UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______________ to ____________

Commission File Number: 001-40272

OPAL FUELS INC.
(Exact name of registrant as specified in its charter)

Delaware	**98-1578357**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One North Lexington Avenue, Suite 1450	
White Plains, New York	**10601**
(Address of principal executive offices)	(Zip Code)

(914) 705-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.0001 per share	OPAL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☒

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 9, 2024, a total of 28,422,786 shares of Class A common stock, par value $0.0001 per share, 71,500,000 shares of Class B common stock, par value of $0.0001 per share and 72,899,037 shares of Class D common stock, par value $0.0001 per share were outstanding.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. Words such as “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “future,” “goal,” “intends,” “may,” “objective,” “outlook,” “plans,” “projected,” “propose,” “seeks,” “target,” “will,” “would” and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside our control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important factors, among others, that may affect actual results or outcomes include:

- our ability to grow and manage growth profitably, and maintain relationships with customers and suppliers;
- our success in retaining or recruiting, our principal officers, key employees or directors;
- intense competition and competitive pressures from other companies in the industry in which we operate;
- increased costs of, or delays in obtaining, key components or labor for the construction and completion of landfill gas ("LFG") and livestock waste projects that generate electricity and renewable natural gas (“RNG”), compressed natural gas (“CNG”) and hydrogen dispensing stations;
- factors relating to our business, operations and financial performance, including market conditions and global and economic factors beyond our control;
- the reduction or elimination of government economic incentives to the renewable energy market;
- factors associated with companies that are engaged in the production and integration of RNG, including (i) anticipated trends, growth rates and challenges in those businesses and in the markets in which they operate, (ii) contractual arrangements with, and the cooperation of, owners and operators of the landfill and livestock biogas conversion project facilities, on which we operate our LFG and livestock waste projects that generate electricity and (iii) RNG prices for Environmental Attributes (as defined below), low carbon fuel standard ("LCFS") credits and other incentives;
- the ability to identify, acquire, develop and operate renewable projects and fueling stations ("Fueling Stations");
- our ability to issue equity or equity-linked securities or obtain or amend debt financing;
- the demand for renewable energy not being sustained;
- impacts of climate change, changing weather patterns and conditions and natural disasters; and
- the effect of legal, tax and regulatory changes.

The forward-looking statements contained in this Form 10-Q are based on current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors” in this Form 10-Q and in our Annual Report on Form 10-K, which was filed with the SEC on March 15, 2024 (our "Annual Report"). Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

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Part I - Financial Information

Item 1. Financial Statements

OPAL FUELS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data)

	June 30, 2024	December 31, 2023
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents (includes $533 and $166 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)	$ 19,016	$ 38,348
Accounts receivable, net (includes $388 and $33 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)	24,220	27,623
Accounts receivable, related party	14,738	18,696
Restricted cash - current (includes $940 and $4,395 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)	940	4,395
Short term investments	8,585	9,875
Fuel tax credits receivable	5,399	5,345
Contract assets	12,776	6,790
Parts inventory (includes $29 and $29 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)	10,620	10,191
Environmental credits held for sale	1,795	172
Prepaid expense and other current assets (includes $68 and $107 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)	6,322	6,005
Derivative financial assets - current portion	309	633
Total current assets	104,720	128,073
Capital spares	3,752	3,468
Property, plant, and equipment, net (includes $25,884 and $26,626 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)	385,455	339,493
Operating right-of-use assets	13,185	12,301
Investment in other entities	212,579	207,099
Note receivable - variable fee component	2,438	2,302
Other long-term assets	1,616	1,162
Intangible assets, net	1,466	1,604
Restricted cash - non-current (includes $2,063 and $1,850 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)	2,493	4,499
Goodwill	54,608	54,608
Total assets	$ 782,312	$ 754,609
Liabilities and Equity		
Current liabilities:		
Accounts payable (includes $50 and $744 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)	13,098	13,901
Accounts payable, related party (includes $669 and $1,046 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)	8,169	7,024
Fuel tax credits payable	3,949	4,558
Accrued payroll (includes $38 and $— at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)	7,373	9,023
Accrued capital expenses	18,324	15,128
Accrued expenses and other current liabilities (includes $812 and $647 at June 30, 2024 and December 31, 2022, respectively, related to consolidated VIEs)	13,634	14,245
Contract liabilities	6,262	6,314

OPAL Term Loan - current portion		4,211		—
Sunoma Loan - current portion (includes $1,689 and $1,608 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)		1,689		1,608
Operating lease liabilities - current portion		733		638
Other current liabilities (includes $97 and $92 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)		1,692		92
Asset retirement obligation, current portion		1,952		1,812
Total current liabilities		81,086		74,343
Asset retirement obligation - non-current portion		5,642		4,916
OPAL Term Loan - non-current portion		198,342		176,532
Sunoma Loan, net of debt issuance costs (includes $19,193 and $20,010 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)		19,193		20,010
Operating lease liabilities - non-current portion		12,646		11,824
Earn out liabilities		721		1,900
Other long-term liabilities (includes $2,683 and $211 at June 30, 2024 and December 31, 2023, respectively, related to consolidated VIEs)		10,126		7,599
Total liabilities		327,756		297,124
Commitments and contingencies				
Redeemable preferred non-controlling interests		130,000		132,617
Redeemable non-controlling interests		597,069		802,720
Stockholders' deficit				
Class A common stock, $0.0001 par value, 340,000,000 shares authorized as of June 30, 2024; shares issued: 30,058,569 and 29,701,146 at June 30, 2024 and December 31, 2023, respectively; shares outstanding: 28,422,786 and 28,065,363 at June 30, 2024 and December 31, 2023, respectively		3		3
Class B common stock, $0.0001 par value, 160,000,000 shares authorized as of June 30, 2024; 71,500,000 and none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively		7		—
Class C common stock, $0.0001 par value, 160,000,000 shares authorized as of June 30, 2024; none issued and outstanding as of June 30, 2024 and December 31, 2023		—		—
Class D common stock, $0.0001 par value, 160,000,000 shares authorized as of June 30, 2024; 72,899,037 and 144,399,037 shares issued and outstanding at June 30, 2024 and December 31, 2023		7		14
Additional paid-in capital		—		—
Accumulated deficit		(261,503)		(467,195)
Accumulated other comprehensive income (loss)		70		(15)
Class A common stock in treasury, at cost; 1,635,783 and 1,635,783 shares at June 30, 2024 and December 31, 2023, respectively		(11,614)		(11,614)
Total Stockholders' deficit attributable to the Company		(273,030)		(478,807)
Non-redeemable non-controlling interests		517		955
Total Stockholders' deficit		(272,513)		(477,852)
Total liabilities, Redeemable preferred non-controlling interests, Redeemable non-controlling interests and Stockholders' deficit	$	782,312	$	754,609

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

OPAL FUELS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except share and per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenues:				
RNG Fuel (includes revenues from related party of $15,881 and $9,412 for the three months ended June 30, 2024 and 2023, respectively; $31,376 and $14,127 for the six months ended June 30, 2024 and 2023, respectively)	$ 19,445	$ 10,631	$ 37,172	$ 17,380
Fuel Station Services (includes revenues from related party of $9,528 and $2,440 for the three months ended June 30, 2024 and 2023, respectively; $17,269 and $3,933 for the six months ended June 30, 2024 and 2023, respectively)	39,257	29,956	76,399	50,784
Renewable Power (includes revenues from related party of $1,804 and $1,747 for the three months ended June 30, 2024 and 2023, respectively; $3,330 and $3,274, for the six months ended June 30, 2024 and 2023, respectively)	12,248	14,455	22,331	29,835
Total revenues	70,950	55,042	135,902	97,999
Operating expenses:				
Cost of sales - RNG Fuel	8,321	7,609	16,659	14,153
Cost of sales - Fuel Station Services	30,938	27,476	61,273	47,768
Cost of sales - Renewable Power	8,899	8,761	18,157	17,139
Project development and startup costs	2,935	1,115	3,720	2,998
Selling, general, and administrative	13,699	12,823	26,860	26,391
Depreciation, amortization, and accretion	4,269	3,628	7,980	7,195
(Income) loss from equity method investments	(3,800)	998	(8,006)	293
Total expenses	65,261	62,410	126,643	115,937
Operating income (loss)	5,689	(7,368)	9,259	(17,938)
Other (expense) income:				
Interest and financing expense, net	(4,989)	(956)	(8,950)	(1,597)
Loss on debt extinguishment	—	(1,895)	—	(1,895)
Change in fair value of derivative instruments, net	776	1,160	1,179	5,093
Other income	432	123,109	1,097	123,041
Income before provision for income taxes	1,908	114,050	2,585	106,704
Provision for income taxes	—	—	—	—
Net income	1,908	114,050	2,585	106,704
Net (loss) income attributable to redeemable non-controlling interests	(753)	93,460	(2,380)	85,227
Net income (loss) attributable to non-redeemable non-controlling interests	196	(183)	198	(480)
Dividends on redeemable preferred non-controlling interests [1]	2,618	2,849	5,236	5,612
Net (loss) income attributable to Class A common stockholders	$ (153)	$ 17,924	$ (469)	$ 16,345
Weighted average shares outstanding of Class A common stock:				
Basic	27,674,567	26,977,682	27,523,150	27,179,488
Diluted	27,674,567	27,248,639	27,523,150	27,556,700
Per share amounts:				
Basic	$ (0.01)	$ 0.66	$ (0.02)	$ 0.60
Diluted	$ (0.01)	$ 0.66	$ (0.02)	$ 0.59

[1] Dividends on redeemable preferred non-controlling interests is allocated between redeemable non-controlling interests and Class A common stockholders based on their weighted average percentage of ownership. Please see Note. 13 *Redeemable non-controlling interests, redeemable preferred non-controlling interests and Stockholders' Deficit* for additional information.

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

OPAL FUELS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands of U.S. dollars)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	$ 1,908	$ 114,050	$ 2,585	$ 106,704
Other comprehensive income:				
Effective portion of the cash flow hedge attributable to equity method investments	165	109	515	109
Reclassification adjustments included in earnings	—	(1,147)	—	(1,147)
Net unrealized gain (loss) on cash flow hedges	—	215	—	(141)
Total comprehensive income	2,073	113,227	3,100	105,525
Net income attributable to Redeemable non-controlling interests	1,430	95,851	1,995	89,936
Other comprehensive income (loss) attributable to Redeemable non-controlling interests	137	(690)	430	(989)
Comprehensive income (loss) attributable to non-redeemable non-controlling interests	196	(183)	198	(480)
Dividends on redeemable preferred non-controlling interests	435	458	861	903
Comprehensive (loss) income attributable to Class A common stockholders	$ (125)	$ 17,791	$ (384)	$ 16,155

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

OPAL FUELS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE NON-CONTROLLING INTEREST, REDEEMABLE PREFERRED NON-CONTROLLING INTEREST AND STOCKHOLDERS' DEFICIT
(In thousands of U.S. dollars, except per share data)
(Unaudited)

	Class A common stock		Class B common stock		Class D common stock						Class A common stock in treasury			Mezzanine Equity	
	Shares	Amount	Shares	Amount	Shares	Amount	Additional paid-in capital	Accumulated deficit	Other comprehensive income	Non-redeemable non-controlling interests	Shares	Amount	Total Stockholders' Deficit	Redeemable Preferred non-controlling interests	Redeemable non-controlling interests
December 31, 2023	29,701,146	$ 3	—	$ —	144,399,037	$ 14	$ —	$ (467,195)	(15)	$ 955	(1,635,783)	$(11,614)	$ (477,852)	$ 132,617	$ 802,720
Net income	—	—	—	—	—	—	—	110	—	2	—	—	112	—	565
Other comprehensive income	—	—	—	—	—	—	—	—	57	—	—	—	57	—	293
Issuance of Class A common stock under the ATM program (1)	14,005	—	—	—	—	—	97	—	—	—	—	—	97	—	—
Share conversion	—	—	71,500,000	7	(71,500,000)	(7)	—	—	—	—	—	—	—	—	—
Issuance of Class A common stock for vesting of equity awards (2)	307,137	—	—	—	—	—	(627)	—	—	—	—	—	(627)	—	—
Stock-based compensation	—	—	—	—	—	—	165	—	—	—	—	—	165	—	848
Distributions to non-redeemable non-controlling interests	—	—	—	—	—	—	—	—	—	(233)	—	—	(233)	—	—
Dividends on redeemable preferred non-controlling interests	—	—	—	—	—	—	—	(426)	—	—	—	—	(426)	2,618	(2,192)
Change in redemption value of Redeemable non-controlling interests	—	—	—	—	—	—	365	96,679	—	—	—	—	97,044	—	(97,044)
Payment of preferred dividend	—	—	—	—	—	—	—	—	—	—	—	—	—	(5,235)	—
March 31, 2024	30,022,288	3	71,500,000	7	72,899,037	7	—	(370,832)	42	724	(1,635,783)	(11,614)	(381,663)	130,000	705,190
Net income	—	—	—	—	—	—	—	282	—	196	—	—	478	—	1,430
Other comprehensive income	—	—	—	—	—	—	—	—	28	—	—	—	28	—	137
Issuance of Class A common stock under the ATM program (1)	22,348	—	—	—	—	—	73	—	—	—	—	—	73	—	—

Issuance of Class A common stock for vesting of equity awards [2]	13,933	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	304	—	—	—	—	—	304		1,538
Distributions to non-redeemable non-controlling interests	—	—	—	—	—	—	62	—	—	(403)	—	—	(341)	—	—
Dividends on redeemable preferred non-controlling interests	—	—	—	—	—	—	—	(435)	—	—	—	—	(435)	2,618	(2,183)
Change in redemption value of Redeemable non-controlling interests	—	—	—	—	—	—	(439)	109,482	—	—	—	—	109,043	—	(109,043)
Payment of preferred dividend	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,618)	—
June 30, 2024	30,058,569	$ 3	71,500,000	$ 7	72,899,037	$ 7	$ —	$ (261,503)	$ 70	$ 517	(1,635,783)	$ (11,614)	$ (272,513)	$ 130,000	$ 597,069

[1] During the six months ended June 30, 2024, the Company issued shares of Class A common stock under the Company's ATM program. Please see Note 13. *Redeemable non-controlling interests, Redeemable preferred non-controlling interests and Stockholders' Deficit* for additional information.

[2] Represents the equity awards vested net of shares of Class A common stock withheld for taxes. Please see Note 16. *Stock-based Compensation* for additional information.

	Class A common stock		Class D common stock						Class A common stock in treasury			Mezzanine Equity	
	Shares	Amount	Shares	Amount	Additional paid-in capital	Accumulated deficit	Other comprehensive income	Non-redeemable non-controlling interests	Shares	Amount	Total Stockholders' Equity	Redeemable Preferred non-controlling interests	Redeemable non-controlling interests
December 31, 2022	29,477,766	$ 3	144,399,037	$ 14	$ —	$ (800,813)	$ 195	$ 26,445	—	$ —	$ (774,156)	$ 138,142	$ 1,013,833
Net loss	—	—	—	—	—	(1,134)	—	(297)	—	—	(1,431)	—	(5,915)
Other comprehensive loss	—	—	—	—	—	—	(58)	—	—	—	(58)	—	(299)
Proceeds from non-redeemable non-controlling interest	—	—	—	—	1,722	—	—	1,821	—	—	3,543	—	—
Issuance of Class A common stock on warrant exchange	49,633	—	—	—	338	—	—	—	—	—	338	—	—
Cancellation of fractional shares on warrant exchange	(26)	—	—	—	—	—	—	—	—	—	—	—	—
Exercise of put option forward purchase contract - Meteora	—	—	—	—	—	—	—	—	(1,635,783)	(11,614)	(11,614)	—	—
Forfeiture of Class A common stock	(197,258)	—	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	157	—	—	—	—	—	157	—	814
Change in redemption value of Redeemable non-controlling interests	—	—	—	—	(2,217)	(5,503)	—	—	—	—	(7,720)	—	7,720
Paid-in-kind preferred dividend	—	—	—	—	—	(445)	—	—	—	—	(445)	2,763	(2,318)
March 31, 2023	29,330,115	3	144,399,037	14	—	(807,895)	137	27,969	(1,635,783)	(11,614)	(791,386)	140,905	1,013,835
Net income (loss)	—	—	—	—	—	18,382	—	(183)	—	—	18,199	—	95,851
Other comprehensive loss	—	—	—	—	—	—	(133)	—	—	—	(133)	—	(690)
Proceeds from non-redeemable non-controlling interest	—	—	—	—	1,234	—	—	8,001	—	—	9,235	—	—
Deconsolidation of entities [(1)]	—	—	—	—	(1,383)	—	—	(34,662)	—	—	(36,045)	—	—
Distributions to non-redeemable non-controlling interests	—	—	—	—	—	—	—	(222)	—	—	(222)	—	—
Stock-based compensation	—	—	—	—	301	—	—	—	—	—	301	—	1,576
Change in redemption value of Redeemable non-controlling interests	—	—	—	—	(152)	40,059	—	—	—	—	39,907	—	(39,907)
Paid-in-kind preferred dividend	—	—	—	—	—	(458)	—	—	—	—	(458)	2,849	(2,391)
June 30, 2023	29,330,115	$ 3	144,399,037	$ 14	—	$ (749,912)	$ 4	$ 903	(1,635,783)	$ (11,614)	$ (760,602)	$ 143,754	$ 1,068,274

[(1)] As of May 30, 2023, two of our RNG facilities, Emerald and Sapphire (defined below) were deconsolidated and accounted for under equity method as per ASC 323. Please see Note 3 *Investment in Other entities* and Note 12 *Variable Interest Entities* for additional information.

