

The Company incurred $7,562,037 in financing costs and legal fees in connection with its various debt agreements. The Company classified the above amount of lenders' fees as debt discounts reducing total debt proceeds. The Company uses the effective interest method for the amortization of these deferred financing costs.

At December 31, 2020 and 2019, total unamortized deferred debt discounts were $ (2,144,012) and $4,928,321, respectively. Total amortization of debt discounts was $3,818,055 and $138,106, respectively, for the years ended December 31, 2020 and 2019.

Aggregate annual maturities of borrowings as of December 31, 2020 are as follows:

Future maturities	
2021	$ 1,031,279
2022	-
2023	-
2024	876,000
2025	2,295,000
Thereafter	197,594,971
	$ 201,797,250

NOTE 12 - INCOME TAXES

The Company recorded no current income tax expense in 2020 and 2019. At December 31, 2020 and 2019, the deferred tax assets were $38.3 million and $53.3 million, respectively, comprised primarily of net operating loss carryforwards, production tax credits and interest, including related party interest. The 2020 and 2019 deferred tax liabilities were $29.9 million and $37.1 million, respectively, comprised primarily of basis differences in the investment of Mountain Air Alternatives, Fluvanna I Holding, Fluvanna Holdings 2 and Bearkat Holdings. At December 31, 2020 and 2019, the Company recorded a valuation allowance of $8.4 million and $16.2 million, respectively, against its net deferred tax assets due to the fact that it has cumulative book losses.

In connection with the acquisition of Bearkat 1 project (Note 3), the Company recognized deferred tax liabilities that led to a release of a portion of the valuation allowance, resulting in an income tax benefit of approximately $2.7 million during the year ended December 31, 2019.

The Company accounts for uncertainty in income taxes following US GAAP that prescribes a recognition threshold and a related measurement model. For income tax benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by the taxing authorities. The Company establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when the Company believes that certain positions might be challenged despite the Company's belief that the tax return positions are fully supportable. The reserves are adjusted in light of changing facts and circumstances, such as the outcome of a tax audit. The Company accounts for interest and penalties related to uncertain tax positions as a component of income tax expense. The Company believes that it has no uncertain tax positions as of December 31, 2020 and 2019.

The Company's federal and state net operating loss carryforwards expire on various dates beginning in 2031 if not utilized. Management periodically evaluates the recoverability of the deferred tax assets and recognizes the tax benefit when the evaluation demonstrates that they are realizable. The Company's income tax returns for the years 2012 through 2020 remain subject to examination; however, the years prior to 2016 for federal and 2015 for state are closed for assessment.

NOTE 13 - STOCKHOLDER'S EQUITY

The Company is authorized to issue 200,000 shares of common stock, each with a par value of $1,000 per share. The number of shares outstanding as of December 31, 2020 and 2019 were 134,137 and 134,317, respectively. Noncontrolling interests included in stockholder's equity represent third party investments in the Company's Mountain Air, Fluvanna, Gopher Creek and Bearkat 1 projects.

NOTE 14 - RELATED PARTY TRANSACTIONS

As of December 31, 2020 and 2019, the Company's related party note payable arrangements are as follows:

	2020	2019
Loan payable to Terna Energy Overseas Limited, including interest at 5.5%, due at December 31, denominated in Euros	$ 74,979,478	$ 65,008,408
	$ 74,979,478	$ 65,008,408

During 2019, a portion of Company's related party notes amounting to $19,320,504 was repaid to Terna Energy Overseas Limited. No repayment occurred during 2020.

Interest is payable on the unpaid principal amount of each note on the last day of each June and December at a per annum rate of 5.5%. Any amount of interest due and not paid is added to the principal sum of the note as of the applicable interest payment date, and interest is calculated thereafter on the increased principal sum. For the years ended December 31, 2020 and 2019, the related party interest expense included in the interest charges line item was $3,695,502 and $3,441,567, respectively.

Principal is paid upon the maturity date or as otherwise agreed with the lender. The maturity date of the related party notes is December 31, 2023.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases certain office space under a non-cancelable operating lease agreement with an expiration date through 2023. Rental expense for the years ended December 31, 2020 and 2019 amounted to $145,338 and $137,066, respectively.

Future minimum rental commitments under non-cancelable operating leases are as follows:

Year ending December 31,		
2021	$	139,574
2022		143,759
2023		12,339
	$	295,672

The Company had long-term lease agreements for land upon which the wind farm of Mountain Air is constructed. On July 15, 2020, the Company sold Mountain Air (Note 4). Royalties are due to the landowners based upon electricity production and totaled $358,702 and $619,262 for the period ended July 15, 2020 and year ended December 31, 2019, respectively.

The Company's subsidiary, Fluvanna Wind Energy LLC, has entered into certain lease and easement agreements with landowners upon which the Fluvanna project is located. These agreements will continue for 40 years after the commercial operation date and provide for payments ranging from 4.0% to 7.5% of revenues based upon the levels of production of the project. This expense for the years ended December 31, 2020 and 2019 was $621,600 and $621,600, respectively.

