

NOVA POWER LLC AND NOVA POWER HOLDCO, LLC GREEN LOAN 2023

DNV PRE-ISSUANCE VERIFICATION ASSURANCE OPINION

Scope and Objectives

Nova Power, LLC and Nova Power Holdco, LLC (“Nova” or “Borrower”) has submitted the proposed Loan of USD \$1004.5m for verification and certification against the Climate Bonds Standard (CBS). DNV notes that the requirements of the Climate Bonds Standard meet and exceed the guidance set out in the Loan Market Association’s Green Loan Principles 2023.

- Nova intends to use the proceeds of the Loan to finance nominated project and assets falling under the following categories: Electrical Grids and Storage

DNV Business Assurance USA, Inc. (DNV) has been commissioned by the management of Calpine Corporation (“Calpine”) to carry out an independent verification of Nova Power, LLC and Nova Holdco, LLC (“Nova” or “Borrower”) Green Loan (“the Loan”). Nova is indirect wholly owned subsidiaries of Calpine. This report contains the findings from the verification and a verification statement regarding compliance with the Climate Bond Standard version 4.0, (“Climate Bond Standard”), as well as Green Loan Principles 2023 (GLP).

No assurance is provided regarding the financial performance of the proposed LOAN, the value of any investments in the proposed LOANS, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the proposed LOAN has met the criteria of the Climate Bonds Standard and the associated Technical Criteria.

The scope of this DNV opinion is limited to:

- the Climate Bonds Standard Version 4 and the following associated Sector Technical Criteria:
 - Electrical Grids and Storage

Responsibilities of the Management of Nova and DNV

The management of Nova has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Nova management and other interested stakeholders in the proposed LOAN as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by Nova.

DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Nova’s management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

DNV has conducted the verification against the CBS v4.0 and associated Sector Technical Criteria through the creation and execution of a verification protocol addressing each requirement of the CBS v4.0 and the Electrical Grids and Storage Technical Criteria. The detail of areas covered in the DNV verification is summarised in Schedule 2 below.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Nova in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation and execution of a Climate Bonds Standard Protocol, adapted to include the relevant Sector Technical Criteria for the proposed LOAN nominated projects and assets, as described above and in Schedule 2 to this Opinion;
 - Assessment of documentary evidence provided by Nova on the proposed LOAN and supplemented by a high-level desktop research, onsite visit for documentation review and interviews with key personnel from the Borrower Nova. These checks refer to current assessment best practices and standards methodology;
 - Discussions with Nova management, and review of relevant documentation;
 - Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.
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Findings and DNV's opinion

DNV has performed the Pre-Issuance Verification of the Nova Green Loan. It is DNV's responsibility to provide an independent verification statement on the compliance of the Nova Green Loan with the Climate Bonds Standard and alignment with the Loan Market Association Green Loan Principles 2023.

DNV conducted the verification in accordance with the Climate Bonds Standard Version 4.0 and with International Standard on Assurance Engagements *3000 Assurance Engagements other than Audits or Reviews of Historical Information*. The verification included i) checking whether the provisions of the Climate Bonds Standard were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

DNV's verification approach draws on an understanding of the risks associated with conforming to the Climate Bonds Standard and the controls in place to mitigate these. DNV planned and performed the verification by obtaining evidence and other information and explanations that DNV considers necessary to give limited assurance that the Nova Green Loan meets the requirements of the Climate Bonds Standard.

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the Nova Green Loan is not, in all material respects, in accordance with the Pre-Issuance requirements of the Climate Bonds Standard Version 4.0 and associated Electrical Grids and Storage Technical Criteria. DNV also confirms that the Nova Green Loan is aligned with the Green Loan Principles 2023.

for DNV Business Assurance USA, Inc.

Katy, Texas

18 December, 2023

D'Silva,
Natasha

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D'Silva, Natasha
Date: 2023.12.18
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Natasha D'Silva
Lead Verifier
DNV Business Assurance

Leonard,
Thomas

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Thomas Leonard
Reviewer
DNV Business Assurance

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.