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

OPAL FUELS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)
(Unaudited)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income	$ 2,585	$ 106,704
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from equity method investments	(8,006)	293
Distributions from equity method investments	8,669	—
Provision for bad debts	—	492
Amortization of operating right-of-use assets	334	303
Depreciation and amortization	7,706	6,990
Amortization of deferred financing costs	1,119	795
Loss on debt extinguishment	—	1,895
Loss on warrant exchange	—	338
Gain on deconsolidation of VIEs	—	(122,873)
Accretion expense related to asset retirement obligation	274	205
Stock-based compensation	2,855	2,848
Paid-in-kind interest income	(136)	(159)
Change in fair value of Convertible Note Payable	—	1,143
Unrealized gain on derivative financial instruments	(855)	(4,906)
Changes in operating assets and liabilities		
Accounts receivable	3,403	3,770
Accounts receivable, related party	3,958	12,421
Fuel tax credits receivable	(54)	931
Capital spares	(284)	387
Parts inventory	(429)	(3,320)
Environmental credits held for sale	(1,623)	(2,510)
Prepaid expense and other current assets	(570)	3,121
Contract assets	(5,986)	(2,742)
Accounts payable	(802)	1,257
Accounts payable, related party	1,145	2,941
Fuel tax credits payable	(609)	(696)
Accrued payroll	(1,650)	(1,850)
Accrued expenses	(611)	3,125
Operating lease liabilities - current and non-current	(301)	(270)
Other current and non-current liabilities	4,171	(1,054)
Contract liabilities	(52)	(1,793)
Net cash provided by operating activities	14,251	7,786
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(49,742)	(72,009)
Proceeds from sale of short term investments	1,290	48,021
Deconsolidation of VIEs, net of cash	—	(11,948)
Distributions received from equity method investment	2,922	7,756
Cash paid for investment in other entities	(8,550)	—
Net cash used in investing activities	(54,080)	(28,180)
Cash flows from financing activities:		
Proceeds from OPAL Term Loan	25,000	10,000
Cash paid for purchase of shares upon exercise of put option	—	(16,391)
Cash paid for taxes related to net share settlement of equity awards	(627)	—
Financing costs paid to other third parties	(253)	—

Repayment of Senior Secured Credit Facility	—	(22,750)
Repayment of OPAL Term Loan	—	(13,866)
Repayment of Municipality loan	—	(76)
Repayment of Sunoma Loan	(783)	—
Repayment of equipment loan	(44)	—
Payment of preferred dividends	(7,853)	—
Proceeds from sale of non-redeemable non-controlling interest	—	12,778
Reimbursement of financing costs by joint venture partner	—	826
Distribution to non-redeemable non-controlling interest	(574)	(222)
Proceeds from issuance of shares of Class A common stock under the ATM program, net	170	—
Net cash provided by (used in) financing activities	15,036	(29,701)
Net decrease in cash, restricted cash, and cash equivalents	(24,793)	(50,095)
Cash, restricted cash, and cash equivalents, beginning of period	47,242	77,221
Cash, restricted cash, and cash equivalents, end of period	$ 22,449	$ 27,126
Supplemental disclosure of cash flow information		
Interest paid, net of $2,074 and $3,785 capitalized, respectively	$ 7,185	$ 1,507
Noncash investing and financing activities:		
Paid-in-kind dividend on redeemable preferred non-controlling interests	$ —	$ 5,612
Accrual for asset retirement obligation included in Property, plant and equipment	$ 591	$ —
Right-of-use assets arising from lease modifications	$ 1,218	$ —
Accrual for purchase of Property, plant and equipment included in Accounts payable and Accrued capital expenses	$ 18,324	$ 8,864

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

OPAL FUELS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Description of Business

OPAL Fuels Inc. (including its subsidiaries, the “Company”, “OPAL,” “we,” “us” or “our”) is a renewable energy company specializing in the capture and conversion of biogas for the (i) production of RNG for use as a vehicle fuel for heavy and medium-duty trucking fleets, (ii) generation of electricity from renewable sources ("Renewable Power") for sale to utilities, (iii) generation and sale of Environmental Attributes associated with RNG and Renewable Power, and (iv) sales of RNG as pipeline quality natural gas. The term “Environmental Attributes” refers to federal, state and local government incentives in the United States, provided in the form of renewable identification numbers ("RINs"), RECs, LCFS credits, ISCC Carbon Credits, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of renewable energy projects. OPAL also designs, develops, constructs, operates and services Fueling Stations for trucking fleets across the country that use natural gas to displace diesel as their transportation fuel. The biogas conversion projects currently use landfill gas and dairy manure as the source of the biogas. In addition, we have recently begun implementing design, development, and construction services for hydrogen Fueling Stations, and we are pursuing opportunities to diversify our sources of biogas to other waste streams.

The Company is organized into four operating segments based on the characteristics and the nature of products and services. The four operating segments are RNG Fuel, Fuel Station Services, Renewable Power and Corporate.

All amounts in these footnotes are presented in thousands of dollars except share and per share data.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

These condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and include the accounts of the Company and all other entities in which the Company has a controlling financial interest: OPAL Renewable Power LLC (formerly Fortistar Methane 3 LLC (“FM3”) and Fortistar Methane 4 LLC), Beacon RNG LLC (“Beacon”) Sunoma Holdings, LLC (“Sunoma”), New River LLC (“New River”), Reynolds RNG LLC (“Reynolds”), Central Valley LLC (“Central Valley”), Prince William RNG LLC (“Prince William”), Cottonwood RNG LLC (“Cottonwood”), Polk County RNG LLC (“Polk County”), OPAL Contracting LLC (formerly Fortistar Contracting LLC), OPAL RNG LLC (formerly Fortistar RNG LLC), and OPAL Fuel station services LLC (“Fuel Station Services”). The Company’s unaudited condensed consolidated financial statements include the assets and liabilities of these subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. The non-controlling interest attributable to the Company's variable interest entities ("VIE") are presented as a separate component from the Stockholders' deficit in the condensed consolidated balance sheets and as a non-redeemable non-controlling interests in the condensed consolidated statements of changes in redeemable non-controlling interests, redeemable preferred non-controlling interests and Stockholders' deficit.

Certain prior period amounts have been reclassified to conform with the current period presentation including reclassification of the Company’s proportional share of income in equity investments into operating income. See Note 3. *Investment in Other Entities* for further discussion. The Company reclassified certain project development and startup costs as a separate line within Operating expenses, which were previously included in Cost of sales - RNG Fuel and Selling, general and administrative expenses. Additionally, an adjustment for approximately $506 was recorded to move certain prior costs between selling, general and administrative costs to cost of sales – RNG fuel for the three months ended March 31, 2023, which is reflected in the six months ended June 30, 2023 amounts." Please see the *Project development and startup costs* section within Note 2. Additionally, the Company also reclassified certain Asset retirement obligations from current to non-current in its condensed consolidated balance sheet as of December 31, 2023.

The information included in this quarterly report should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 as the interim disclosures generally do not repeat those in the annual financial statements and are condensed in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnote disclosures required by U.S. GAAP for complete financial statements.

In the opinion of management, the Company's financial statements include all normal and recurring adjustments necessary in order to make the financial statements not misleading and to provide a fair presentation of the Company's financial results for the interim periods included in this Quarterly Report.

Variable Interest Entities

Our policy is to consolidate all entities that we control by ownership of a majority of the outstanding voting stock. In addition, we consolidate entities that meet the definition of a VIE for which we are the primary beneficiary. The Company applies the VIE model from ASC 810 when the Company has a variable interest in a legal entity not subject to a scope exception and the entity meets any of the five characteristics of a VIE. The primary beneficiary of a VIE is considered to be the party that both possesses the power to direct the activities of the entity that most significantly impact the entity’s economic performance and has the obligation to absorb losses or the rights to receive benefits of the VIE that could be significant to the VIE. To the extent a VIE is not consolidated, the Company evaluates its interest for application of the equity method of accounting. Equity method investments are included in the condensed consolidated balance sheets as “Investments in other entities.” Investments in unconsolidated entities in which the Company has significant influence over the operating or financial decisions are accounted for under the equity method.

As of June 30, 2024, the Company accounted for its ownership interests in Pine Bend RNG LLC ("Pine Bend"), Noble Road RNG LLC ("Noble Road"), Emerald RNG LLC ("Emerald"), Sapphire RNG LLC ("Sapphire"), Paragon RNG LLC ("Paragon"), Land2Gas LLC (the "SJI Joint Venture") (RNG Atlantic and RNG Burlington)) and GREP BTB Holdings LLC ("GREP") under the equity method.

Use of estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and assumptions of the Company include the residual value of the useful lives of our property, plant and equipment, the fair value of stock-based compensation, asset retirement obligations, the estimated losses on our trade receivables, percentage completion for revenue recognition, incremental borrowing rate for calculating the right-of-use lease assets and lease liabilities, the impairment assessment of goodwill and the fair value of derivative instruments. Actual results could differ from those estimates.

The results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the entire year.

Accounting Pronouncements not yet adopted

In November 2023, the FASB issued Accounting Standards Update No. 2023-07, Segment Reporting (Topic 280) ("ASU 2023-07"). The update improves the reportable segment disclosure requirements by requiring all entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker (CODM), report other segment items (segment revenue less the significant expenses disclosed and profit or loss) by reportable segment, title and position of the CODM and an explanation of how the CODM uses the reported measure of segment profit or loss in assessing segment performance and deciding how to allocate resources. Additionally, ASU 2023-07 requires that if the CODM uses more than one measure of a segment's net income or loss in assessing segment performance and deciding how to allocate resources, the entity may report one or more of those additional measures. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024 and should be applied retrospectively for all periods presented. The Company expects to report significant operating expenses by segment and other additional disclosures the Company is currently evaluating, upon adoption of ASU 2023-07 in its consolidated financial statements.

Emerging Growth Company Status

We are an emerging growth company as defined in the JOBS Act. The JOBS Act provides emerging growth companies with certain exemptions from public company reporting requirements for up to five fiscal years while a company remains an emerging growth company. As part of these exemptions, we need only provide two fiscal years of audited financial statements instead of three, we have reduced disclosure obligations such as for executive compensation, and we are not required to comply with auditor attestation requirements from Section 404(b) of the Sarbanes-Oxley Act regarding our internal control over financial reporting. Additionally, the JOBS Act has allowed us the option to delay adoption of new or revised financial accounting standards until private companies are required to comply with new or revised financial accounting standards.

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash consisted of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Current assets:		
Cash and cash equivalents	$ 19,016	$ 38,348
Restricted cash - current [1]	940	4,395
Long-term assets:		
Restricted cash held as collateral [2]	2,493	4,499
Total cash, cash equivalents, and restricted cash	$ 22,449	$ 47,242

[1] Restricted cash - current as of June 30, 2024 consists of $940 related to debt reserve on Sunoma Loan. Restricted cash - current as of December 31, 2023 consists of $3,361 related to debt reserve on the Sunoma Loan and $1,034 related to deposit on our interconnections payments.

[2] Restricted cash held as collateral represents the collateral requirements on our debt facilities.

Short term investments

The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity greater than three months at the time of purchase to be short term investments. The short term investments of $8,585 and $9,875 as of June 30, 2024 and December 31, 2023, respectively, consists of cash invested in money market accounts with maturities ranging between 1 and 12 months as of the reporting date. The amounts in these money market accounts are liquid and available for general use.

Our short term investments are generally invested in commercial paper issued by highly credit worthy counter parties and government backed treasury bills. Investments are generally not FDIC insured and we take counter party risk on these investments.

Earnout Liabilities

In connection with the business combination completed in July 2022 and pursuant to a sponsor letter agreement, ArcLight CTC Holdings II, L.P. (the "Sponsor") agreed to subject 10% of its Class A common stock (received as a result of the conversion of its ArcLight Class B ordinary shares immediately prior to the closing) to vesting and forfeiture conditions relating to VWAP targets for the Company's Class A common stock sustained over a period of 60 months following the closing. OPAL Fuels equity holders are eligible to receive an aggregate of 10,000,000 shares of Class B and Class D common stock upon the Company achieving each earn-out event during the earn-out period. The earnout awards (the "Earnout Awards") were recognized at fair value on the closing date and classified as a liability which is remeasured at each balance sheet date and any change in fair value is recognized in the Company's condensed consolidated statement of operations as part of change in fair value of derivative instruments, net. For the three and six months ended June 30, 2024, the Company recorded a gain of $776 and $1,179 in its condensed consolidated statements of operations. For the three and six months ended June 30, 2023, the Company recorded a gain of $327 and $4,638 in its condensed consolidated statements of operations. As of June 30, 2024 and December 31, 2023, the Company recorded $721 and $1,900, respectively, on its condensed consolidated balance sheets.

Redeemable non-controlling interests

Redeemable non-controlling interests represent the portion of OPAL Fuels that the Company controls and consolidates but does not own. The Redeemable non-controlling interest represents 144,399,037 Class B Units issued by OPAL Fuels to the prior investors. The Company allocates net income or loss attributable to Redeemable non-controlling interest based on weighted average ownership interest during the period. The net income or loss attributable to Redeemable non-controlling interests is reflected in the condensed consolidated statement of operations.

At each balance sheet date, the mezzanine equity classified Redeemable non-controlling interests is adjusted up to their maximum redemption value if necessary, with an offset in Stockholders' equity. As of June 30, 2024, the maximum redemption value was $597,069.

Project development and startup costs

The Company has multiple RNG projects under construction for which the Company incurs certain development costs such as legal, consulting fees for joint venture structuring, royalties to the landfill owner, fines, settlements, site lease expenses and certification costs. Additionally, the Company also incurs certain expenses on new RNG projects that started operating for the first two years such as virtual pipeline costs (trucking costs incurred until a physical pipeline is connected) and ramp up costs. These costs are temporary and non-recurring over the project lifetime. Historically, the Company included these expenses in Cost of sales - RNG Fuel and Selling, general and administrative expenses with no associated revenues. For the three and six months ended June 30, 2024 and 2023, the Company is presenting these expenses in a separate line within operating expenses to provide additional information to the readers of the financial statements regarding the ongoing profitability of our RNG projects in operation.

The following table provides information on the types of expenses classified under this expense category:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Site lease expenses	$ 293	$ 252	$ 568	$ 506
Legal and professional fees	102	401	390	676
Royalties	—	333	—	833
Virtual pipeline costs	2,540	—	2,659	700
Management services [1]	—	75	30	201
Other	—	54	73	82
Total Project development and startup costs	$ 2,935	1,115	3,720	2,998

[1] Relates to charges billed to the individual projects by Fortistar. See Note. 10 *Related parties* for additional information.

Net income per share

The Company's basic earnings per share of Class A common stock is computed based on the average number of outstanding shares of Class A common stock for the period.

The Company's diluted earnings per share includes effects of the Company's outstanding equity awards under the 2022 Plan (as defined elsewhere in these financial statements), Redeemable non-controlling interests (OPAL Fuels Class B units), redeemable preferred non-controlling interests, Earnout Awards.

Accounts Receivable, net

The Company's allowance for doubtful accounts was $0 and $0 at June 30, 2024 and December 31, 2023.

Asset Retirement Obligation

The Company accounts for asset retirement obligations in accordance with FASB ASC 410, *Asset Retirement and Environmental Obligations,* which requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The fair value of the estimated asset retirement obligations is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The discounted asset retirement costs capitalized amount is accreted over the life of the sublease or site lease agreement. Asset retirement obligations are deemed Level 3 fair value measurements as the inputs used to measure the fair value are unobservable. The Company estimates the fair value of asset retirement obligations by calculating the estimated present value of the cost to retire the asset. This estimate requires assumptions and judgments regarding the existence of liabilities, the amount and timing of cash outflows required to settle the liability, inflation factors, credit adjusted discount rates, and consideration of changes in legal, regulatory, environmental, and political environments. In addition, the Company determines the Level 3 fair value measurements based on historical information and current market conditions.

As of June 30, 2024 and December 31, 2023, the Company estimated the value of its total asset retirement obligations to be $7,594 and $6,728, respectively.

The changes in the asset retirement obligations were as follows as of June 30, 2024:

	June 30, 2024
Balance, December 31, 2023 - Current and non-current	$ 6,728
Additions during the year	592
Accretion expense	274
Total asset retirement obligation	7,594
Less: current portion	(1,952)
Total asset retirement obligation, net of current portion	$ 5,642

Revenue Recognition

The Company's revenue arrangements generally consist of a single performance obligation to transfer goods or services. Revenue from the sale of RNG, CNG and electricity is recognized by applying the "right to invoice" practical expedient within the accounting guidance for *Revenue from Contracts with Customers* that allows for the recognition of revenue from performance obligations in the amount of consideration to which there is a right to invoice the customer and when the amount for which there is a right to invoice corresponds directly to the value transferred to the customer. For some public CNG Fueling Stations where there is no contract with the customer, the Company recognizes revenue at the point in time that the customer takes control of the fuel.

The Company also performs maintenance services throughout the country. Maintenance consists of monitoring equipment and replacing parts as necessary to ensure optimum performance. Revenue from service agreements is recognized over time as services are provided. Capacity payments fluctuate based on peak times of the year and revenues from capacity payments are recognized monthly as earned.

The Company has agreements with two natural gas producers ("Producers") to transport Producers' natural gas using the Company's RNG gathering system. The performance obligation is the delivery of Producers' natural gas to an agreed delivery point on an interstate gas pipeline. The quantity of natural gas transported for the Producers is measured at a certain specified meter reader. The price is fixed at contracted rates and the Producers pay approximately 30 days after month-end. As such, transportation sales are recognized over time, using the output method to measure progress.

The Company provides credit monetization services to customers that own renewable gas generation facilities. The Company recognizes revenue from these services as the credits are minted on behalf of the customer. The Company receives non-cash consideration in the form of RINs or LCFSs for providing these services and recognizes the RINs or LCFSs received as environmental credits held for sale within current assets based on their estimated fair value at contract inception.

On November 29, 2021, the Company entered into a purchase and sale agreement with NextEra for the Environmental Attributes generated by the RNG Fuels business. Under this agreement, the Company plans to sell a minimum of 90% of the Environmental Attributes generated and will receive net proceeds based on the agreed upon price less a specified discount. A specified volume of Environmental Attributes sold per quarter will incur a fee per Environmental Attribute in addition to the specified discount. The agreement was effective beginning January 1, 2022. For the three months ended June 30, 2024 and 2023, the Company earned net revenues after discount and fees of $25,409 and $11,852, respectively under this contract which was recorded as part of Revenues - RNG Fuel and Fuel Station Services. For the six months ended June 30, 2024 and 2023, the Company earned net revenues after discount and fees of $48,645 and $18,060, respectively.

During 2020, the Company has an agreement with a counter party to sell LCFSs at one of our RNG facilities for a period of 7 years at a fixed contract price which has a certain predetermined floor and ceiling price per LCFS. The counter party has the right to apply any excess payment made calculated as the difference between adjusted Oil Price Information Service and the floor price per the contract, against future sales of LCFSs during the contract term. As of June 30, 2024, the Company recorded $2,522 as part of Other long-term liabilities on the condensed consolidated balance sheet.

During the third and fourth quarters of 2022, two of the wholly-owned subsidiaries from our Renewable Power portfolio entered into a purchase and sale agreement with an Environmental Attribute marketing firm to sell Environmental Attributes associated with renewable biomethane ("ISCC Carbon Credits") and purchase brown gas back at contracted fixed prices per million British thermal units ("MMBtus"). One of these contracts has a term of 3 years from the date of certification of the facility with an auto-renewal option. The other contract was terminated in August 2023. During the third quarter of 2023, three additional Renewable Power facilities entered into purchase and sale agreements with 3 year terms and similar terms and conditions as the previous contracts. For the three months ended June 30, 2024 and 2023, the Company earned net revenues of $4,671 and $4,525, respectively under the contracts which were recorded as part of Revenues - Renewable Power in the condensed consolidated statement of operations. For the six months ended June 30, 2024 and 2023, the Company earned net revenues of $8,288 and $9,693, respectively under the contracts which were recorded as part of Revenues - Renewable Power in the condensed consolidated statement of operations.

Sales of Environmental Attributes such as RINs, renewable energy credits ("RECs"), ISCC Carbon Credits and LCFS are generally recorded as revenue when the certificates related to them are delivered to a buyer. However, the Company may recognize revenue from the sale of such Environmental Attributes at the time of the related Renewable Power sales when the contract provides that title to the Environmental Attributes transfers at the time of production, the Company's price to the buyer is fixed, and collection of the sales proceeds is certain.

Management operating fees are earned for the operation, maintenance, and repair of the gas collection system of a landfill site. Revenue is calculated on the volume of per million British thermal units of LFG collected and the megawatt hours ("MWhs") produced at that site. This revenue is recognized when LFG is collected and Renewable Power is delivered.