The Company's subsidiary, Fluvanna Wind Energy 2 LLC, has entered into certain lease and easement agreements with landowners upon which the Gopher Creek project is located. These agreements will continue for 40 years after the commercial operation date and provide for payments ranging from 4.0% to 7.5% of revenues based upon the levels of production of the project. This expense for the years ended December 31, 2020 and 2019 was $384,000 and $97,500, respectively.

The Company's subsidiary, Bearkat Wind Energy LLC has entered into certain lease and easement agreements with landowners upon which the Bearkat 1 project is located. These agreements will continue for 50 years after the commercial operation date and provide for payments ranging from 1% to 6.5% of revenues based upon the levels of production of the project. This expense for the year ended December 31, 2020 was $952,498 and from the acquisition date to December 31, 2019 was $350,585.

Contingencies

The Company operates in jurisdictions with varying federal and state tax and employment laws and regulations. While the Company believes it is in compliance with such laws and regulations, federal and state authorities could potentially assert claims against the Company relating to these laws and regulations. The Company may be the subject of litigation or other claims in the normal course of business. In the opinion of management, the Company's ultimate liability, if any, related to pending or threatened litigation or claims would not materially affect its consolidated financial position or results of operations.

NOTE 16 - SIGNIFICANT EVENTS OF THE YEAR

In December 2019, a novel strain of coronavirus (SARS-CoV-2), which causes COVID-19, was reported to have surfaced in China. The spread of this virus has caused business disruption beginning in January 2020 in China and which has since spread globally. In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic, and the U.S. economy began to experience pronounced effects. Included in those effects are a decline in the general demand for energy and restrictions on travel that may delay routine maintenance at the Company's projects. While the disruption is currently expected to be temporary, there is uncertainty around the extent and duration. Therefore, the related financial impact cannot be reasonably estimated at this time.

NOTE 17 - SUBSEQUENT EVENTS

In February 2021, Arctic temperatures hit the United States, particularly the State of Texas, where the Company owns and operates 3 Projects. The severe weather put the wind turbines out of service due to icing and grid issues.

A risk analysis provided by our third-party market specialty advisors did not include the occurrence of a similar event. At the same time our insurance coverage also did not include the effects of such a catastrophic event as it was not a component of the risk factors analysis of the insurance companies

The disruption in supply led to significantly higher prices for a period of time which could impact the Projects settlements under their hedging agreements for the duration of the disruption.

Currently there are active disputes between the Projects and their individual hedge providers arising from their ISDA Master Agreements – Hedge Agreements. The dispute relates to invoices issued by the hedge providers for liquidated damages (“LD invoices”) covering the period from February 13th to 19th, 2021. The total amount of the LD invoices for the Projects for the aforementioned period is $179,410,942 allocated as follows: Fluvanna $32,691,587, Gopher Creek $69,656,417 and Bearkat $77,062,938. The LD invoices were challenged in writing by the Company on the basis of a Force Majeure event. The hedge providers for Fluvanna and Gopher Creek have issued notices of default. The hedge provider for Bearkat has issued a notice of potential default.

Gopher Creek and Bearkat have entered into “Standstill Agreements” with JPMorgan Chase Bank, N.A. and Merrill Lynch Commodities, Inc. respectively to allow all parties sufficient time to reach a possible commercial resolution to the dispute.

Fluvanna has commenced discussions with Morgan Stanley Capital Group Inc. for a possible similar “Standstill Agreement” towards the same end.

From the beginning of the occurrence of the extreme Texas weather event, discussions between the involved parties (hedge providers, Class A investors and CIP) and our legal counsel have taken place in order to minimize the impact on the Company. Such discussions are ongoing.

While these discussions are taking place, Company management is focusing on three potential courses of action: (a) take legal action and start a litigation process with the hedge providers, (b) arrive at a mutually beneficial commercial solution with the hedge providers and (c) divest its Class B interests in the Projects.

A potential course of action by Company management is the divestment and transfer of control of the entities now controlled by Terna Den, which involves, as a worst-case scenario, the sale of the Class B interests for a nominal amount to a party that will honor the disputed invoiced LD amounts with the hedge providers.

A derecognition of any or all of the entities below the Terna Den subgroup, as a consequence of such a sale, would result in a material accounting loss at the consolidated Company level. The accompanying financial statements do not include any adjustments that might arise from those potential outcomes.

Based on these facts it is the Company’s position that there is substantial doubt regarding the ability of the Projects to continue as going concerns. While this outcome would have a significant negative impact on the financial position of the Company, the Company has sufficient resources for it to continue to pursue other projects and business activities, the loss of the Projects notwithstanding.

The Projects all returned to fully normal operations between February 20th and 23rd, 2021.

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through April 23, 2021, the date the consolidated financial statements were available to be issued, and determined that no additional items required disclosure.