SCHEDULE 1: DESCRIPTION OF NOMINATED ASSETS

| Eligible Projects & Assets Category | Sub category | Projects | Loan Facility (USDm) |
|-------------------------------------|-------------------------------|-----------------------------|----------------------|
| Electrical Grids and Storage | Battery Energy Storage System | The Nova Power Bank Project | 1004.5 |
| Total | | | 1004.5 |

SCHEDULE 2: CLIMATE BONDS STANDARD VERIFICATION CRITERIA

Summary criteria for assertions of compliance with the Climate Bonds Standard v4.0

A full verification is provided in the associated Verification protocol.

The criteria against which Nova and its nominated projects & assets have been reviewed prior to inclusion in the loan are grouped under the requirements as detailed within the CBS including:

Part A: Pre-Issuance Requirements

| Area | Requirement |
|-----------------------------|---|
| Use of Proceeds | Nominated projects & assets which are proposed to be associated with the Loans and which have been assessed as eligible activities under the CBS related to Electrical Grids and Storage. |
| Project Selection | Establish, document, and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets. |
| Management of Proceeds | The systems, policies, and processes to be used for management of the Net Proceeds shall be documented by the Issuer. |
| Reporting Prior to Issuance | The Borrower shall prepare a Green Financing Framework and make it available prior to Issuance or at the time of issuance to lenders |
| Reporting | Reporting on use of proceeds and nominated projects and assets |

Part B: Post-Issuance Requirements

| Use of Proceeds | Nominated Projects & Assets which are proposed to be associated with the Loans and which have been assessed as likely to be Eligible Projects & Assets |
|------------------------|--|
| Project Selection | Establish, document, and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets |
| Management of Proceeds | The systems, policies, and processes to be used for management of the Net Proceeds shall be documented by the Issuer |
| Reporting | Reporting on use of proceeds and nominated projects and assets |

Part C: Eligible projects and physical assets

Nominated projects and assets include financing or refinancing of or investments in equipment and systems which enable the mitigation of greenhouse gasses, as detailed in Appendix B.

| Area | Requirement |
|------------------------------|--|
| Electrical Grids and Storage | <p>Equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation; and</p> <p>More than 67% of newly connected generation capacity in the system in which the infrastructure is located is below the generation threshold of 100 gCO₂e/kWh measured on a Product Carbon Footprint (PCF) basis over a 5-year rolling average.</p> |

Part D: Certification under the Climate Bonds Standard

| Area | Requirement |
|-----------------------------|--|
| Pre-Issuance Certification | The Borrower of a Climate Bonds Standard Certification must satisfy the Pre-Issuance Certification requirements including the completion of all forms, Pre-Issuance Verification by an approved verifier and provision of relevant information |
| Post-Issuance Certification | The Borrower of a Climate Bonds Standard Certification must satisfy the Post-Issuance Certification requirements including the completion of all forms, Post-Issuance Verification by an approved verifier and provision of relevant information |
| Maintaining Certification | The Borrower shall provide annual reporting to the CBI and comply with non-conformance correction as required |

SCHEDULE 3: GREEN LOAN PRINCIPLES (GLP) ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of Proceeds