The Company has various fixed price contracts for the construction of Fueling Stations for customers. Revenues from these contracts, including change orders, are recognized over time, with progress measured by the percentage of costs incurred to date compared to estimated total costs for each contract. This method is used as management considers costs incurred to be the best available measure of progress on these contracts. Costs capitalized to fulfill certain contracts were not material in any of the periods presented.

The Company owns Fueling Stations for use by customers under fuel sale agreements. The Company bills these customers at an agreed upon price for each gallon sold and recognizes revenue based on the amounts invoiced in accordance with the "right to invoice" practical expedient. For some public stations where there is no contract with the customer, the Company recognizes revenue at the point-in-time that the customer takes control of the fuel.

The Company from time-to-time enters into fuel purchase agreements with customers whereby the Company is contracted to design and build a Fueling Station on the customer's property in exchange for the Company providing CNG/RNG to the customer for a determined number of years. In accordance with the standards of ASC 840, *Leases*, the Company has concluded these agreements meet the criteria for a lease and are classified as operating leases. Typically, these agreements do not require any minimum consumption amounts and, therefore, no minimum payments. Upon adoption of ASC 842, the Company adopted the practical expedient not to reassess the classification. For additional information on lease revenues earned, please see Note 8. *Leases.*

Disaggregation of Revenue

The following table shows the disaggregation of revenue according to product line:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Renewable Power sales	$ 6,833	$ 8,393	$ 12,652	$ 17,996
Third party construction	8,705	15,093	19,495	22,247
Service	5,102	4,000	10,437	8,904
Brown gas sales	5,768	7,821	11,370	15,351
Environmental credits (1)	42,370	17,690	78,047	30,368
Parts sales	751	1,149	1,148	1,336
Other	276	—	617	—
Total revenue from contracts with customers	69,805	54,146	133,766	96,202
Lease revenue (2)	1,145	896	2,136	1,797
Total revenue	$ 70,950	$ 55,042	$ 135,902	$ 97,999

(1) Includes revenues of $4,671 and $4,525, respectively, for the three months ended June 30, 2024 and 2023, from customers domiciled outside of United States. For the six months ended June 30, 2024 and 2023, revenues include $8,288 and $9,693, respectively, from customers domiciled outside of United States.

(2) Lease revenue relates to approximately twenty-nine fuel purchasing agreements out of which we have two of our RNG fuel stations with minimum take or pay provisions and revenue from power purchase agreements at two of our Renewable Power facilities where we determined that we transferred the right to control the use of the power plant to the purchaser.

For the three months ended June 30, 2024 and 2023, 12% and 27%, respectively of revenue was recognized over time, and the remainder was for products and services transferred at a point in time. For the six months ended June 30, 2024 and 2023, 14% and 23%, respectively of revenue was recognized over time, and the remainder was for products and services transferred at a point in time.

Other income

The following table shows the items consisting of items recorded as Other income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Loss on warrant exchange	$ —	$ —	$ —	$ (338)
Gain on deconsolidation of VIEs (1)	—	122,873	—	122,873
Gain on transfer of non-financial asset in exchange for services received (2)	432	236	1,097	506
Other income	$ 432	$ 123,109	$ 1,097	$ 123,041

(1) Represents non-cash gain on deconsolidation of Emerald and Sapphire on May 30, 2023.

(2) Represents the fair value of RINs transferred as consideration for services received.

Contract Balances

The following table provides information about receivables, contract assets, and contract liabilities from contracts with customers:

	June 30, 2024	December 31, 2023
Accounts receivable, net	$ 24,220	$ 27,623
Contract assets:		
Cost and estimated earnings in excess of billings	$ 10,662	$ 4,630
Accounts receivable retainage, net	2,114	2,160
Contract assets total	$ 12,776	$ 6,790
Contract liabilities:		
Billings in excess of costs and estimated earnings	$ 6,262	$ 6,314
Contract liabilities total	$ 6,262	$ 6,314

During the six months ended June 30, 2024, the Company recognized revenue of $3,746 that was included in "Contract liabilities" at December 31, 2023. During the six months ended June 30, 2023, the Company recognized revenue of $8,013 that was included in "Contract liabilities" at December 31, 2022.

Environmental credits held for sale

The Company provides dispensing and credit monetization services to OPAL owned facilities and third-party customers that own renewable gas generation facilities. The Company recognizes revenue from these services as the credits are minted on behalf of the customer. The Company receives non-cash consideration in the form of RINs or LCFSs for providing these services and recognizes the environmental credits received as part of Revenues - Fuel Station Services and environmental credits held for sale within current assets based on their estimated fair value at contract inception. It is recorded at historical fair value at contract inception and reviewed to ensure it is recorded at lower of cost and net realizable value at each balance sheet date. Due to the historically higher LCFS pricing, the fair value at contract inception may be significantly higher than the net realizable value of the environmental credits generated at the period-end balance sheet date. For the three months ended June 30, 2024 and 2023, the Company recorded $3,694 and $1,797 as part of Cost of sales - Fuel Station Services in its condensed consolidated statements of operations to adjust environmental credits held for sale to lower of cost and net realizable value. For the six months ended June 30, 2024 and 2023, the Company recorded $6,850 and $3,015 as part of Cost of sales - Fuel Station Services in its condensed consolidated statements of operations to adjust environmental credits held for sale to lower of cost and net realizable value.

Fuel Station Services Construction Backlog

The Company's remaining performance obligations ("backlog") represent the unrecognized revenue value of its contract commitments. The Company's backlog may significantly vary each reporting period based on the timing of major new contract commitments. At June 30, 2024, the Company had a backlog of $42,814 of which $37,427 is anticipated to be recognized as revenue in the next 12 months.

Major Maintenance

Major maintenance is a component of maintenance expense and encompasses overhauls of internal combustion engines, gas compressors and electrical generators. Major maintenance is expensed as incurred. Major maintenance expense was $2,464 and $2,154 for the three months ended June 30, 2024 and 2023 respectively, and is included in cost of sales — Renewable Power in the condensed consolidated statements of operations. For the six months ended June 30, 2024 and 2023 respectively, major maintenance expense included in cost of sales — Renewable Power was $5,373 and $4,230, respectively.

Vulnerability Due to Certain Concentrations

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash, cash equivalents, restricted cash, short term investments, derivative instruments and trade accounts receivable. The Company holds cash, cash equivalents and restricted cash at several major financial institutions, much of which exceeds FDIC insured limits. Historically, the Company has not experienced any losses due to such concentration of credit risk. The Company's temporary cash investments policy is to limit the dollar amount of investments with any one financial institution and monitor the credit ratings of those institutions. While the Company may be exposed to credit losses due to the nonperformance of the holders of its deposits, the Company does not expect the settlement of these transactions to have a material effect on its results of operations, cash flows or financial condition.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Accounting for Income Taxes* ("ASC Topic 740"), which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax bases of its assets and liabilities by applying the enacted tax rates in effect for the year in which the differences are expected to reverse. Such net tax effects on temporary differences are reflected on the Company's condensed consolidated balance sheets as deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when the Company believes that it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The Company calculates the interim tax provision in accordance with the provisions of ASC Subtopic 740-270, *Income Taxes; Interim Reporting*. For interim periods, the Company estimates the annual effective income tax rate and applies the estimated rate to the year-to-date income or loss before income taxes.

Significant Customers, Vendors and Concentration of Credit Risk

For the three and six months ended June 30, 2024, two customers accounted for 53% of the revenue, respectively. For the three and six months ended June 30, 2023, three customers accounted for 47% and 46% of the revenue, respectively. At June 30, 2024, two customers accounted for 53% of accounts receivable. At December 31, 2023, two customers accounted for 54% of accounts receivable.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, and trade receivables. The Company places its cash with high credit quality financial institutions located in the United States of America. The Company performs ongoing credit evaluations of its customers.

As of June 30, 2024**,** one vendor accounted for 30% of the accounts payable. As of December 31, 2023, one vendor accounted for 32% of the accounts payable.

3. Investment in Other Entities

The Company uses the equity method to account for investments in affiliates that it does not control, but in which it has the ability to exercise significant influence over operating and financial policies. The Company's investments in these nonconsolidated affiliates are reflected in the Company's condensed consolidated balance sheets under the equity method, and the Company's proportionate net (loss) income, if any, is included in the Company's condensed consolidated statements of operations as (loss) income from equity method investments.

We continue to evaluate operational developments and the impact of the anticipated expansion of the operations of our existing equity method investments. Based on our analysis, it was determined that our equity method investments have evolved into a critical, integral part of our RNG segment business operations as they provide critical additional production capacity. Therefore, we have determined that the presentation of income (loss) from equity method investments as part of the operating income is more meaningful and useful information to the readers of our financial statements. As a result, we have reclassified our portion of income (loss) from equity method investments to Operating income for all periods presented.

The Company has elected to apply the cumulative earnings approach for classifying distributions received from equity method investees. Distributions are classified as cash inflows from operating activities unless they exceed the investor's cumulative equity in earnings, in which case the excess is classified as cash inflows from investing activities.

The following table shows the movement in Investment in Other Entities:

	Pine Bend	Noble Road	GREP	SJI	Paragon	Total
Percentage of ownership	50 %	50 %	20 %	50 %	50 %	
Balance at December 31, 2023	$ 21,062	$ 22,174	$ 2,015	$ 1,567	$ 160,281	$ 207,099
Net income from equity method investment	2,135	3,030	(291)	(258)	6,248	$ 10,864
Contribution by the Company	—	—	—	4,500	4,050	$ 8,550
Distributions from return on investment in equity method investment [1]	(2,042)	(2,850)	—	—	(3,777)	$ (8,669)
Distributions from return of investment in equity method investment [2]	(558)	—	—	—	(2,364)	$ (2,922)
Accumulated other comprehensive income	—	—	—	—	515	$ 515
Amortization of basis difference [3]	(93)	(295)	—	—	(2,470)	$ (2,858)
Balance at June 30, 2024	$ 20,504	$ 22,059	$ 1,724	$ 5,809	$ 162,483	$ 212,579

[1] Recorded as part of cash flows from operating activities for the six months ended June 30, 2024.

[2] Recorded as part of cash flows from investing activities for the six months ended June 30, 2024.

[3] Reflected in Income from equity method investments in the condensed consolidated statement of operations for the six months ended June 30, 2024.

The following table summarizes the net income from equity method investments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	$ 25,567	$ 6,925	$ 50,974	$ 14,464
Gross profit	9,919	8,225	21,013	9,876
Net loss	8,693	(2,686)	19,397	(2,899)
Net (loss) income from equity method investments [1]	$ 3,800	(998)	$ 8,006	$ (293)

[1] Net income from equity method investments represents our portion of the net income from equity method investments including amortization of any basis differences.

4. Property, Plant, and Equipment, Net

Property, plant, and equipment, net, consisted of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Plant and equipment	$ 262,264	$ 205,188
CNG/RNG fueling stations	56,725	51,749
Construction in progress [(1)]	158,663	175,060
Buildings	2,585	2,585
Land	1,303	1,303
Service equipment	2,591	2,481
Leasehold improvements	815	815
Vehicles	457	489
Office furniture and equipment	307	307
Computer software	277	277
Land lease - finance lease	6,096	6,469
Vehicles - finance leases	2,288	2,580
Other	612	591
	494,983	449,894
Less: accumulated depreciation	(109,528)	(110,401)
Property, plant, and equipment, net	$ 385,455	$ 339,493

(1) Includes $1,055 and $5,475 of capitalized interest on our OPAL Term Loan facility for the six months ended June 30, 2024 and for the year ended December 31, 2023.

On October 20, 2023, our wholly owned subsidiary entered into an Asset Purchase and Sale Agreement (for the purposes of this paragraph, the “Agreement”) with Washington Gas Light Company ("WGL"). The subsidiary constructed an RNG production facility at the Prince William County landfill located in Manassas, Virginia, to process landfill gas into RNG. The Agreement obligates the subsidiary to develop, plan and permit a gas pipeline extension and associated interconnection facilities (the “Pipeline Project”) to deliver RNG from the facility to an interconnection point on WGL’s pipeline. Per the terms and conditions of the Agreement, WGL will purchase the Pipeline Project from the subsidiary after its final completion at a purchase price of $25 million. The closing is contingent upon approval of the Agreement by the Virginia State Corporation Commission, as well as the satisfaction of customary closing conditions, and the outside closing date is on or prior to October 20, 2024. During the second quarter of 2024, the agreement has been amended to move the closing date to first quarter of 2025. As of June 30, 2024, we have recorded capital expenditure of $2,881 which is included in the Property, Plant and Equipment on our condensed consolidated balance sheet.

As of June 30, 2024, the Construction in progress consists of capital expenditures on construction of RNG generation facilities including, but not limited to Polk County, Cottonwood, Central Valley RNG projects and RNG dispensing facilities. Polk County is expected to be operational in the fourth quarter of 2024. The remaining facilities except Central Valley RNG projects, for which costs are in construction in progress as of June 30, 2024, are expected to be operational during 2025. Regarding the Central Valley RNG projects, please refer to Note 17. *Commitments and Contingencies* for additional information.

Depreciation expense on property, plant, and equipment for the three months ended June 30, 2024 and 2023 was $4,076 and $3,372, respectively. The depreciation expense for the six months ended June 30, 2024 and June 30, 2023 was $7,569 and $6,677, respectively.

5. Intangible Assets, Net

Intangible assets, net, consisted of the following at June 30, 2024 and December 31, 2023:

	June 30, 2024			
	Cost	Accumulated Amortization	Intangible Assets, Net	Weighted Average Amortization Period (Years)
Power purchase agreements	$ 8,999	$ (7,536)	$ 1,463	18.1

Transmission/distribution interconnection	1,600	(1,600)	—	15.1
Intellectual property	43	(40)	3	5.0
Total intangible assets	$ 10,642	$ (9,176)	$ 1,466	

	December 31, 2023			
	Cost	Accumulated Amortization	Intangible Assets, Net	Weighted Average Amortization Period (years)
Power purchase agreements	$ 8,999	$ (7,926)	$ 1,073	18.1
Transmission/distribution interconnection	1,600	(1,076)	524	15.1
Intellectual property	43	(36)	7	5.0
Total intangible assets	$ 10,642	$ (9,038)	$ 1,604	

Amortization expense for the three and six months ended June 30, 2024 was $71 and $138, respectively. Amortization expense for the three and six months ended June 30, 2023 was $153 and $313, respectively. At June 30, 2024, estimated future amortization expense for intangible assets is as follows:

Six months ended December 31, 2024	$ 136
Fiscal year:	
2025	267
2026	231
2027	171
2028	171
Thereafter	490
	$ 1,466

6. Goodwill

The following table summarizes the changes in goodwill, if any, by reporting segment from the beginning of the period to the end of the period:

	RNG Fuel	Fuel Station Services	Total
Balance at December 31, 2023	$ 51,155	$ 3,453	$ 54,608
Balance at June 30, 2024	$ 51,155	$ 3,453	$ 54,608

7. Borrowings

The following table summarizes the borrowings under the various debt facilities as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
OPAL Term Loan	211,618	186,618
Less: unamortized debt issuance costs	(9,065)	(10,086)
Less: current portion	(4,211)	—
OPAL Term Loan, net of debt issuance costs	198,342	176,532
Sunoma Loan	21,672	22,453
Less: unamortized debt issuance costs	(790)	(835)
Less: current portion	(1,689)	(1,608)
Sunoma Loan, net of debt issuance costs	19,193	20,010
Non-current borrowings total	$ 217,535	$ 196,542

As of June 30, 2024, principal maturities of debt are expected as follows, excluding any undrawn debt facilities as of the date of the condensed consolidated balance sheets:

	OPAL Term Loan	Sunoma Loan	Total
Six months ending December 31, 2024	$ —	$ 826	$ 826
Fiscal year:			
2025	8,338	1,756	10,094
2026	8,009	1,898	9,907
2027	7,695	2,051	9,746
2028	187,576	2,213	189,789
Thereafter	$ —	12,928	12,928
	$ 211,618	$ 21,672	$ 233,290

OPAL Term Loan

On October 22, 2021, OPAL Fuels Intermediate Holding Company LLC (“OPAL Intermediate Holdco”), an indirect wholly-owned subsidiary of the Company, entered into a $125,000 term loan agreement (the "OPAL Term Loan") with a syndicate of lenders.

On September 1, 2023, OPAL Intermediate Holdco restructured its existing credit agreement and entered into a new senior secured credit facility (the "Credit Agreement") with OPAL Intermediate HoldCo as the Borrower, direct and indirect subsidiaries of the Borrower as guarantors (the “Guarantors”), the lenders party thereto, as lenders, Apterra Infrastructure Capital LLC, Barclays Bank PLC, BofA Securities, Inc., Celtic Bank Corporation, Citibank, N.A., JP Morgan Chase Bank, N.A. Investec Inc. and ICBC Standard Bank PLC, as joint lead arrangers, and Bank of America, N.A., as administrative agent. Four of the existing lenders participated in the new credit facility.

The Credit Agreement provides for up to $450.0 million of initial and delayed draw term loans (with such delayed draw term loans available for up to 18 months after closing) and $50.0 million of revolving loans. The proceeds from the facility are expected to be used to fund other general corporate purposes of the Borrower and Guarantors. The Company paid transaction fees and expenses in the amount of approximately $9,976. The amounts outstanding under the Credit Agreement are secured by the assets of the indirect subsidiaries of OPAL Intermediate Holdco.

As of June 30, 2024 and December 31, 2023, the outstanding loan balance (current and non-current) excluding deferred financing costs was $211,618 and $186,618, respectively. During the second quarter of 2024, the Company drew down an additional $25,000. Additionally, the Company utilized $13,694 of availability under the revolver loan to provide for the issuance of letters of credit to support the operations of the Borrower and the Guarantors.

The outstanding loans under the Credit Agreement initially bear interest at an annual rate of Term SOFR plus 3.5%, increasing by 0.25% per annum during the term. Commencing March 31, 2025, the outstanding principal amount of the term loans amortizes at a rate of 1% per quarter and the Borrower is obligated to pay a leverage based cash sweep ranging from 25% to 100% of distributable cash of Borrower and the Guarantors, and subject to certain other mandatory prepayment requirements. The term loans and revolving loans mature on September 1, 2028.

The Credit Agreement requires the Borrower to maintain a consolidated debt service coverage ratio of not less than 1.2 to 1.0, as tested on a trailing four quarters basis as of the last day of each fiscal quarter during the term commencing with the quarter ended December 31, 2023, and to maintain a consolidated debt to cash flow ratio of not greater than 4.5 to 1.0 during the delayed draw availability period, and not greater than 4.0 to 1.0 thereafter.

The Credit Agreement includes certain customary and project-related affirmative and negative covenants, including restrictions on distributions, and events of default, which include payment defaults breaches of covenants; changes of control materially incorrect or misleading representations or warranties bankruptcy or other events of insolvency and certain project-related defaults. As of June 30, 2024, the Company is in compliance with the financial covenants under the OPAL Term Loan. Additionally, the OPAL Term Loan contains restrictions on distributions and additional indebtedness.

The Company has the ability, during the delayed draw availability period and subject to the satisfaction of certain credit and project-related conditions precedent, to join other newly acquired subsidiaries with comparable renewable projects in development under the credit facility for comparable funding.

Sunoma Loan

On August 27, 2020, Sunoma, an indirect wholly-owned subsidiary of the Company entered into a debt agreement (the "Sunoma Loan Agreement") with Live Oak Banking Company for an aggregate principal amount of $20,000. Sunoma paid $635 as financing fees. The amounts outstanding under the Sunoma Loan are secured by the assets of Sunoma.

The Sunoma Loan Agreement contains certain financial covenants which require Sunoma to maintain (i) maximum debt to net worth ratio not to exceed 5:1 (ii) a minimum current ratio not less than 1.0 and (iii) minimum debt service coverage ratio of trailing four quarters not less than 1.25. On July 19, 2022, Sunoma completed the conversion of the construction loan into a permanent loan and increased the commitment from $20,000 to $23,000. As of June 30, 2024, Sunoma in compliance with the financial covenants under the Sunoma Loan Agreement.

The borrowings under the Sunoma Loan Agreement bear interest at the rate of prime rate plus 3.5% or 7.75% and have a maturity date of July 19, 2033. The Company is required to pay a quarterly amortization of principal of $380 beginning in October 2023.

As of June 30, 2024 and December 31, 2023, the outstanding loan balance (current and non-current) excluding deferred financing costs was $21,672 and $22,453, respectively.

The significant assets of Sunoma are parenthesized in the condensed consolidated balance sheets as June 30, 2024 and December 31, 2023. See Note 12. *Variable Interest Entities* for additional information.

Convertible Note Payable

On May 1, 2021, the Company acquired the remaining ownership interests in Beacon and signed an unsecured, contingently convertible note (the "Convertible Note Payable") with Ares for a total aggregate amount for $50,000 at an interest rate of 8.00% per annum.

The Company repaid the outstanding balance in full on September 1, 2023.

Municipality Loan

FM3, an indirect wholly-owned subsidiary of the Company, entered into a loan agreement for the construction of an interconnection that was initially funded by the municipality. The loan was fully repaid in April 2023.

Senior Secured Credit Facility

On September 21, 2015, FM3, an indirect wholly-owned subsidiary of the Company, entered into a senior secured credit facility (the "Senior Secured Credit Facility") as a borrower and a syndicate of lenders, which provides for an aggregate principal amount of $150,000, consisting of (i) a term loan of $125,000 and a (ii) working capital letter of credit facility of up to $19,000 and a (iii) debt service reserve and liquidity facility of up to $6,000.

On March 20, 2023, the Company repaid in full the remaining outstanding loan under this facility.

Interest rates

2024

For the three and six months ended June 30, 2024, the weighted average effective interest rate including amortization of debt issuance costs on OPAL Term Loan was 9.3% and 7.9%, respectively.

For the three and six months ended June 30, 2024, the interest rate on the Sunoma Loan was 8.5% and 8.4%, respectively.

2023

For the three and six months ended June 30, 2023, the weighted average effective interest rate on the Senior Secured Credit Facility including amortization of debt issuance costs on Senior Secured Credit Facility was 5.6% including a margin plus LIBOR. The facility was fully repaid in March 2023.

For the three and six months ended June 30, 2023, the weighted average effective interest rate on OPAL Term Loan including amortization of debt issuance costs was 9.2% and 8.8%.

For three and six months ended June 30, 2023, the interest rate on the Sunoma loan was 8.0%.

For the three and six months ended June 30, 2023, the payment-in-kind interest rate on Convertible Note Payable was 8.0%.

For the three and six months ended June 30, 2023, the weighted average interest rate on Municipality loan was 3.0%.

The following table summarizes the Company's total interest expense for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Senior Secured Credit Facility	$ —	$ —	$ 2	$ 281
Convertible Note Payable mark-to-market	—	581	—	1,144
Sunoma Loan	440	449	901	894
OPAL Term Loan [1]	3,549	—	6,318	19
Equipment loan	5	—	10	—
Commitment fees and other finance fees	774	184	1,462	312
Amortization of deferred financing cost	564	345	1,119	795
Interest expense on finance leases	141	21	288	37
Interest income	(484)	(624)	(1,150)	(1,885)
Total interest expense	$ 4,989	$ 956	$ 8,950	$ 1,597

[1] Excludes $640 and $2,074 of interest capitalized and recorded as part of Property, Plant and Equipment for the three and six months ended June 30, 2024, respectively. Excludes $1,981 and $3,785 of interest capitalized and recorded as part of Property, Plant and Equipment for the three and six months ended June 30, 2023, respectively.

8. Leases

The following are the type of contracts that fall under ASC 842:

Lessor contracts

Fuel Provider agreements

Fuel provider agreements ("FPAs") are for the sale of brown gas, service and maintenance of sites. The Company is contracted to design and build a Fueling Station on the customer's property in exchange for the Company providing CNG/RNG to the customer for a determined number of years. These are considered to be operating leases with variable consideration. As per ASC 842, the revenue is recognized in the period earned.

Power Purchase agreements

Power purchase agreements ("PPAs") are for the sale of electricity generated at our Renewable Power facilities. All of our Renewable Power facilities operate under fixed pricing or indexed pricing based on market prices. Two of our Renewable Power facilities transfer the right to control the use of the power plant to the purchaser and are therefore classified as operating leases. The Company elected not to reassess the lease classification due to change in criteria under ASC 842 for these two PPAs. There were no amendments to these two contracts after the adoption date.

Included in Fuel Station Service revenues are $935 and $1,707 related to the lease portion of the FPAs for the three and six months ended June 30, 2024, respectively. It includes $632 and $1,202 related to the lease portion of the FPAs for the three and six months ended June 30, 2023, respectively.

Included in Renewable Power revenues are $210 and $429 related to the lease element of the PPAs for the three and six months ended June 30, 2024, respectively. Includes $264 and $595 related to the lease element of the PPAs for the three and six ended June 30, 2023, respectively.

Lessee contracts

Ground/Site leases

The Company through various of its indirectly owned subsidiaries holds site leases on landfills/dairy farms to build RNG generation facilities. Typically, the lease payments over the lease term are immaterial except for three of our RNG facilities - Beacon and two sites at our Central Valley project - MD Digester ("MD") and VS Digester ("VS"). During the second quarter of 2024, the Company revised the commercial operation date for its leases for MD and VS by between 20 to 24 months which changed the lease term for both the leases. Beginning in the second quarter of 2024 the Company treated this as a lease modification and increased its right-of-use asset and corresponding lease liability by $1,218 on its condensed consolidated balance sheet as of June 30, 2024, using the incremental borrowing rate of 7.28%.

On December 27, 2023, OPAL entered into an Amended and Restated Lease Agreement with a counter party which amended the payment terms to include a minimum volume requirement that requires OPAL to pay lease payments of $1 per GGE of CNG pumped with annual minimum volumes for the lease term.

The Company determined that the site lease is a finance lease because the present value of the sum of the lease payments is substantially greater than the fair value of the parcel of land. Therefore, the Company recorded right-of-use asset and related lease liability on December 27, 2023.

Office lease

The Company entered into a lease for office and warehouse space that became effective upon the termination of the original lease term on January 31, 2018. The term of the lease renewal was 36 months and contained an option to renew for an additional 24 months. In September 2020, the Company exercised this option. In March 2022, the Company entered into an amendment to the lease which extended the lease term till January 2026.

The Company determined that the three site leases and the one office lease are operating leases.

Under ASC 842, leases are classified as either finance or operating arrangements, with such classification affecting the pattern and classification of expense recognition in an entity's income statement. For operating leases, ASC 842 requires recognition in an entity’s income statement of a single lease expense, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. Right-of-use assets represent a right to use the underlying asset for the lease term and the related lease liability represents an obligation to make lease payments pursuant to the contractual terms of the lease agreement.

Based on the above guidance, the lease expense for the site leases is included as part of Cost of sales - RNG Fuel in its condensed consolidated statement of operations for the three and six months ended June 30, 2024 and 2023. The lease expense for the office lease is recorded as part of Selling, general and administrative expenses in its condensed consolidated statement of operations for the three and months ended June 30, 2024 and 2023.

Vehicle leases

The Company leases approximately 104 vehicles in our FM3 and OPAL Fuel Station Services subsidiaries. The leases contain repurchase options at the end of the lease term and the sum total of the lease payments represents substantially the fair value of the asset.

Under ASC 842, the Company determined that the vehicle leases are finance leases. For finance leases, ASC 842 requires recognition of amortization of right-of-use asset as part of depreciation and amortization expense and the interest on the finance lease liability as interest expense in the income statement. The Company accordingly recognized its lease expense on the vehicle leases as part of Depreciation, amortization and accretion expense and interest and financing expense, net in its condensed statement of operations for the three and six months ended June 30, 2024 and 2023.

Lease Disclosures Under ASC 842

The objective of the disclosure requirements under ASC 842 is to enable users of an entity’s financial statements to assess the amount, timing and uncertainty of cash flows arising from lease arrangements. In addition to the supplemental qualitative leasing disclosures included above, below are quantitative disclosures that are intended to meet the stated objective of ASC 842.

Right-of-use assets and Lease liabilities as of June 30, 2024 and December 31, 2023 are as follows:

Description	Location in Balance Sheet	June 30, 2024	December 31, 2023
Assets:			
Operating leases [1]:			
Site leases	Right-of-use assets	$ 12,438	$ 11,330
Office lease	Right-of-use assets	747	971
		13,185	**12,301**
Finance leases [1]:			
Vehicle leases	Property, plant and equipment, net	2,288	2,580
Site lease	Property, plant and equipment, net	6,096	6,468
		8,384	**9,048**
Total right-of-use assets		**$ 21,569**	**$ 21,349**
Liabilities [1]:			
Sites leases	Lease liabilities - current portion	205	$ 130
Office lease	Lease liabilities - current portion	528	508
Vehicle leases - finance	Accrued expenses and other current liabilities	771	827
Site leases - finance	Accrued expenses and other current liabilities	471	571
		1,975	**2,036**
Sites leases	Lease liabilities - non-current portion	12,315	11,222
Office lease	Lease liabilities - non-current portion	331	602
Vehicle leases - finance	Other long-term liabilities	1,505	1,801
Site leases - finance	Other long-term liabilities	5,771	5,587
		19,922	**19,212**
Total lease liabilities		**$ 21,897**	**$ 21,248**

[1] The Operating lease right-of-use asset and Operating lease liabilities represent the present value of lease payments for the remaining term of the lease. The discount rate used ranged from 2.30% to 7.28%.

The table below presents components of the Company's lease expense for the three and six months ended June 30, 2024 and 2023:

Description	Location in Statement of Operations	Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2023	2024	2023
Operating lease expense for site leases	Cost of sales - RNG Fuel	$ 282	$ 263	$ 565	$ 526
Operating lease expense for office lease	Selling, general, administrative expenses	121	121	242	242
Amortization of right-of-use assets - finance leases	Depreciation, amortization and accretion expense	245	141	479	281
Interest expense on lease liabilities - finance leases	Interest and financing expense, net	141	21	288	37
		$ 789	$ 546	$ 1,574	$ 1,086

The Company does not have material short term lease expense for the three and six months ended June 30, 2024 and 2023.

The Company did not enter into any operating leases greater than 12 months for the six months ended June 30, 2024.

Weighted average remaining lease term (years)	June 30, 2024
Operating leases	21.2 years
Financing leases	6.6 years
Weighted average discount rate	
Operating leases	7.05 %
Financing leases	6.60 %

The table below provides the total amount of lease payments on an undiscounted basis on our lease contracts as of June 30, 2024:

	Site leases	**Office leases**	**Vehicle leases**	**Site lease - Finance**	**Total**
Weighted average discount rate	7.6 %	2.3 %	7.6 %	6.1 %	
Six months ending December 31, 2024	$ 536	$ 271	$ 551	$ 481	$ 1,839
2025	1,129	562	996	963	3,650
2026	1,129	47	841	963	2,980
2027	1,129	—	459	963	2,551
2028	1,129	—	12	963	2,104
Thereafter	19,971	—	—	3,287	23,258
	25,023	880	2,859	7,620	36,382
Present value of lease liability	12,520	859	2,276	6,242	21,897
Lease liabilities - current portion	205	528	771	471	1,975
Lease liabilities - non-current portion	12,315	331	1,505	5,771	19,922
Total lease liabilities	$ 12,520	$ 859	$ 2,276	$ 6,242	$ 21,897
Discount based on incremental borrowing rate	$ 12,503	$ 21	$ 583	$ 1,378	$ 14,485

9. Derivative Financial Instruments and Fair Value Measurements

Interest rate swaps

The following table summarizes the interest rate swaps in place as of June 30, 2024:

The effect of interest rate swaps on the condensed consolidated statement of operations were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,		
	2024	2023	2024	2023	Location of (Loss) Gain Recognized in Operations from Derivatives
Interest rate swaps	$ —	$ —	$ —	$ —	
Swaption	—	20	—	(46)	
Net periodic settlements	—	812	—	812	
	$ —	$ 832	$ —	$ 766	Change in fair value of derivative instruments, net

Commodity swap contracts

The Company utilizes commodity swap contracts to hedge against the unfavorable price fluctuations in market prices of electricity. The Company does not apply hedge accounting to these contracts. As such, unrealized and realized gain (loss) is recognized as a component of Renewable Power revenues in the condensed consolidated statement of operations and Derivative financial asset — current and non-current in the condensed consolidated balance sheets. These are considered to be Level 2 instruments in the fair value hierarchy. By using commodity swaps, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counter party to perform under the terms of the swap contract. When the fair value of the swap contract is positive, the counter party owes the Company creating a credit risk. The Company manages the credit risk by entering into contracts with financially sound counter parties. To mitigate this risk, management monitors counterparty credit exposure on an annual basis, and the necessary credit adjustments have been reflected in the fair value of financial derivative instruments. When the fair value of the swap contract is negative, the Company owes the counterparty creating a market risk that the market price is higher than the contract price resulting in the Company not participating in the opportunity to earn higher revenues.

The Company entered into an International Swaps and Derivatives Association ("ISDA") agreement with Mendocino Capital LLC (“NextEra”), a related party in November 2019. Pursuant to the agreement, the Company entered into two additional commodity swaps in October 2022 for a periods of one to two years with contract prices ranging between $65.50 and $68.50 per MWh. The swaps are expected to be settled by physical delivery on a monthly basis. The Company elected the normal purchase and normal sale exclusion and will not apply fair value accounting under ASC 815, *Derivatives and hedging*. The Company will continue to assess its normal purchase and normal sale election on a quarterly basis.

The Company entered into a new commodity swap with NextEra in November 2022 for a period of two years at a contract price of $81.50 per MWh.

In November 2023, the Company entered into an electricity supply agreement with a utility provider for purchase of electricity to be used at one of our RNG facilities for a period of two years with a monthly notional quantity ranging between 1,875 and 2,145 kilo-watt hour ("kWh") and with fixed contract price $0.0599 per kWh. The forward contract is expected to be settled by physical delivery of electricity on a monthly basis. The Company elected the normal purchase normal sale exclusion and will not apply fair value accounting under ASC 815. The Company will continue to assess its normal purchase and normal sale election on a quarterly basis.

The following table summarizes the commodity swaps in place as of June 30, 2024 and December 31, 2023. There were no new commodity swap contracts entered during the three and six months ended June 30, 2024.

Trade Date	Period From	Period To	Notional Quantity per Year (“MWh”)	Average Contract Price (per MWh)
October 17, 2022	January 1, 2023	December 31, 2024	70,176	$ 68.50
November 17, 2022	January 1, 2023	December 31, 2024	35,088	$ 81.50

The following table summarizes the effect of commodity swaps on the condensed consolidated statements of operations for the three and six months ended June 30, 2024 and 2023:

Derivatives not designated as hedging instruments	Location of (loss) gain recognized	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Commodity swaps - realized (loss) gain	Revenues - Renewable Power	$ 231	$ 509	$ 409	$ 880
Commodity swaps - unrealized gain (loss)	Revenues - Renewable Power	(228)	(160)	(324)	762
Total realized and unrealized gain (loss)	Revenues - Renewable Power	$ 3	$ 349	$ 85	$ 1,642

The following table summarizes the derivative assets and liabilities related to commodity swaps as of June 30, 2024 and December 31, 2023:

	Fair Value June 30, 2024	Fair Value December 31, 2023	Location of Fair value recognized in Balance Sheet
Derivatives designated as economic hedges			
Current portion of unrealized gain on commodity swaps	$ 309	$ 633	Derivative financial asset, current portion

Other derivative liabilities

On July 21, 2022, the Company recorded derivative liabilities for the outstanding public warrants and private warrants, put option to Meteora, the Sponsor Earnout Awards and the OPAL Earnout Awards. The private and public warrants were exchanged into Class A common stock in the fourth quarter of 2022. The put option with Meteora expired in January 2023. The change in fair value on Sponsor Earnout and OPAL Earnout Awards is recorded as change in fair value of derivative instruments, net in the condensed consolidated statement of operations for the three and six months ended June 30, 2024 and 2023.

The following table summarizes the effect of change in fair value of other derivative liabilities on the condensed consolidated statements of operations for the three and six months ended June 30, 2024 and 2023:

Derivative liability	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Location of (Loss) Gain Recognized in Operations from Derivatives
Put option to Meteora	$ —	$ —	$ —	$ (311)	
Sponsor Earnout Awards	776	(172)	1,179	138	
OPAL Earnout Awards	—	500	—	4,500	
	$ 776	$ 328	$ 1,179	$ 4,327	Change in fair value of derivative instruments, net

Fair value measurements

The fair value of financial instruments, including long-term debt and derivative instruments is defined as the amount at which the instruments could be exchanged in a current transaction between willing parties. The carrying amount of cash and cash equivalents, accounts receivable, net, and accounts payable and accrued expenses approximates fair value due to their short-term maturities.

The carrying value of the Company's long-term debt, which are considered Level 2 in the fair value hierarchy, of $217,535 and $196,542 as of June 30, 2024 and December 31, 2023, respectively, approximates its fair value because our interest rate is variable and reflects current market rates.

The Company follows ASC 820, *Fair Value Measurement*, regarding fair value measurements which establishes a three-tier fair value hierarchy and prioritizes the inputs used in valuation techniques that measure fair value. These tiers include:

Level 1 — defined as observable inputs such as quoted prices for identical instruments in active markets;

Level 2 — defined as quoted prices for similar instruments in active market, quoted prices for identical or similar instruments in markets that are not active, or model-derived valuations for which all significant inputs are observable market data;

Level 3 — defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of an input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The Company values its energy commodity swap contracts based on the applicable geographical market energy forward curve. The forward curves are derived based on the quotes provided by New York Mercantile Exchange, Amerex Energy Services and Tradition Energy. The Company does not consider that the pricing index used involves significant judgement on the part of management. Therefore, the Company classifies these commodity swap contracts within Level 2 of the valuation hierarchy based on the observable market rates used to determine fair value.