| Ref. | Criteria | Requirements | DNV Findings |
|------|------------------------------|--|---|
| 1a | Type of Financial Instrument | <p>The Loan must fall in one of the following categories, as defined by the Green Loan Principles:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Loan • Green Use of Proceeds Revenue Loan • Green Project Loan • Green Securitized Loan • Loan instrument made available for Green project (Green use of proceeds Loan) | <p>The Framework states that the proposed Green Loan will contribute to positive environmental impacts and aligned with GLP 2023.</p> <div style="border: 1px solid #00AEEF; padding: 5px;"> <p>From the Framework</p> <p><i>Green Financings incurred by the Borrowers under this Green Financing Framework are expected to support the financing of projects that generate positive environmental impacts. The Borrowers commit to using an amount equal to the net proceeds drawn from the Green Financings to finance or refinance (including to reimburse), in whole or in part, costs relating to the design, development, financing, construction, and operation of projects that meet the eligibility criteria of this Green Financing Framework (“Eligible Green Projects”).</i></p> <p><i>The Borrowers have developed this Green Financing Framework to align the Project’s financing (construction loan/term loan, tax equity bridge loan, letters of credit, bonds and any other financial instrument to which the eligible project is allocated) with the four core components of the 2023 Green Loan Principles (“GLP”) as jointly developed by the Loan Market Association (“LMA”), the Loan Syndications and Trading Association (“LSTA”) and the Asia Pacific Loan Market Association (“APLMA”) and updated from time to time. It also aligns to the Green Bond Principles 2021 (“GBP”) as administrated by the International Capital Markets Association (“ICMA”) and updated from time to time.</i></p> </div> <p>The reviewed evidence confirms that the Green Loans fall in the category: Green Project Loan, and that these align with the GLP.</p> |
| 1b | Green Project Categories | <p>The cornerstones of a Green Loan are the utilization of the proceeds of the loan to Eligible Green Categories which should be appropriately described in the legal documentation for the loan.</p> | <p>Eligible project categories presented by Nova are as follows:</p> <ul style="list-style-type: none"> • Energy Efficiency – Battery Energy Storage System The above-mentioned project category meets the eligible Green Project Categories in Principles. |

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| 1c | Environmental benefits | All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer. | <p>Environmental benefits are noted to include:</p> <ul style="list-style-type: none"> • Addition of load-balancing projects to maintain grid stability and to help reduce greenhouse gas emissions; • Address the mismatch between hours of highest energy production and highest energy demand in an environmentally responsible way; and • Repurposing of the Project site adds an additional carbon benefit to the Project’s profile. <p>The environmental benefits are confirmed by DNV as being aligned with the criteria set out in the Framework and in the GLP.</p> |
| 1d | Refinancing Share | In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced. | The Framework indicates that proceeds raised through Green Loans will be used exclusively to finance the Project. |

2. Process for Project Selection and Evaluation

| Ref. | Criteria | Requirements | DNV Findings |
|------|------------------------------|---|--|
| 2a | Investment -decision process | <p>The Issuer of a Green Loan should outline the decision-making process it follows to determine the eligibility of projects using Green Loan proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • The environmental objectives of the eligible Green Projects; • The process by which the issuer determines how the projects fit within the eligible Green Projects categories; and | <p>The Framework provides details of the decision-making process to determine project eligibility.</p> <p>From the Framework</p> <p><i>Calpine’s Transaction Review Committee (“TRC”) reviews and approves projects to be financed and/or refinanced under the Green Financing Framework according to the “Green Eligibility Criteria”, which is the criteria that the Borrowers will use to identify and assess the eligibility of projects for inclusion as Eligible Green Projects. The criteria have been applied to determine and confirm the eligibility of the Project under this Green Financing Framework and is aligned with Green Loan Principles.</i></p> |