The Company accounts for asset retirement obligations by recording the fair value of a liability for an asset retirement obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The Company estimates the fair value of asset retirement obligations by calculating the estimated present value of the cost to retire the asset. This estimate requires assumptions and judgments regarding the existence of liabilities, the amount and timing of cash outflows required to settle the liability, inflation factors, credit adjusted discount rates, and consideration of changes in legal, regulatory, environmental, and political environments. In addition, the Company determines the Level 3 fair value measurements based on historical information and current market conditions. These assumptions represent Level 3 inputs, which can regularly change. As such, the fair value measurement of asset retirement obligations is subject to changes in these unobservable inputs as of the measurement date. The Company used a discounted cash flow model in which cash outflows estimated to retire the asset are discounted to their present value using an expected discount rate. A significant increase (decrease) in the discount rate in isolation could result in a significantly lower (higher) fair value measurement. The Company estimated the fair value of its asset retirement obligations based on discount rates ranging from 5.75% to 8.5%.

The fair value of the Sponsor Earnout Awards as of June 30, 2024 was determined using a Monte Carlo valuation model with a distribution of potential outcomes on a daily basis over the four year post-close period. Assumptions used in the valuation are as follows:

- Current stock price — The Company's closing stock price of $4.09 as of June 30, 2024;
- Expected volatility —50% based on historical and implied volatilities of selected industry peers deemed to be comparable to our business corresponding to the expected term of the awards;
- Risk-free interest rate — 4.50% based on the U.S. Treasury yield curve in effect at the time of issuance for zero-coupon U.S. Treasury notes with maturities corresponding to the expected 4.1 year term of the earnout period;
- Dividend yield - zero.

The fair value of the OPAL Earnout Awards as of June 30, 2024 and December 31, 2023 was determined to be zero as their expiration date is December 31, 2024 and the Company does not expect to achieve the earn-out target.

There were no transfers of assets between Level 1, Level 2, or Level 3 of the fair value hierarchy as of June 30, 2024.

The Company's assets and liabilities that are measured at fair value on a recurring basis include the following as of June 30, 2024 and December 31, 2023, set forth by level, within the fair value hierarchy:

	Fair value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Asset retirement obligation	$ —	$ —	$ 7,594	$ 7,594
Earnout liabilities	—	—	721	721
Assets:				
Cash and cash equivalents and restricted cash - current and non-current [(1)]	22,449	—	—	22,449
Short term investments	8,585	—	—	8,585
Commodity swap contracts	—	309	—	309

	Fair value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Asset retirement obligation	$ —	$ —	$ 6,728	$ 6,728
Earnout liabilities	—	—	1,900	1,900
Assets:				
Cash and cash equivalents and restricted cash - current and non-current [(1)]	47,242			47,242
Short term investments	9,875	—	—	9,875
Commodity swap contracts	—	633	—	633

[(1)] Includes balances in money market accounts of $6,356 and $31,965, respectively as of June 30, 2024 and December 31, 2023.

A summary of changes in the fair values of the Company's Level 3 instruments, attributable to asset retirement obligations, for the six months ended June 30, 2024 is included in Note 2, *Summary of Significant Accounting Policies*.

10. Related Parties

Related parties are represented by Fortistar and other affiliates, subsidiaries and other entities under common control with Fortistar or NextEra.

Sale of non-controlling interests to Related Parties

On November 29, 2021, as part of an exchange agreement, OPAL Fuels issued 14 newly authorized common units and 300,000 Series A-1 preferred units to Hillman RNG Investments, LLC, a Delaware limited liability company and an affiliate of Fortistar ("Hillman") in return for Hillman's non-controlling interest in four RNG project subsidiaries for total consideration of $30,000. Upon the consummation of the Business Combination, the Series A-1 preferred units have been converted to Redeemable preferred non-controlling interests. The Company recorded preferred dividend of $605 and $1,209 for the three and six months ended June 30, 2024, respectively. The Company recorded paid-in-kind preferred dividend of $675 and $1,330 for the three and six months ended June 30, 2023, respectively. Please see Note 13. *Redeemable non-controlling interests, Redeemable preferred non-controlling interests and Stockholders' Deficit,* for additional information.

Issuance of Redeemable preferred non-controlling interests

On November 29, 2021, NextEra subscribed for up to 1,000,000 Series A preferred units, which are issuable (in whole or in increments) at the Company's discretion prior to June 30, 2022. During the year ended December 31, 2022, the Company had drawn $100,000 and issued 1,000,000 Series A preferred units. The Company recorded preferred dividend of $2,013 and $4,027 for the three and six months ended June 30, 2024, respectively. The Company recorded paid-in-kind preferred dividend of $2,174 and $4,282 for the three and six months ended June 30, 2023, respectively. Please see Note

13. *Redeemable non-controlling interests, Redeemable preferred non-controlling interests and Stockholders' Deficit*, for additional information.

Purchase and sale agreement for environmental attributes

On November 29, 2021, the Company entered into a purchase and sale agreement with NextEra for the environmental attributes generated by the RNG Fuels business. Under this agreement, the Company plans to sell a minimum of 90% of the environmental attributes generated and will receive net proceeds based on the agreed upon price less a specified discount. A specified volume of environmental attributes sold per quarter will incur a fee per environmental attribute in addition to the specified discount. The agreement was effective beginning January 1, 2022. For the three and six months ended June 30, 2024, the Company earned net revenues after discount and fees of $15,881 and $31,376, respectively, under this contract which was recorded as part of Revenues - RNG Fuel and revenues of $9,528 and $17,269, respectively, under this contract which was recorded as part of Revenues - Fuel Station Services. For the three and six months ended June 30, 2023, the Company earned net revenues after discount and fees of $9,412 and $14,127, respectively, under this contract which was recorded as part of Revenues - RNG Fuel and revenues of $2,440 and $3,933, respectively, under this contract which was recorded as part of Revenues - Fuel Station Services. Please see Note 2. *Summary of Significant Accounting Policies* for additional information.

Commodity swap contracts under ISDA and REC sales contracts

The Company entered into an ISDA agreement with NextEra in November 2019. Pursuant to the agreement, the Company enters into commodity swap contracts on a periodic basis. As of June 30, 2024 and December 31, 2023, there were two commodity swap contracts outstanding. The Company records the realized and unrealized gain (loss) on these commodity swap contracts as part of Revenues - Renewable Power. Please see Note 9. *Derivative Financial Instruments and Fair Value Measurements* for additional information. Additionally, the Company has contracts to sell RECs and capacity to NextEra on multiple Renewable Power facilities at market price. The Company recorded $1,804 and $1,747 as revenues earned under these contracts for the three months ended June 30, 2024 and 2023. The Company recorded $3,330 and $3,274 as revenues earned for the six months ended June 30, 2024 and 2023.

Purchase of investments from Related Parties

In August 2021, the Company acquired 100% of the ownership interests in Reynolds, an RNG production facility for $12,020 which was funded with cash on hand. Reynolds held an equity investment of 1,570 Class B units in GREP representing 20% interest for a cash consideration of $1,570 which owns 50% of Biotown, a power generation facility under development to convert to an RNG facility. The Reynolds transaction was an asset acquisition from an affiliate under common control. The Company accounts for its 20% equity investment in GREP under the equity method. The Company recorded a net loss of $220 and $566 as its share of net loss for the three months ended June 30, 2024 and 2023. The Company recorded a net loss of $291 and $436 as its share of net loss for the six months ended June 30, 2024 and 2023.

Revenues contracts with equity method investment entities

The Company's wholly owned subsidiary, OPAL Fuel Station Services contracted with Pine Bend in December 2020, Noble Road in March 2021, Biotown in July 2021 and Emerald in December 2021 to dispense RNG and to generate and market resulting RINs. The Company receives non-cash consideration in the form of RINs or LCFSs for providing these services and recognizes the RINs and LCFSs received as inventory based on their estimated fair value at contract inception. Additionally, OPAL Fuel Station Services provides the same services to all wholly-owned subsidiaries of the Company. The revenues earned from the wholly-owned entities are fully eliminated in the condensed consolidated financial statements.

The term of these contracts each runs for a term of 10 years. The Company receives non-cash consideration in the form of RINs or LCFSs for providing these services and recognizes the RINs or LCFSs received as inventory based on their estimated fair value at contract inception. Pine Bend and Noble Road came online in the first and third quarter of 2022 and Emerald in the third quarter of 2023. For the three months ended June 30, 2024 and 2023, the Company earned environmental processing fees of $2,100 and $555, net of intersegment elimination, under this agreement which are included in Fuel Station Services revenues in the condensed consolidated statements of operations. For the six months ended June 30, 2024 and 2023, the Company earned environmental processing fees of $4,439 and $1,141, net of intersegment elimination, under this agreement which are included in Fuel Station Services revenues in the condensed consolidated statements of operations.

Service agreements with Related Parties

On December 31, 2020, OPAL Fuels signed a management, operations, and maintenance services agreement (“Administrative Services Agreement”) with Fortistar LLC ("Fortistar"), pursuant to which Fortistar provides management, operations, and maintenance services to the Company. The agreement expires on December 31, 2023 with an auto renewal option on an annual basis, unless either party chooses to terminate with a written notice of 180 days termination occurs earlier due to dissolution of the Company or the agreement is terminated by the Company’s secured lenders in certain circumstances. The agreement provides for payment of service fees based on actual time incurred at contractually agreed rates provided for in the Administrative Services Agreement, as well as a fixed annual payment of $580 per year adjusted annually for inflation. Additionally, the agreement provides for the Company to receive credits for any services provided by the Company's employees to Fortistar. For the three and six months ended June 30, 2024 and 2023, there have been no material services provided by the Company's employees to Fortistar.

In June 2021, the company entered into a management services agreement with Costar Partners LLC (“Costar”), an affiliate of Fortistar. Pursuant to the agreement, Costar provides information technology (“IT”) support services, software use, licensing services, management of third party infrastructure and security services and additional IT services as needed by the Company. The agreement provides for Costar to be compensated based on actual costs incurred and licensing fees per user for certain software applications. The initial term of the agreement was for thirty-six months and renews automatically on an annual basis unless the termination occurs earlier due to dissolution of the Company or it is terminated by the Company’s secured lenders in certain circumstances.

On October 10, 2023, the board of directors of the Company appointed Mr. Scott Contino as Interim CFO. Mr. Contino has served as Fortistar's CFO for the past eighteen years. In connection with the appointment, the Company entered into an interim services agreement ("Interim Services Agreement") with Fortistar in accordance with the terms and conditions of the existing Administrative Services Agreement. Pursuant to the Interim Services Agreement, the Company will pay Fortistar an agreed hourly rate, such that the monthly fee does not exceed $50, on a cumulative basis. For the three and six months ended June 30, 2024, the Company paid $150 and $300, respectively which is included in Selling, general and administrative expenses in the condensed consolidated statement of operations.

The following table summarizes the various fees recorded under the agreements described above which are included in "Selling, general, and administrative" expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Staffing and management services	$ 534	$ 412	$ 996	$ 987
Rent - fixed compensation	172	164	343	329
IT services	800	731	1,504	1,457
Total	$ 1,506	$ 1,307	$ 2,843	$ 2,773

The following table presents the various balances for related parties included in our condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023:

	Location in Balance Sheet	June 30, 2024	December 31, 2023
Assets:			
Trade AR - NextEra	Accounts receivable, related party	$ 14,738	$ 18,696
Liabilities:			
Payables to equity method investment entities	Accounts payable, related party	6,633	5,692
NextEra	Accounts payable, related party	501	501
Staffing and management services - Fortistar	Accounts payable, related party	777	622
IT services - Costar	Accounts payable, related party	258	209
Total liabilities - related party		$ 8,169	$ 7,024

11. Reportable Segments and Geographic Information

The Company is organized into four operating segments based on the characteristics of its renewable power generation, dispensing portfolio, and the nature of other products and services. The Company changed its internal reporting to report revenues from RECs and ISCC Carbon Credits from RNG Fuel to the Renewable Power segment during the third quarter of 2023. This is primarily to reflect a strategic business change to identify all revenues earned from Environmental Attributes generated from Renewable Power facilities in the same segment. Therefore, the Company reclassified revenues of $5,800 and $11,245, respectively for the three and six months ended June 30, 2023, earned from sale of RECs and ISCC Carbon Credits from Revenues - RNG Fuel to Revenues - Renewable Power.

We aligned our reportable segments disclosure to align with the information and internal reporting that is provided to our Chief Operating Decision Makers. Therefore, the Company reassessed its reportable segments and revised all the prior periods to make the segment disclosures comparable.

- **RNG Fuel.** The RNG Fuel segment relates to all RNG supply directly related to the generation and sale of brown gas and environmental credits, and consists of:
    - Development and construction – RNG facilities in which long term gas right contracts have been, or are in the process of being ratified and the construction of RNG generation facilities.
    - RNG supply operating facilities – This includes the generation, extraction, and sale of RNG - plus associated RINs and LCFSs from landfills.

For the three and six months ended June 30, 2024, the Company has accounted for its interests in Pine Bend, Reynolds, Noble Road, GREP, Paragon and SJI under the equity method of accounting and the results of operations of Beacon, New River, Polk County, Cottonwood, Central Valley, Prince William and Sunoma were consolidated in its condensed consolidated statement of operations. For the three and six months ended June 30, 2023, the Company has accounted for its interests in Pine Bend, Reynolds, Noble Road and GREP under the equity method of accounting and the results of operations of Beacon, New River, Central Valley, Prince William and Sunoma were consolidated in its condensed consolidated statement of operations. As of May 30, 2023, the Company deconsolidated Emerald and Sapphire. As a result, the Company consolidated Emerald and Sapphire for the period between January 1, 2023 and May 30, 2023 and recorded its ownership interests in Paragon which includes Emerald and Sapphire as equity method investment for the month of June 2023.

As of June 30, 2024, Central Valley, Polk County, Cottonwood, projects included in SJI Joint Venture (Atlantic and Burlington) and Sapphire are not operational. Prince William commenced operations during the second quarter of 2024.

- **Fuel Station Services.** Through its Fuel Station Services segment**, t**he Company provides construction and maintenance services to third-party owners of vehicle Fueling Stations and performs fuel dispensing activities including generation and minting of environmental credits. This segment includes:

- Service and maintenance contracts for RNG/CNG fueling sites. Includes a manufacturing division that builds compact fueling systems and defueling systems.
- Third Party CNG Construction of Fueling Stations - Design/build and serve as general contractor for typically Guarantee Maximum Price or fixed priced contracts for customers usually lasting less than one year.
- RNG and CNG fuel dispensing stations for vehicle fleets - This includes both dispensing/sale of brown gas and the environmental credit generation and monetization. The Company operates Fueling Stations that dispense gas for vehicles. This also includes the development and construction of these facilities.

- **Renewable Power Portfolio.** The Renewable Power portfolio segment generates renewable power through methane-rich landfills and digester gas collection systems which is then sold to public utilities throughout the United States. The Renewable Power portfolio operates primarily in Southern California.

- **Corporate.** This segment consists of activities managed and maintained at the Company corporate level primarily including but not limited to:
  - Executive, accounting, finance, sales activities such as: payroll, stock compensation expense, travel and other related costs.
  - Insurance, professional fees (audit, tax, legal etc.).

The Company has determined that each of the four operating segments meets the characteristics of a reportable segment under U.S. GAAP. The Company's activities and assets that are not associated with the four reportable segments are summarized in the "Other" category below. These include corporate investment income, interest income and interest expense, income tax expense, and other non-allocated costs. The Company evaluates performance based on net income.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues:				
Renewable Power	$ 12,248	$ 14,455	$ 22,331	$ 29,818
RNG Fuel [(1)]	44,738	17,556	87,530	31,844
Fuel Station Services [(2)]	45,547	34,155	87,197	58,730
Other [(3)]	274	—	616	17
Intersegment eliminations	(6,290)	(4,199)	(10,798)	(7,946)
Equity Method Investment(s)	(25,567)	(6,925)	(50,974)	(14,464)
	$ 70,950	$ 55,042	$ 135,902	$ 97,999

[(1)] Includes revenues from our equity method investments.

[(2)] Includes intersegment revenues eliminated in the condensed consolidated financial statements.

[(3)] Other includes management fee revenues earned from operations and management of unconsolidated entities and Fortistar Contracting LLC.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest and Financing Expense, net:				
Renewable Power	$ 25	$ 6	$ 85	$ (258)
RNG Fuel	(5,011)	(939)	(9,302)	(1,594)
Fuel Station Services	(47)	83	(24)	93
Corporate	192	(261)	323	(59)
Equity Method Investment(s)	(148)	155	(32)	221
	$ (4,989)	$ (956)	$ (8,950)	$ (1,597)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Depreciation, Amortization, and Accretion:				
Renewable Power	$ 1,013	$ 1,449	$ 2,013	$ 2,901
RNG Fuel	2,936	2,292	5,282	4,316
Fuel Station Services	1,290	848	2,609	1,638
Other[(1)]	—	11	—	27
Equity Method Investment(s)	(970)	(972)	(1,924)	(1,687)
	$ 4,269	$ 3,628	$ 7,980	$ 7,195

(1) Other includes amortization of intangible assets and depreciation expense not allocated to any segment.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)				
Renewable Power	$ 2,288	$ 5,059	$ 2,215	$ 9,601
RNG Fuel	1,826	1,491	4,751	(2,777)
Fuel Station Services	7,069	1,858	12,791	1,899
Corporate	(13,075)	106,640	(25,178)	98,274
Equity Method Investment(s)	3,800	(998)	8,006	(293)
	$ 1,908	$ 114,050	$ 2,585	$ 106,704

	Six Months Ended June 30,	
	2024	2023
Cash paid for Purchases of Property, Plant, and Equipment:		
Fuel Station Services	11,504	12,356
RNG Fuel	38,238	59,653
	$ 49,742	$ 72,009

	June 30, 2024	December 31, 2023
Total Assets:		
Renewable Power	$ 34,774	$ 37,479
RNG Fuel	355,155	342,176
Fuel Station Services	155,256	152,625
Corporate	24,548	15,230
Equity Method Investment(s)	212,579	207,099
	$ 782,312	$ 754,609

Geographic Information: The Company's assets and revenue generating activities are domiciled in the United States of America.

12. Variable Interest Entities

We determine whether we are the primary beneficiary of a VIE upon our initial involvement with the VIE and we reassess whether we are the primary beneficiary of a VIE on an ongoing basis. Our determination of whether we are the primary beneficiary of a VIE is based upon the facts and circumstances for each VIE and requires judgment. Our considerations in determining the VIE's most significant activities and whether we have power to direct those activities include, but are not limited to, the VIE's purpose and design and the risks passed through to investors, the voting interests of the VIE, management, service and/or other agreements of the VIE, involvement in the VIE's initial design, and the existence of explicit or implicit financial guarantees. If we are the party with the power over the most significant activities, we meet the "power" criteria of the primary beneficiary. If we do not have the power over the most significant activities or we determine that all significant decisions require consent of a third-party, we do not meet the "power" criteria of the primary beneficiary.

We assess our variable interests in a VIE both individually and in aggregate to determine whether we have an obligation to absorb losses of or a right to receive benefits from the VIE that could potentially be significant to the VIE. The determination of whether our variable interest is significant to the VIE requires judgment. In determining the significance of our variable interest, we consider the terms, characteristics and size of the variable interests, the design and characteristics of the VIE, our involvement in the VIE, and our market-making activities related to the variable interests.

As of June 30, 2024 and December 31, 2023, the Company held equity interests in seven VIEs — Sunoma, GREP, Emerald, Sapphire, Paragon, SJI Joint Venture (Atlantic and Burlington) and Central Valley.

As of June 30, 2024 and December 31, 2023, GREP, Paragon and SJI were presented as equity method investments and the remaining two VIEs Sunoma and Central Valley are consolidated by the Company.

In 2020, the Company acquired a variable interest in Sunoma in a joint venture with a third-party who does not have any equity at risk but participates in proportionate share of income or losses, which may be significant. Additionally, the assets in Sunoma are collateralized under the Sunoma loan, the proceeds of which are used for partial financing of the construction of the Sunoma facility. Therefore, the significant assets and liabilities of Sunoma are parenthesized in the condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023.

The Company determined that each of these entities are VIEs and in its capacity as a managing member except for Emerald and Sapphire, the Company is the primary beneficiary. The Company is deemed as a primary beneficiary based on two conditions:

- The Company, as a managing member, has the power to order the activities that significantly impact the economic performance of the two entities including establishment of strategic, operating, and capital decisions for each of these entities; and
- The Company has the obligation to absorb the potential losses for the right to receive potential benefits, which could be significant to the VIE;

As a primary beneficiary, the Company consolidates these entities in accordance with the variable interest entity model guidance under ASC 810, *Consolidation*.

Our variable interests in each of our VIEs arise primarily from our ownership of membership interests, construction commitments, our provision of operating and maintenance services, and our provision of environmental credit processing services to VIEs.

The following table summarizes the major condensed consolidated balance sheet items for consolidated VIEs as of June 30, 2024 and December 31, 2023. The information below is presented on an aggregate basis based on similar risk and reward characteristics and the nature of our involvement with the VIEs, such as:

- All of the VIEs are RNG facilities and they are reported under the RNG Fuel Supply segment;
- The nature of our interest in these entities is primarily equity based and therefore carry similar risk and reward characteristics;

The amount of assets that can only be used to settle obligations of the VIEs are parenthesized in the condensed consolidated balance sheets and are included in the asset totals listed in the table below.

	As of June 30, 2024		As of December 31, 2023	
Assets				
Current assets:				
Cash and cash equivalents	$	533	$	166
Accounts receivable, net		388		33
Restricted cash - current		940		4,395
Environmental credits held for sale		29		29
Prepaid expenses and other current assets		68		107
Total current assets		1,958		4,730
Property, plant and equipment, net		25,884		26,626
Restricted cash, non-current		2,063		1,850
Total assets	$	29,905	$	33,206
Liabilities and equity				
Current liabilities:				
Accounts payable	$	50	$	744
Accounts payable, related party		669		1,046
Accrued expenses		812		647
Accrued payroll		38		—
Other current liabilities		97		92
Sunoma Loan- current portion		1,689		1,608
Total current liabilities		3,355		4,137
Sunoma loan, net of debt issuance costs		19,193		20,010
Other long-term liabilities		2,683		211
Total liabilities		25,231		24,358
Equity				
Stockholders' equity		4,157		7,893
Non-redeemable non-controlling interests		517		955
Total equity		4,674		8,848
Total Liabilities and Equity	$	29,905	$	33,206

13. Redeemable non-controlling interests, Redeemable preferred non-controlling interests and Stockholders' Deficit

Common stock

As of June 30, 2024, there are (i) 30,058,569 shares of Class A common stock issued and 28,422,786 outstanding, (ii) 71,500,000 shares of New OPAL Class B common stock issued and outstanding (shares of Class B common stock do not have any economic value except voting rights as described below), (iii) no shares of Class C common stock issued and outstanding and (iv) 72,899,037 shares of Class D common stock (shares of Class D common stock do not have any economic value except voting rights as described below).

Share conversion

On March 12, 2024, Fortistar, through its subsidiary OPAL Holdco LLC, converted 71.5 million shares of Class D common stock of the Company held by it, each of which is entitled to five votes per share on all matters on which stockholders generally are entitled to vote, for an equal number of shares of newly issued Class B common stock of the Company, each of which is entitled to one vote on such matters. This transaction has no effect on the economic interest in the Company held by Fortistar or OPAL Holdco LLC. Fortistar converted such shares in order that the Company's Class A common stock would become eligible for inclusion in certain stock market indices, on which many broad-based mutual funds and exchange-traded index funds are based. Subsequent to the exchange, Fortistar holds 72,899,037 shares of Class D common stock and 71,500,000 shares of Class B common stock.

ATM Program

On November 17, 2023, OPAL Fuels Inc. (the "Company") entered into an At Market Issuance Sales Agreement (the "Sales Agreement") with B. Riley Securities, Inc., Cantor Fitzgerald & Co. and Stifel, Nicolaus & Company, Incorporated (each, an "Agent," and collectively, the "Agents") pursuant to which the Company may issue and sell shares of its Class A common stock having an aggregate offering price of up to $75 million from time to time through the Agents.

The Company will pay each Agent, upon the sale by such Agent of Class A common stock pursuant to the Sales Agreement, an amount equal to up to 3.0% of the gross proceeds of each such sale of Class A common stock. The Company has also provided the Agents with customary indemnification rights.

The Company issued 36,353 shares of Class A common stock under the ATM Program during the six months ended June 30, 2024 at prices ranging between $4.34 and $5.68 and received net proceeds of $170.

Redeemable preferred non-controlling interests

On November 29, 2021, as part of an exchange agreement ("Hillman exchange"), the Company issued 300,000 Series A-1 preferred units to Hillman in return for Hillman's non-controlling interest in four RNG project subsidiaries.

On November 29, 2021, NextEra subscribed for up to 1,000,000 Series A preferred units, which are issuable (in whole or in increments) at the Company's discretion prior to June 30, 2022. During the year ended December 31, 2023, the Company had drawn $100,000 and issued 1,000,000 Series A preferred units.

Upon completion of Business Combination, the Company assumed Series A-1 preferred units and Series A preferred units which were issued and outstanding by OPAL Fuels. The Company recorded the Series A-1 preferred units and Series A preferred units as Redeemable preferred non-controlling interests. The Company has elected to adjust the carrying value of the preferred units to the redemption value at the end of each reporting period by immediately amortizing the issuance costs in the first reporting period after issuance of the preferred units.

The following table summarizes the changes in the redeemable preferred non-controlling interests which represent Series A and Series A-1 preferred units outstanding at OPAL Fuels level from December 31, 2023 to June 30, 2024:

	Series A-1 preferred units		Series A preferred units		
	Units	**Amount**	**Units**	**Amount**	**Total**
Balance, December 31, 2023	300,000	$ 30,604	1,000,000	$ 102,013	$ 132,617
Preferred dividends attributable to OPAL Fuels	—	1,011	—	3,364	4,375
Preferred dividends attributable to Class A common stockholders	—	198	—	663	861
Payment of Preferred dividends	—	(1,813)	—	(6,040)	(7,853)
Balance, June 30, 2024	300,000	$ 30,000	1,000,000	$ 100,000	$ 130,000

Terms of Redeemable preferred units

The Series A and Series A-1 preferred units (together the "Preferred Units") have substantially the same terms and features which are listed below:

Voting: The Series A-1 preferred units to Hillman do not have any voting rights. The Series A preferred units issued to NextEra have limited rights to prevent the Company from taking certain actions including (i) major issuances of new debt or equity (ii) executing transactions with affiliates which are not at arm-length basis (iii) major disposition of assets and (iv) major acquisition of assets outside of the Company's primary business.

Dividends: The Preferred Units are entitled to receive dividends at the rate of 8% per annum. Dividends begin accruing for each unit from the date of issuance and are payable each quarter end regardless of whether they are declared. The dividends are mandatory and cumulative. The Company is allowed to elect to issue additional Preferred Units (paid-in-kind) in lieu of cash for the first eight dividend payment dates. The Company elected to pay the dividends to be paid-in-kind for all periods presented. In the occurrence of certain events of default, the annual dividend rate increases to 12%. Additionally, the dividend rate increases by 2% for each unrelated uncured event of default up to a maximum of 20%.

Liquidation preference: In the event of liquidation of the Company, each holder of a unit of Series A and Series A-1 is entitled to be paid on pro-rata basis the original issue price of $100 per unit plus any accrued and unpaid dividends out of the assets of the Company available for distribution after payment of the Company’s debt and liabilities and liquidation expenses.

Redemption: At any time after issuance, the Company may redeem the Redeemable preferred units for a price equal to original issue price of $100 per unit plus any accrued and unpaid dividends. Holders of the Preferred Units may redeem for an amount equal to original issue price of $100 per unit plus any accrued and unpaid dividends upon (i) occurrence of certain change in control event (ii) at the end of four years from the date of issuance, except the Preferred Units issued to Hillman can only be redeemed 30 days after the fourth year anniversary of the first issuance of Preferred Units to NextEra. The maturity date is determined to be the date at which the holder’s redemption option becomes exercisable as this is the date in which both the Company and the holder may redeem the preferred units. The maturity date could be as early as November 29, 2025 but no later than June 30, 2026, depending on when the Series A units to NextEra are issued as previously detailed herein.

Conversion: Holder’s may elect to convert Preferred Units into common units in the limited chance that the Company fails to redeem the Preferred Units under an optional redemption, the annual dividend rate increases to 12% and is further increased to 14% after one year, and thereafter by 2% every 90 days up to a cap of 20%. The Company must also redeem all NextEra Series A preferred units on which the redemption option has been exercised prior to redeeming any Hillman Series A-1 preferred units. If elected, the holder may convert all or a portion of its Preferred Units into a number of common units equal to: (i) number of Preferred Units, multiplied by, (ii) $100 plus accrued and unpaid cash dividends, divided by, (iii) conversion price. The conversion price is equal to the value of the Company’s common units determined as follows, and reduced by a 20% discount if conversion occurs during the first year of delayed redemption, a 25% discount during the 2nd year, and a 30% discount thereafter:

1. Using 20-day volume-weighted average price (“VWAP”) of the Company's common shares.

2. Otherwise the estimated proceeds to be received by the holder of a common unit if the net assets of the Company were sold at fair market value and distributed.

Redeemable non-controlling interests

Upon consummation of Business Combination, OPAL Fuels and its members caused the existing limited liability company agreement to be amended and restated and in connection therewith, all of the common units of OPAL Fuels LLC issued and outstanding immediately prior to the closing were re-classified into 144,399,037 Class B Units. Each Class B Unit is paired with 1 non-economic share of Class D common stock issued by the Company. Each pair of Class B Unit and 1 share of Class D common stock is exchangeable to either 1 share of Class A common stock or 1 share of Class C common stock at the holder's option. Upon an exchange for Class A common stock, the Company has the option to redeem shares for cash at their market value.

Redeemable non-controlling interests have been presented as mezzanine equity in the condensed consolidated statements of change in Redeemable non-controlling interests, Redeemable preferred non-controlling interests and stockholders' equity. At each balance sheet date, the Redeemable non-controlling interests are adjusted up to their redemption value if necessary, with an offset in Stockholders' equity. As of June 30, 2024, the Company recorded $597,069 as the redemption value based on a 5 day VWAP of $4.13 per share.

14. Net Income (Loss) Per Share

The basic income per share of Class A common stock is computed by dividing the net income (loss) attributable to Class A common stockholders by the weighted average number of Class A common stock outstanding during the period. The basic income per share for the three and six months ended June 30, 2024 does not include 1,635,783 shares in treasury, 763,908 shares issued and outstanding but are contingent on achieving earnout targets. During the first quarter of 2023, the put option was exercised and 197,258 shares of Class A common stock were cancelled.

The diluted income per share of Class A common stock for the three and six months ended June 30, 2024 does not include Redeemable preferred non-controlling interests because the substantive contingency for conversion has not been met as of June 30, 2024. It does not include 144,399,037 OPAL Fuels Class B units representing Redeemable non-controlling interest as its impact is anti-dilutive. It does not include 716,650 Sponsor Earnout Awards and 10,000,000 OPAL Earnout Awards as their target share price and adjusted EBITDA contingencies have not been met as of June 30, 2024. The outstanding restricted stock units and stock options issued under the 2022 Plan are not included as their impact is dilutive. The outstanding performance units under the 2022 Plan are not included as the performance conditions have not been met as of June 30, 2024.

The diluted income per share of Class A common stock for the three and six months ended June 30, 2023 does not include Redeemable preferred non-controlling interests and the Convertible Note Payable because the substantive contingency for conversion has not been met as of June 30, 2023. It does not include 144,399,037 OPAL Fuels Class B units representing Redeemable non-controlling interest as its impact is anti-dilutive. It does not include 763,908 Sponsor Earnout Awards and 10,000,000 OPAL Earnout Awards as their target share price and adjusted EBITDA contingencies have not been met as of June 30, 2023. The outstanding stock options issued under the 2022 Plan are not included as their impact is dilutive. The outstanding performance units under the 2022 Plan are not included as the performance conditions have not been met as of June 30, 2023.

The Class B common stock and D common stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B common stock and Class D common stock under the two-class method has not been presented.

The following table summarizes the calculation of basic and diluted net loss per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net (loss) income attributable to Class A common stockholders	(153)	17,924	(469)	$ 16,345
Weighted average number of shares of Class A common stock - basic	27,674,567	26,977,682	27,523,150	27,179,488
Dilutive effect of stock options, restricted stock units, performance units, Convertible note payable, earnout shares, Redeemable preferred non-controlling interests, Redeemable non-controlling interests	—	270,957	—	377,212
Weighted average number of shares of Class A common stock - diluted	27,674,567	27,248,639	27,523,150	27,556,700
Net (loss) income per share of Class A common stock				
Basic	$ (0.01)	$ 0.66	$ (0.02)	$ 0.60
Diluted	$ (0.01)	$ 0.66	$ (0.02)	$ 0.59

15. Income taxes

As a result of the Company’s up-C structure effective with the Business Combination, the Company expects to be a tax-paying entity. However, as the Company has historically been loss-making, any deferred tax assets created as a result of net operating losses and other deferred tax assets for the excess of tax basis in the Company's investment in Opal Fuels would be offset by a full valuation allowance. Prior to the Business Combination, OPAL Fuels was organized as a limited liability company, with the exception of one partially-owned subsidiary which filed income tax returns as a C-Corporation. The Company accounts for its income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. Judgment is required in determining the provisions for income and other taxes and related accruals, and deferred tax assets and liabilities. In the ordinary course of business, there are transactions and calculations where the ultimate tax outcome is uncertain. Additionally, the Company's various tax returns are subject to audit by various tax authorities. Although the Company believes that its estimates are reasonable, actual results could differ from these estimates.

For the three and six months ended June 30, 2024 and 2023, the Company recorded zero income tax expense. The effective tax rate for the three and six months ended June 30, 2024 and 2023 was 0%. The difference between the Company’s effective tax rate and the U.S. statutory tax rate of 21% was primarily due to a full valuation allowance recorded on the Company’s net U.S. deferred tax assets. The Company evaluates the realizability of the deferred tax assets on a quarterly basis and establishes a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset may not be realized.

16. Stock-based compensation

The Company adopted 2022 Omnibus Equity Incentive Plan (the "2022 Plan") in 2022 which was approved by our shareholders on July 21, 2022. The purposes of the 2022 Plan are to (i) provide an additional incentive to selected employees, directors, and independent contractors of the Company or its Affiliates whose contributions are essential to the growth and success of the Company, (ii) strengthen the commitment of such individuals to the Company and its Affiliates, (iii) motivate those individuals to faithfully and diligently perform their responsibilities and (iv) attract and retain competent and dedicated individuals whose efforts will result in the long-term growth and profitability of the Company. The 2022 Plan allows for granting of stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards. The Company registered 19,811,726 shares of Class A common stock that can be issued under this Plan.

During the three months ended March 31, 2024, the Company issued 360,298 stock options, 1,110,031 restricted stock units and 456,308 performance units to certain employees of the Company. The applicable performance period for such performance units is January 1, 2024 to December 31, 2026, and all such performance units are scheduled to vest on March 31, 2027 subject to achievement of certain performance criteria. The fair value of the stock options was determined to be $3.40 based on Black Scholes model based on the share price of $4.96, exercise price of $5.02, expiration of 10 years, annual risk free interest rate of 3.96% and volatility of 55%. Additionally, the Company issued 190,526 restricted stock units to the board of directors which vest 100% on their first anniversary. The total fair value of the equity awards was $9,971.

A summary of the equity awards under the 2022 Plan for the six months ended June 30, 2024 is as follows:

	Number of Units outstanding	Weighted average fair value per restricted unit on grant date	Exercise price per Stock Option	Aggregate Fair Value (in thousands)	Vesting terms
Restricted Stock Units:					
Unvested restricted stock units outstanding as of December 31, 2023	949,936	$ 6.98		$ 6,627	Equal installments vest over one or three years.
Granted during the six months ending June 30, 2024	1,300,557	4.98		6,479	Equal installments vest over one or three years.
Vested during 2024	(321,070)	6.99		(2,244)	
Withheld for settlement of taxes	(112,402)	6.97		(783)	
Forfeitures during 2024	(7,911)	5.69		(45)	
Restricted Stock Units outstanding as of June 30, 2024	1,809,110	5.55		10,034	
Stock Options[1]:					
Unvested awards as of December 31, 2023	175,890	$ 5.26	$ 6.97	$ 925	Three equal installment vesting over three years
Granted during the six months ending June 30, 2024	360,298	3.40	5.02	1,225	Three equal installment vesting over three years
Outstanding Stock Options at June 30, 2024	536,188	4.01	5.66	2,150	
Stock Options vested and exercisable as of June 30, 2024	62,327	5.26	6.97	328	
Performance Stock Units:					
Unvested awards as of December 31, 2023	239,680	6.97		1,671	100% vesting on March 2026
Granted during the six months ending June 30, 2024	456,308	4.97		2,267	100% vesting on March 2027
Forfeitures during 2024	(1,865)	6.97		(13)	
Performance Stock Units outstanding as of June 30, 2024	694,123	5.65		3,925	
Total unvested awards outstanding as of June 30, 2024	**3,039,421**	**$ 5.30**		**$ 16,109**	

[1] Stock options have an expiration term of 10-years.

As of June 30, 2024 and December 31, 2023, there are 62,327 and 0, respectively, of stock options vested and exercisable at exercise price shown above. The aggregate intrinsic value of the outstanding stock options is zero as of June 30, 2024 and December 31, 2023.

The stock-based compensation expense for the above stock awards under the 2022 Plan as well as Parent Equity Awards is included in the selling, general and administrative expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
2022 Plan	$ 1,682	$ 1,717	$ 2,535	$ 2,528
Parent equity awards	$ 160	$ 160	$ 320	$ 320
	$ 1,842	$ 1,877	$ 2,855	$ 2,848

17. Commitments and Contingencies

Letters of Credit

As of June 30, 2024 and December 31, 2023, the Company was required to maintain five and nine standby letters of credit totaling $14,727 and $14,783, respectively, to support obligations of certain Company subsidiaries. These letters of credit were issued in favor of a lender, utilities, a governmental agency, and an independent system operator under PPA electrical interconnection agreements, and in place of a debt service reserve. There have been no draws to date on these letters of credit.