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| | | <ul style="list-style-type: none"> Complementary information on processes by which the issuer identifies and manages perceived environmental and social risks associated with the relevant project(s). | |
| 2b | Issuer / borrower's environmental and governance framework | <p>Issuers are also encouraged to:</p> <ul style="list-style-type: none"> Position the relevant information within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability. Provide information, if relevant, on the alignment of projects with official or market-based taxonomies, related eligibility criteria Have a process in place to identify mitigants to known material risks of negative environmental and/or social impacts from the relevant project(s). | <p>The Framework states that the climate-related objectives of the loans for the Project (Green Loans) are aligned with Calpine's multi-pronged decarbonization roadmap with three key focus areas: 1) deploying large-scale energy storage projects such as the Project to be financed under this green financing framework (the "Green Financing Framework"), 2) leading the US power generation space in developing carbon capture, utilization, and storage ("CCUS"), and 3) growing its retail business to help customers achieve their energy transition goals</p> <p>The Framework lists the primary goals of the Green Loans as follows:</p> <ul style="list-style-type: none"> Addition of load-balancing projects to maintain grid stability and to help reduce greenhouse gas emissions; Address the mismatch between hours of highest energy production and highest energy demand in an environmentally responsible way; and Repurposing of the Project site adds an additional carbon benefit to the Project's profile. <p>From the Framework</p> <p><i>The Project to be financed by the Borrowers under this Green Financing Framework will represent one of the world's largest stand-alone storage projects with capacity of 680 MW/ 2,720 MWh. The repurposing of the Project site adds an additional carbon benefit to the Project's profile, given the repurposing for some of the adjacent transmission infrastructure from the now decommissioned, and cleared, fossil power generation asset. In addition, Calpine has 1GW of battery storage projects in the development pipeline.</i></p> |

3. Management of Proceeds

| Ref. | Criteria | Requirements | DNV Findings |
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| 3a | Tracking procedure | <ul style="list-style-type: none"> (Loan) The proceeds of Green Loans should be credited to a dedicated account or otherwise tracked by the | The evidence reviewed shows how Nova plans to manage the Green Loan proceeds. |



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| | | <p>borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product. Where a green loan takes the form of one or more tranches of a loan facility, each green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</p> | <p>From the Framework</p> <p><i>Calpine’s financial compliance team will track net proceeds from the Green Financings incurred under this Green Financing Framework. Such proceeds will be allocated to finance or reimburse costs related to the design, development, financing, construction, and operation of the Project. The Borrowers intend to allocate net proceeds from Green Financing within 24 months after draw-down. Pending final allocation, proceeds may be used for general liquidity measures, however proceeds will not be used to finance fossil fuel-related projects. Net proceeds from the Project will be allocated and tracked in this way.</i></p> |
| <p>3b</p> | <p>Tracking procedure</p> | <p>So long as the Green Loan is outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.</p> | <p>As described in the framework, Calpine’s financial compliance team will track the net proceeds of the green financings associated with the framework. Calpine also confirms explicitly that proceeds will not be used to finance fossil-fuel related projects (which can be confirmed by the SPV structure as well).</p> |
| <p>3c</p> | <p>Temporary holdings</p> | <p>Pending such investments or disbursements to eligible Green Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.</p> | <p>Nova Power LLC and Nova Power Holdco, LLC (the borrowers of these loans) are the special purpose vehicles created to exclusively finance the construction and operation of Nova Power Bank. There will be no other assets under these borrowers other than the battery project being assessed for its green eligibility. As described in the framework, Calpine’s financial compliance team will track the net proceeds of the green financings associated with the framework. Calpine also confirms explicitly that proceeds will not be used to finance fossil-fuel related projects (which can be confirmed by the SPV structure as well).</p> <p>The Framework explains the treatment of unallocated funds.</p> |

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| | | | <p>From the Framework</p> <p><i>Pending final allocation, proceeds may be used for general liquidity measures, however proceeds will not be used to finance fossil fuel-related projects. Net proceeds from the Project will be allocated and tracked in this way.</i></p> <p><i>As per Green Financing Framework, Calpine’s financial compliance team will track net proceeds from the Green Financings incurred under this Green Financing Framework and Borrowers has developed and DNV has confirmed the Green Eligibility Criteria used to</i></p> |
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4. Reporting