Purchase Options

The Company has two contracts with customers to provide CNG for periods of seven and ten years, respectively. The customers have an option to terminate the contracts and purchase the Company's CNG Fueling Station at the customers' sites for a fixed amount that declines annually.

In July 2015, the Company entered into a ten year fuel sales agreement with a customer that included the construction of a CNG Fueling Station owned and managed by the Company on the customer's premises. At the end of the contract term, the customer has an option to purchase the CNG Fueling Station for a fixed amount. The cost of the CNG Fueling Station was recorded to Property, plant, and equipment and is being depreciated over the contract term.

Legal Matters

The Company is involved in various claims arising in the normal course of business. Management believes that the outcome of these claims will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Set forth below is information related to the Company’s material pending legal proceedings as of the date of this report, other than ordinary routine litigation incidental to the business.

Central Valley Project

In September 2021, an indirect subsidiary of the Company, MD, entered into a fixed-price Engineering, Procurement and Construction Contract (an “**EPC Contract**”) with VEC Partners, Inc. d/b/a CEI Builders (“**CEI**”) for the design and construction of a turn-key renewable natural gas production facility using dairy cow manure as feedstock. In December 2021, a second indirect subsidiary of the Company, VS, entered into a nearly identical EPC Contract with CEI for the design and construction of a second facility in connection with the same project. CEI’s performance under both of the EPC Contracts is fully bonded by a licensed surety.

CEI has submitted a series of change order requests seeking to increase the EPC Contract price under each contract by approximately $14 million (i.e., approximately $28 million in total), to cover cost escalations primarily arising from two events: (i) modifications to CEI’s design drawings required to meet its contracted performance guaranties, and (ii) the default of one of CEI’s major equipment manufacturers. The Company disputes responsibility for substantially all of the additional costs.

On January 5, 2024, the Company filed a civil lawsuit captioned, MD Digester, LLC. et. al. vs. VEC Partners, Inc. et. al.; California Superior Court, County of San Joaquin; Action No. STK-CV-UCC-2024-0000185 and commenced a related arbitration proceeding in order to obtain a formal determination on the claims, AAA Case No. 01-24-0000-0775. The Superior Court Action will be stayed, pending an award in the AAA proceeding. The AAA proceeding has not been set for hearing. The Company and CEI and have each nominated one arbitrator (each, a "**Party-selected Arbitrator**") and a third arbitrator was appointed by the Party-selected Arbitrators to chair the panel. As a result of the procedural status of these matters, no discovery has occurred.

The EPC Contract requires that CEI, continue working during the course of the litigation and related arbitration proceedings; however, CEI effectively stopped working. On June 26, 2024, MD issued a Notice of Default and Demand to Cure to CEI. CEI failed to do so, and on July 30, 2024, MD terminated CEI for default. MD has notified CEI's bond surety of the termination and demanded that it perform under the bond.

On July 11, 2024, VS issued a Notice of Default and Demand to Cure, advising CEI of its defaults and giving it an opportunity to cure. CEI's cure period has not expired and the Company is hopeful that CEI will so cure. However, if no cure is achieved, VS intends to assess all of its options for next steps, up to and including termination of CEI and demanding performance under the applicable bond.

The Company believes its claims against CEI have substantial merit, and intends to prosecute its claims vigorously. However, due to the incipient stage of the litigation and related arbitration, the recency of the termination, and the ongoing status of the proceedings and discussions with the bond surety, as well as the uncertainties involved in all litigation and arbitration, the Company does not believe it is reasonably estimable at this time to assess the likely outcome of the litigation and related arbitration, the timing of its resolution, or its ultimate impact, if any, on the Central Valley projects or the Company's business, financial condition or results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this Management's Discussion and Analysis of Financial Condition and Results of Operations section, references to "OPAL", "we", "us", "our", and the "Company" refer to OPAL Fuels Inc. *and its consolidated subsidiaries. The following discussion and analysis should be read in conjunction with the Company's unaudited condensed consolidated financial statements as of June 30, 2024 and for the three and six months ended June 30, 2024 and 2023, and the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K, which was filed with the SEC on March 15, 2024. In addition to historical information, this discussion and analysis includes certain forward-looking statements which reflect our current expectations. The Company's actual results may materially differ from these forward-looking statements.*

Overview

The Company is a vertically integrated leader in the capture and conversion of biogas into low carbon intensity renewable natural gas (RNG) and Renewable Power. OPAL Fuels is also a leader in the marketing and distribution of RNG to heavy duty trucking and other hard to de-carbonize industrial sectors. RNG is chemically identical to the natural gas used for cooking, heating homes and fueling natural gas engines, but it is produced by recycling harmful methane emissions created by decaying organic waste. We have participated in the biogas-to-energy industry for over 25 years.

Biogas is generated by microbes as they break down organic matter in the absence of oxygen. Biogas is comprised of non-fossil waste gas, with high concentrations of methane, which is the primary component of RNG and the source for combustion utilized by Renewable Power plants to generate electricity. Biogas can be collected and processed to remove impurities for use as RNG (a form of high-Btu fuel) and injected into existing natural gas pipelines as it is fully interchangeable with fossil natural gas. Partially treated biogas can be used directly in heating applications (as a form of medium-Btu fuel) or in the production of Renewable Power. Our principal sources of biogas are (i) landfill gas, which is produced by the decomposition of organic waste at landfills, and (ii) dairy manure, which is processed through anaerobic digesters to produce the biogas.

We also design, develop, construct, operate and service Fueling Stations for trucking fleets across the country that use natural gas to displace diesel as their transportation fuel. We have participated in the alternative vehicle fuels industry for approximately 13 years and have established an expanding network of Fueling Stations for dispensing RNG. In addition, we have recently begun implementing design, development, and construction services for hydrogen fueling stations, and we are pursuing opportunities to diversify our sources of biogas to other waste streams.

As of June 30, 2024, we owned and operated 24 projects, nine of which are RNG projects and 15 of which are Renewable Power projects. As of that date, our RNG projects in operation had a design capacity of 5.2 million MMBtus per year and our Renewable Power projects in operation had a nameplate capacity of 105.8 MW per hour. In addition to these projects in operation, we are actively pursuing expansion of our RNG-generating capacity and, accordingly, have a portfolio of RNG projects in construction as well as a portfolio of projects in development, with six of our current Renewable Power projects being considered candidates for conversion to RNG projects in the foreseeable future.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our interim unaudited condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") and the rules and regulations of the SEC, which apply to interim financial statements. The preparation of those financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues, expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application. For a detailed description of all our accounting policies, see Note 2. *Summary of Significant Accounting Policies*, to our condensed consolidated financial statements included herein and the section titled "Critical Accounting Policies and Estimates" contained in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to our critical accounting estimates since our Annual Report on Form 10-K for the year ended December 31, 2023.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and assumptions of the Company relate to the useful lives of property, plant and equipment, the value of stock-based compensation and the fair value of derivatives including warrant liabilities, earnout liabilities, put option on a forward purchase agreement, interest rate swaps and commodity swap contracts. Actual results could differ from those estimates.

Key Factors and Trends Influencing our Results of Operations

The principal factors affecting our results of operations and financial condition are the markets for RNG, Renewable Power, and associated Environmental Attributes, and access to suitable biogas production resources. Additional factors and trends affecting our business are discussed in "*Risk Factors*" elsewhere in this report.

Market Demand for RNG

Demand for our converted biogas and associated Environmental Attributes, including RINs and LCFS credits, is heavily influenced by United States federal and state energy regulations together with commercial interest in renewable energy products. Markets for RINs and LCFS credits arise from regulatory mandates that require refiners and blenders to incorporate renewable content into transportation fuels. The EPA annually sets proposed renewable volume obligations ("RVOs") for D3 (cellulosic biofuel with a 60% greenhouse gas ("GHG") reduction requirement) RINs in accordance with the mandates established by the Energy Independence and Security Act of 2007. In June 2023, the EPA set RVOs for 2023 through 2025 via a new Set rule. This 3 year RVO is expected to reduce volatility in RIN pricing for the associated period. On the state level, the economics of RNG are enhanced by low-carbon fuel initiatives, particularly well-established programs in California and Oregon (with several other states also actively considering LCFS initiatives similar to those in California, Washington and Oregon). Federal and state regulatory developments could result in significant future changes to market demand for the RINs and LCFS credits we produce. This would have a corresponding impact to our revenue, net income, and cash flow.

Transportation, including heavy-duty trucking, generates approximately 30% of overall CO_2 and other climate-harming GHG emissions in the United States, and transitioning this sector to low and negative carbon fuels is a critical step towards reducing overall global GHG emissions. The adoption rate of RNG-powered vehicles by commercial transportation fleets will significantly impact demand for our products.

We are also exposed to the commodity prices of natural gas and diesel, which serve as alternative fuel for RNG and therefore impact the demand for RNG.

Renewable Power Markets

We also generate revenues from sales of Renewable Power generated by our biogas-to-Renewable Power projects, and associated ISCC Carbon Credits and RECs. ISCC Carbon Credits and RECs exist because of legal and governmental regulatory requirements in Europe and the United States, respectively, and a change in law or in governmental policies concerning Renewable Power, LFG, or ISCC Carbon Credits or RECs could affect the market for, and the pricing of, such power and credits.

We periodically evaluate opportunities to convert existing Renewable Power projects to RNG production. We have been negotiating with several of our landfill and Renewable Power counterparties to enter into arrangements that would enable the LFG resource to produce RNG. Changes in the price we receive for Renewable Power, associated ISCC Carbon Credits and RECs, together with the revenue opportunities and conversion costs associated with converting our LFG sites to RNG production, could have a significant impact on our future profitability.

Regulatory landscape

We operate in an industry that is subject to and currently benefits from environmental regulations. Government policies can increase demand for our products by providing incentives to purchase RNG and Environmental Attributes. These government policies are modified and in flux constantly and any adverse changes to these policies could have a material effect the demand for our products. For more information, see the risk factor in our Annual Report on Form 10-K for the year ended December 31, 2023 titled *"The financial performance of our business depends upon tax and other government incentives for the generation of RNG and Renewable Power, any of which could change at any time and such changes may negatively impact our growth strategy."* Government regulations have become increasingly stringent and complying with changes in regulations may result in significant additional operating expenses.

Seasonality

We experience seasonality in our results of operations. Sale of RNG may be impacted by higher consumption by some of our customers during summer months. Additionally, the price of RNG is higher during the fall and winter months due to increase in overall demand for natural gas during the winter months. Revenues generated from our renewable electricity projects in the northeast U.S., all of which sell electricity at market prices, are affected by warmer and colder weather, and therefore a portion of our quarterly operating results and cash flows are affected by pricing changes due to regional temperatures. These seasonal variances are managed in part by certain off-take agreements at fixed prices.

Key Components of Our Results of Operations

We generate revenues from the sale of RNG Fuel, Renewable Power, and associated Environmental Attributes, as well as from the construction, fuel supply, and servicing of Fueling Stations for commercial transportation vehicles using natural gas to power their fleets. These revenue sources are presented in our condensed consolidated statements of operations under the following captions:

- **RNG Fuel.** The RNG Fuel segment includes RNG supply as well as the associated generation and sale of commodity natural gas and environmental credits, and consists of:
  - RNG Production Facilities – the design, development, construction, maintenance and operation of facilities that convert raw biogas into pipeline quality natural gas; and
  - Our interests in both operating and construction projects.
- **Fuel Station Services.** Through its Fuel Station Services segment**,** we provide construction and maintenance services to third-party owners of vehicle Fueling Stations and performs fuel dispensing activities including generation and minting of environmental credits. This segment includes:
  - Manufacturing division that builds compact fueling systems and defueling systems;
  - Design/Build contracts where the Company serves as general contractor for construction of Fueling Stations, typically structured as Guarantee Maximum Price or fixed priced contracts for customers, generally lasting less than one year;
  - Service and maintenance contracts for RNG/CNG Fueling Stations; and
  - RNG and CNG Fuel Dispensing Stations - This includes both the dispensing (or sale) of RNG, CNG, and environmental credit generation and monetization. We operate Fueling Stations that dispense both CNG and RNG fuel for vehicles.
- **Renewable Power Portfolio.** The Renewable Power segment generates Renewable Power and associated Environmental Attributes such as ISCC Carbon Credits and RECs through combustion of biogas from landfills which is then sold to public utilities throughout the United States.

Our costs of sales associated with each revenue category are as follows:

- **RNG Fuel.** Includes royalty payments to biogas site owners for the biogas we use; service provider costs; salaries and other indirect expenses related to the production process, utilities, transportation, storage, and insurance; and depreciation of production facilities.
- **Fuel Station Services.** Includes equipment supplier costs; service provider costs; and salaries and other indirect expenses.
- **Renewable Power.** Includes land usage costs; service provider costs; salaries and other indirect expenses related to the production process; utilities; and depreciation of production facilities.

Selling, general, and administrative expense consists of costs involving corporate overhead functions, including the cost of services provided to us by an affiliate, and marketing costs.

Depreciation and amortization primarily relate to depreciation associated with property, plant, and equipment and amortization of acquired intangibles arising from PPAs and interconnection contracts. We are in the process of expanding our RNG and Renewable Power production capacity and expect depreciation costs to increase as new projects are placed into service.

Concentration of customers and associated credit risk

The following table summarizes the percentage of consolidated accounts receivable, net by customers that equal or exceed 10% of the consolidated accounts receivable, net as of June 30, 2024 and December 31, 2023. No other single customer accounted for 10% or greater of our consolidated accounts receivables in these periods:

	June 30, 2024	December 31, 2023
Customer A [1]	38 %	40 %
Customer B	15 %	14 %

[1] Relates to sales of Environmental Attributes under Purchase and Sale agreement with NextEra.

The following table summarizes the percentage of consolidated revenues from customers that equal 10% or greater of the consolidated revenues in the period. No other single customer accounted for more than 10% of consolidated revenues in these periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Customer A	38 %	24 %	38 %	21 %
Customer B	15 %	14 %	15 %	14 %
Customer C	— %	— %	— %	10 %

Results of Operations for the three and six months ended June 30, 2024 and* 2023*:

Operational data

The following table summarizes the operational data achieved for the three and six months ended June 30, 2024 and 2023:

Landfill RNG Facility Capacity and Utilization Summary

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Landfill RNG Facility Capacity and Utilization[1][2][3][4]				
Design Capacity (Million MMBtus)	1.5	0.9	2.8	1.8
Volume of Inlet Gas (Million MMBtus)	1.1	0.7	2.1	1.4
Inlet Design Capacity Utilization (%)	74 %	79 %	77 %	77 %
RNG Fuel volume produced (Million MMBtus)	0.9	0.6	1.7	1.2
Utilization of Inlet Gas (%) [5]	82 %	86 %	81 %	86 %

[1] Design Capacity for RNG facilities is measured as the volume of feedstock biogas that the facility is capable of accepting at the inlet and processing during the associated period. Design Capacity is presented as OPAL's ownership share (i.e., net of joint venture partners' ownership) of the facility and is calculated based on the number of days in the period. New facilities that come online during a quarter are pro-rated for the number of days in commercial operation.

[2] Inlet Design Capacity Utilization is measured as the Volume of Inlet Gas for a period, divided by the total Design Capacity for such period. The Volume of Inlet Gas varies over time depending on, among other factors, (i) the quantity and quality of waste deposited at the landfill, (ii) waste management practices by the landfill, and (iii) the construction, operations and maintenance of the landfill gas collection system used to recover the landfill gas. The Design Capacity for each facility will typically be correlated to the amount of

landfill gas expected to be generated by the landfill during the term of the related gas rights agreement. The Company expects Inlet Design Capacity Utilization to be in the range of 75-85% on an aggregate basis over the next several years. Typically, newer facilities perform at the lower end of this range and demonstrate increasing utilization as they mature and the biogas resource increases at open landfills.

(3) Utilization of Inlet Gas is measured as RNG Fuel Volume Produced divided by the Volume of Inlet Gas. Utilization of Inlet Gas varies over time depending on availability and efficiency of the facility and the quality of landfill gas (i.e., concentrations of methane, oxygen, nitrogen, and other gases). The Company generally expects Utilization of Inlet Gas to be in the range of 80% to 90%.

(4) Data not available for the Company's dairy projects, i.e., Sunoma and Biotown.

(5) Utilization of Inlet Gas (%) is lower for the three and six months ended June 30, 2024 primarily due to Emerald RNG project which is in the start up phase as it commenced operations in the fourth quarter of 2023.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Renewable Power				
Nameplate Capacity (MW per hour)[1]	105.8	112.5	105.8	112.5
Nameplate Capacity for the period (Millions MWh) [1]	0.23	0.24	0.50	0.50
Renewable Power produced (Millions MWh)	0.09	0.11	0.17	0.23
Design Capacity Utilization (%) [2]	38 %	47 %	37 %	48 %

(1) Nameplate Capacity for Renewable Power facilities is the manufacturer’s expected capacity at ISO conditions for each facility and may not reflect actual production from the projects, which depends on many variables including, but not limited to, (i) quantity and quality of the biogas, (ii) operational up-time of the facility, including dispatch and maintenance downtime and (iii) actual efficiency of the facility.

(2) Nameplate Capacity Utilization for Renewable Power facilities is measured as Renewable Power Produced divided by Design Capacity for the period. Given (i) built-in un-utilized capacity from historical designs, (ii) availability (a function of higher maintenance requirements compared to RNG facilities) and (iii) commencement of operations of the Emerald RNG facility, which will result in low levels of dispatch for the Arbor Hills facility (which will operate on a standby basis but remain in the operating portfolio), the Company’s Design Capacity Utilization is expected to remain below 50%.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
RNG Fuel volume produced (Million MMBtus)	0.9	0.6	1.7	1.2
RNG Fuel volume sold (Million GGEs)	18.7	11.0	35.1	19.3
Total volume delivered (Million GGEs)	36.6	35.5	71.6	67.9

RNG projects

Below is a table setting forth the RNG projects in operation and construction in our portfolio as of June 30, 2024:

	OPAL's Share of Design capacity (MMBtus per year) [1]	Source of biogas	Ownership [2]	Expected Commercial Operation Date [5]
RNG projects in operation:				
Greentree	1,061,712	LFG	100%	N/A
Imperial	1,061,712	LFG	100%	N/A
Emerald [2]	1,327,140	LFG	50%	N/A
New River	663,570	LFG	100%	N/A
Noble Road [2]	464,499	LFG	50%	N/A
Pine Bend [2]	424,685	LFG	50%	N/A
Biotown [2]	48,573	Dairy	10%	N/A
Sunoma [3]	192,350	Dairy	90%	N/A
Prince William [4]	1,725,282	LFG	100%	N/A
Sub total	6,969,523			
RNG projects in construction:				
Hilltop [6]	255,500	Dairy	100%	See Footnote 6
Vander Schaaf [6]	255,500	Dairy	100%	See Footnote 6
Polk County	1,060,000	LFG	100%	Fourth quarter 2024
Sapphire [2]	796,284	LFG	50%	Third quarter 2024
Atlantic [2]	331,785	LFG	50%	Third quarter 2025
Cottonwood [7]	664,884	LFG	100%	See Footnote 7
Sub total	3,363,953			
Total	10,333,476			

[1] Reflects the Company's ownership share of design capacity for projects that are not 100% owned by the Company (i.e., net of joint venture partners' ownership). Design capacity is measured as the volume of feedstock biogas that the plant is capable of accepting at the inlet and processing and may not reflect actual production of RNG from the projects, which will depend on many variables including, but not limited to, (i) quantity and quality of the biogas, (ii) operational up-time of the facility and (iii) actual efficiency of the facility.