| Ref. | Criteria | Requirements | DNV Findings | | | | | | | | | | | | | | | | | | |
|-----------|--|---|--|---|------|-----------|---|-----------|--|---|----------------------------|---|---|--|--|---|-------------------------------|--|---|---------------|---|
| 4a | Periodical reporting | <ul style="list-style-type: none"> • Issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. • The annual report should include a list of the projects to which Green Loan proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. • Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GLP recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. | <p>Nova will make the following information available to all lenders.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #e0f0ff;"> <th style="width: 5%;">#</th> <th style="width: 20%;">Item</th> <th style="width: 75%;">Frequency</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Framework</td> <td>Once off: At (or prior to) issuance of the first Green Loan under this Framework (or for subsequent issuances if the Framework is amended).</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Second Party Opinion (SPO)</td> <td>Once off: Sought prior to issuance of the first Green Loan under this Framework (an SPO may be sought again if the Framework changes or if an issuance requires it).</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Climate Bond Certification (if applicable)</td> <td>Once off: Pre and Post issuance of any CBS certified Green Loan. Annually: CBI Annual Update Report provided to the CBI Certification Team.</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Green Project Register Report</td> <td>Annually: Prepared for all outstanding Green Loans.</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Impact Report</td> <td>Where relevant and subject to availability of information Nova will endeavour to include in the Green Project Register Report qualitative</td> </tr> </tbody> </table> | # | Item | Frequency | 1 | Framework | Once off: At (or prior to) issuance of the first Green Loan under this Framework (or for subsequent issuances if the Framework is amended). | 2 | Second Party Opinion (SPO) | Once off: Sought prior to issuance of the first Green Loan under this Framework (an SPO may be sought again if the Framework changes or if an issuance requires it). | 3 | Climate Bond Certification (if applicable) | Once off: Pre and Post issuance of any CBS certified Green Loan. Annually: CBI Annual Update Report provided to the CBI Certification Team. | 4 | Green Project Register Report | Annually: Prepared for all outstanding Green Loans. | 5 | Impact Report | Where relevant and subject to availability of information Nova will endeavour to include in the Green Project Register Report qualitative |
| # | Item | Frequency | | | | | | | | | | | | | | | | | | | |
| 1 | Framework | Once off: At (or prior to) issuance of the first Green Loan under this Framework (or for subsequent issuances if the Framework is amended). | | | | | | | | | | | | | | | | | | | |
| 2 | Second Party Opinion (SPO) | Once off: Sought prior to issuance of the first Green Loan under this Framework (an SPO may be sought again if the Framework changes or if an issuance requires it). | | | | | | | | | | | | | | | | | | | |
| 3 | Climate Bond Certification (if applicable) | Once off: Pre and Post issuance of any CBS certified Green Loan. Annually: CBI Annual Update Report provided to the CBI Certification Team. | | | | | | | | | | | | | | | | | | | |
| 4 | Green Project Register Report | Annually: Prepared for all outstanding Green Loans. | | | | | | | | | | | | | | | | | | | |
| 5 | Impact Report | Where relevant and subject to availability of information Nova will endeavour to include in the Green Project Register Report qualitative | | | | | | | | | | | | | | | | | | | |



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|---|--|---|--|--|--|
| | | <p>percentage allocated to certain project categories).</p> | | | <p><i>and/or quantitative reporting in relation to the sustainability performance of the Project which has been funded by the Green Loans.</i></p> |
| <p>From the Framework</p> | | | | | |
| <p><i>The Borrowers will keep up to date green information on the use of the Green Financings' net proceeds and report on such allocations annually within 120 calendar days following the close of each fiscal year and within 30 calendar days in the event of material developments. Such report shall contain (i) a list of financial instruments labelled as Green Financings and (ii) for each Green Financing, the amount outstanding and the amount allocated to the projects. This process will be applied to the Project.</i></p> <p><i>In addition to such allocation reporting, the Borrowers may, on a best-efforts basis, report on the expected or actual impact of the Project to which net proceeds have been allocated. Impact reporting metrics may include MW or MWh storage capacity completed or MWh of actual storage service utilized at the Project.</i></p> <p><i>If required, the Borrowers will provide allocation and impact reporting to lenders or investors of the Green Financings as well as to contracted external reviewers and any certification providers for the Green Financings.</i></p> | | | | | |