[2] We record our ownership interests in these projects as equity method investments in our consolidated financial statements.

[3] This project has provisions that will adjust or "flip" the percentage of distributions to be made to us over time, typically triggered by achievement of hurdle rates that are calculated as internal rates of return on capital invested in the project.

[4] Prince William commenced the start-up phase of operations in April 2024.

[5] Expected Commercial Operation Date ("COD") for commencement of the RNG projects in construction is based on the Company's estimate as of the date of this report. CODs are estimates and are subject to change as a result of, among other factors out of the Company's control: (i) regulatory/permitting approval timing, (ii) disruption in supply chains and (iii) construction timing.

[6] Please see Part II, Item 1: Legal Proceedings and Note 17 - *Commitments and Contingencies* to the financial statements.

[7] The construction of the Cottonwood project began in the second quarter of 2024 and is expected to be completed on a time frame consistent with our other RNG projects - approximately 18-20 months.

Renewable Power Projects

Below is a table setting forth the Renewable Power projects in operation in our portfolio:

	Nameplate capacity (MW per hour) [1]	Current RNG conversion candidate [2]
Renewable Power Projects in operation:		
Sycamore	5.2	Yes
Lopez	3.0	—
Miramar Energy	3.2	Yes
San Marcos	1.8	—
Santa Cruz	1.6	—
San Diego - Miramar	6.5	Yes
West Covina	6.5	—
Port Charlotte	2.9	—
Taunton	3.6	—
Arbor Hills [3]	28.9	N/A
C&C	6.3	Yes
Albany	5.9	—
Concord and CMS	14.4	Yes
Pioneer	8.0	—
Old Dominion	8.0	Yes
Total	105.8	
Renewable Power projects in construction:		
Fall River [4]	2.4	—

[1] Nameplate capacity is the manufacturer's expected capacity at ISO conditions for each facility and may not reflect actual production from the projects, which depends on many variables including, but not limited to, (i) quantity and quality of the biogas, (ii) operational up-time of the facility and (iii) actual productivity of the facility.

[2] We have determined that some of our Renewable Power projects are currently RNG conversion candidates. The Company identifies suitable RNG conversion candidates based on highest return of capital which is driven by certain factors including, but not limited to (i) the quantity and quality of LFG, (ii) the proximity to pipeline interconnect and (iii) the ability to enter into contracts, including site leases and gas rights agreements, with host sites. The Company may change its decision to convert a Renewable Power Project into an RNG project in the future. The Company believes disclosing Renewable Power conversion candidates provides visibility into the effect of those conversions on the existing Renewable Power portfolio.

[3] Although the RNG conversion is completed, it is currently contemplated that the Arbor Hills Renewable Power plant will continue limited operations on a stand-by, emergency basis through March of 2031.

[4] It is expected to complete construction in the fourth quarter of 2024.

Comparison of the Three and Six Months Ended June 30, 2024 and 2023

The following table presents the period-over-period change for each line item in the Company's statement of operations for the three and six months ended June 30, 2024 and 2023.

(in thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	$ Change	% Change	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	$ Change	% Change
Revenues:								
RNG Fuel	$ 19,445	$ 10,631	$ 8,814	83 %	$ 37,172	$ 17,380	$ 19,792	114 %
Fuel Station Services	39,257	29,956	9,301	31 %	76,399	50,784	25,615	50 %
Renewable Power	12,248	14,455	(2,207)	(15)%	22,331	29,835	(7,504)	(25)%
Total revenues	70,950	55,042	15,908	29 %	135,902	97,999	37,903	39 %
Operating expenses:								
Cost of sales - RNG Fuel	8,321	7,609	(712)	(9)%	16,659	14,153	(2,506)	(18)%
Cost of sales - Fuel Station Services	30,938	27,476	(3,462)	(13)%	61,273	47,768	(13,505)	(28)%
Cost of sales - Renewable Power	8,899	8,761	(138)	(2)%	18,157	17,139	(1,018)	(6)%
Project development and startup costs	2,935	1,115	(1,820)	(163)%	3,720	2,998	(722)	(24)%
Selling, general, and administrative	13,699	12,823	(876)	(7)%	26,860	26,391	(469)	(2)%
Depreciation, amortization, and accretion	4,269	3,628	(641)	(18)%	7,980	7,195	(785)	(11)%
(Income) loss from equity method investments	(3,800)	998	4,798	481 %	(8,006)	293	8,299	2832 %
Total expenses	65,261	62,410	(2,851)	5 %	126,643	115,937	(10,706)	9 %
Operating income (loss)	5,689	(7,368)	13,057	177 %	9,259	(17,938)	27,197	152 %
Other income (expense)								
Interest and financing expense, net	(4,989)	(956)	(4,033)	(422)%	(8,950)	(1,597)	(7,353)	(460)%
Loss on debt extinguishment	—	(1,895)	1,895	100 %	—	(1,895)	1,895	100 %
Change in fair value of derivative instruments, net	776	1,160	(384)	(33)%	1,179	5,093	(3,914)	(77)%
Other income	432	123,109	(122,677)	(100)%	1,097	123,041	(121,944)	(99)%
Net income (loss) before provision for income taxes	1,908	114,050	(112,142)	(98)%	2,585	106,704	(104,119)	(98)%
Provision for income taxes	—	—	—	— %	—	—	—	— %
Net income (loss)	1,908	114,050	(112,142)	(98)%	2,585	106,704	(104,119)	(98)%
Net (loss) income attributable to redeemable non-controlling interests	(753)	93,460	(94,213)	(101)%	(2,380)	85,227	(87,607)	(103)%
Net income (loss) attributable to non-redeemable non-controlling interests	196	(183)	379	207 %	198	(480)	678	141 %
Paid-in-kind preferred dividends	2,618	2,849	(231)	(8)%	5,236	5,612	(376)	(7)%
Net (loss) income attributable to Class A common stockholders	(153)	17,924	(18,077)	(101)%	(469)	16,345	(16,814)	(103)%

Revenues

(in thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	$ Change	2024	2023	$ Change
RNG Fuel						
Brown gas sales	$ 909	$ 787	$ 122	$ 1,908	$ 2,305	$ (397)
Environmental Attributes [(1)]	18,224	9,753	8,471	34,560	14,949	19,611
Other	312	91	221	704	126	578
Total RNG Fuel	19,445	10,631	8,814	37,172	17,380	19,792
Fuel Station Services						
OPAL owned stations	5,795	3,278	2,517	11,170	7,462	3,708
RNG marketing [(1)]	18,988	6,438	12,550	34,542	10,833	23,709
Third party station service and maintenance	5,962	5,087	875	11,192	10,219	973
Construction	8,512	15,153	(6,641)	19,495	22,270	(2,775)
Total Fuel Station Services	39,257	29,956	9,301	76,399	50,784	25,615
Renewable Power						
Electricity sales	$ 7,091	$ 8,656	$ (1,565)	$ 13,386	$ 18,590	$ (5,204)
Environmental Attributes [(2)]	5,157	5,799	(642)	8,945	11,245	(2,300)
Total Renewable Power	12,248	14,455	(2,207)	22,331	29,835	(7,504)
Total Revenues	$ 70,950	$ 55,042	$ 15,908	$ 135,902	$ 97,999	$ 37,903

[(1)] Revenues from Environmental Attributes in the RNG Fuel segment relate to revenues earned from sales of RINs and LCFSs. Revenues from RNG marketing in the Fuel Station Services segment relate to fees associated with generation and sales of RINs and LCFSs.

[(2)] Revenues from Environmental Attributes in the Renewable Power segment include revenues earned from sales of ISCC Carbon Credits and RECs.

RNG Fuel

Revenue from RNG Fuel increased by $8.8 million or 83% for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily from a $4.0 million increase from higher volume of sales of RINs, $2.0 million from higher volume of LCFSs sales and a $2.5 million increase from higher RIN pricing compared to the same period prior year.

Revenue from RNG Fuel increased by $19.8 million, or 114%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily due to an increase of $9.3 million from higher volumes of RINs sold as the Company made a decision to hold the RINs as inventory at hand in 2023, $8.0 million due to higher RIN pricing year over year after the EPA Set Rule was finalized in the second half of 2023, $2.3 million from the sale of LCFSs and an $0.6 million increase in management fees earned from providing services to equity method entities offset by lower brown gas sales due to a decrease in volumes year over year.

Fuel Station Services

Revenue from Fuel Station Services increased by $9.3 million, or 31%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily due to an increase in revenues from RIN and LCFS minting services of $5.0 million from higher volumes (Emerald, Biotown), a $7.1 million increase in third party RIN sales due to increases in volumes and RIN pricing, a $0.6 million increase in third party sales of LCFSs, an increase of $2.5 million in brown gas sales due to increases in price and volumes, a $0.8 million increase from service revenues offset by a decrease in construction revenues of $6.7 million.

Revenue from Fuel Station Services increased by $25.6 million, or 50%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily due to an increase in revenues from RIN and LCFS minting services of $9.9 million from higher volumes from new supply from facilities coming online (Emerald, Biotown), a $13.3 million increase in third party RIN sales due to increases in volumes and RIN pricing, an $0.7 million increase in third party sales of LCFSs, an increase of $3.7 million in brown gas sales due to increases in price volumes, $1.0 million increase from service revenues offset by decrease in construction revenues of $2.8 million.

Renewable Power

Revenue from Renewable Power decreased by $2.2 million, or 15%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily due to loss of revenues of $1.3 million from the conversion of two of our Renewable Power facilities into RNG facilities, $1.3 million from decrease in electricity pricing year over year, an $0.6 million decrease in revenues from sale of ISCC carbon credits offset by increase of $1.0 million revenues from higher volumes at one of our Renewable Power facilities.

Revenue from Renewable Power decreased by $7.5 million, or 25%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This change was attributable primarily to loss of revenues of $2.9 million from the conversion of two of our Renewable facilities into RNG facilities and planned shut down of one of our facilities, $2.3 million of lower revenues from sale of ISCC Carbon Credits and RECs, $2.5 million from decrease in electricity pricing offset by higher volumes.

Cost of sales

RNG Fuel

Cost of sales from RNG Fuel increased by $0.7 million, or 9%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily due to Prince William coming online in second quarter of 2024.

Cost of sales from RNG Fuel increased by $2.5 million, or 18%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily due to a $1.0 million increase from royalties on higher environmental credit sales, $0.7 million from Prince William coming online in second quarter of 2024, and an $0.8 million increase in operating expenses such as consumables, gas flare expenses and routine maintenance in the current year compared to prior year.

Fuel Station Services

Cost of sales from Fuel Station Services increased by $3.5 million, or 13%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily due to an increase of $8.8 million in higher dispensing fees due to higher environmental credit sales offset by savings of $5.5 million in equipment, parts and construction costs, which are in line with the decrease in construction revenues.

Cost of sales from Fuel Station Services increased by $13.5 million, or 28%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily due to an increase of $15.4 million in higher dispensing fees due to higher environmental credit sales offset by savings of $2.3 million in equipment, parts and construction costs, in line with the decrease in construction revenues.

Renewable Power

Cost of sales from Renewable Power increased by $0.1 million, or 2%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023.

Cost of sales from Renewable Power increased by $1.0 million, or 6%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily due to an increase in major maintenance costs and unplanned maintenance at one of our Renewable Power facilities offset by savings from conversion of two of our Renewable Power facilities into RNG facilities and lower royalties and non labor costs.

Project development and startup costs

Project development and startup costs increased by $1.8 million, or 163%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily due to virtual pipeline costs for Prince William offset by deconsolidation of Emerald and Sapphire in the second quarter of 2023.

Project development and startup costs increased by $0.7 million, or 24%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily due to virtual pipeline costs for Prince William offset by deconsolidation of Emerald and Sapphire in the second quarter of 2023.

Selling, general, and administrative

Selling, general, and administrative expenses increased by a total of $0.9 million, or 7%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily due to an increase of $0.5 million in compensation expense and $0.4 million in corporate expenses such as marketing and professional fees.

Selling, general, and administrative expenses increased by a total of $0.5 million, or 2%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily due to an increase in compensation costs.

Depreciation, amortization, and accretion

Depreciation, amortization, and accretion marginally increased by a total of $0.6 million, or 18%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily due to depreciation expense on Prince William which became operational in the second quarter of 2024.

Depreciation, amortization, and accretion marginally increased by a total of $0.8 million, or 11%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily due to depreciation expense on Prince William which became operational in the second quarter of 2024.

Income (loss) from equity method investments

Net income attributable to equity method investments increased by $4.8 million, or 481%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily attributable to Emerald coming online in the second half of 2023 and higher net income from Pine and Noble Road.

Net income attributable to equity method investments increased by $8.3 million or 2832% for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily attributable to Emerald coming online in the second half of 2023 and higher net income from Pine and Noble Road.

Interest and financing expense, net

Interest and financing expenses, net increased by $4.0 million, or 422%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily due to an increase of $3.5 million in interest expense on the OPAL Term Loan due after the refinancing in third quarter of 2023 resulting in higher borrowing and lower capitalized interest, an $0.3 million increase in amortization of deferred financing costs, and higher interest on finance leases.

Interest and financing expenses, net increased by $7.4 million, or 460%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily due to an increase of $6.3 million in interest expense on the OPAL Term Loan due after the refinancing in third quarter of 2023 resulting in higher outstanding debt balance and lower capitalized interest, a $1.1 million increase in commitment fees and other fees, an $0.6 million increase in interest on finance leases and amortization of deferred financing costs, $0.8 million of lower interest income offset by savings of $1.1 million of interest on a convertible note payable which was repaid in full in the third quarter of 2023 and savings of $0.3 million of interest on the Senior Secured Credit Facility as the loan was repaid in full in first quarter of 2023.

Loss on debt extinguishment

On May 30, 2023, OPAL Intermediate Holdco 2 assigned to Paragon its rights and obligations under the OPAL Term Loan II. The joint venture partner of Paragon reimbursed the Company $826 as its portion of the transaction costs incurred.

The Company expensed the remaining deferred financing costs of $1,895 as loss on debt extinguishment in its condensed consolidated statement of operations for the three and six months ended June 30, 2023. There was no loss on debt extinguishment for the three and six months ended June 30, 2024.

Change in fair value of derivatives, net

Change in fair value of derivatives, net decreased by $0.4 million, or 33%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily attributable to $0.8 million of gain recorded on termination of interest rate swaps in June 2023 offset by $0.4 million of lower gain on earnout liabilities in June 2024.

Change in fair value of derivatives, net decreased by $3.9 million, or 77%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily attributable to $3.4 million lower gain on earnout liabilities year over year, an $0.8 million gain recorded on termination of interest rate swaps in 2023 offset by $0.3 million of lower loss on a put option.

Other income

Other income decreased by $122.7 million, or 100%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This is primarily attributable to $122.9 million gain recorded on deconsolidation of Emerald and Sapphire in 2023 offset by $0.3 million higher gain on transfer of non-financial assets to a vendor.

Other income decreased by $121.9 million, or 99%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is primarily attributable to $122.9 million gain recorded on deconsolidation of VIEs in 2023, offset by $0.7 million higher gain on transfer of non-financial assets to a vendor, and $0.3 million lower loss on warrant exchange compared to prior year.

Net (loss) income attributable to redeemable non-controlling interests

Net income attributable to redeemable non-controlling interests decreased by $94.2 million, or 101%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The net income for the three months ended June 30, 2024 and 2023 reflects the portion of earnings belonging to OPAL Fuels equity holders. The decrease is primarily attributable to lower net income in the current period compared to the same prior-year period.

Net (loss) income attributable to redeemable non-controlling interests decreased by $87.6 million, or 103%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, and reflects the portion of earnings belonging to OPAL Fuels equity holders. The decrease is primarily attributable to lower net income in the current period compared to the same prior-year period.

Net income (loss) attributable to non-redeemable non-controlling interests

Net income (loss) attributable to non-redeemable non-controlling interests increased by $0.4 million, or 207%, for the three months ended June 30, 2024 compared to three months ended June 30, 2023. This reflects the joint venture partners' income (loss) in certain RNG facilities in which we sold a portion of our ownership interests but are consolidated in our financial statements. These entities for the three months ended June 30, 2024 were Sunoma and Central Valley. The entities for the three months ended June 30, 2023 were Sunoma, Central Valley and two months of Emerald and Sapphire. The increase was primarily attributable to higher net income earned by Sunoma and lower net loss upon deconsolidation of Emerald and Sapphire in May 2023.

Net income (loss) attributable to non-redeemable non-controlling interests for the six months ended June 30, 2024 increased by $0.7 million or 141%, compared to six months ended June 30, 2023. This reflects the joint venture partners' income (loss) in certain RNG facilities in which we sold a portion of our ownership interests but are consolidated in our financial statements. These entities for the six months ended June 30, 2024 were Sunoma and Central Valley. The entities for the six months ended June 30, 2023 included Sunoma and Central Valley for the full six months and Emerald and Sapphire up to May 30, 2023. The increase was primarily attributable to higher net income earned by Sunoma and lower net loss upon deconsolidation of Emerald and Sapphire in May 2023.

Dividends on redeemable preferred non-controlling interests

Redeemable preferred non-controlling interests decreased by $0.2 million for the three months ended June 30, 2024 compared to three months ended June 30, 2023. They carry an 8% dividend payable quarterly. This decrease is primarily due to lower interest accrued on paid-in-kind interest in the current period compared to the same prior-year period as the dividends are being paid quarterly instead of being paid-in-kind.

Redeemable preferred non-controlling interests decreased by $0.4 million for the six months ended June 30, 2024 compared to six months ended June 30, 2023. They carry an 8% dividend payable quarterly. This decrease is primarily due to lower interest accrued on paid-in-kind interest in the current period compared to the same prior-year period as the dividends are being paid quarterly instead of being paid-in-kind.

Liquidity and Capital Resources

Liquidity

As of June 30, 2024, our liquidity consisted of cash and cash equivalents including restricted cash of $22.4 million and $8.6 million of short term investments. Additionally, we have availability of $238.4 million under the delayed draw term loan and $36.3 million under the revolver facility under the OPAL Term Loan.

We expect that our available cash together with our other assets, expected cash flows from operations, available lines of credit under various debt facilities and access to expected sources of capital will be sufficient to meet our existing commitments for a period of at least twelve months from the date of this report. Any reduction in demand for our products or our ability to manage our production facilities may result in lower cash flows from operations which may impact our ability to make investments and may require changes to our growth plan.

To fund future growth, we anticipate seeking additional capital through equity or debt financings. The amount and timing of our future funding requirements will depend on many factors, including the pace and results of our project development efforts. We may be unable to obtain any such additional financing on acceptable terms or at all. Our ability to access capital when needed is not assured and, if capital is not available when, and in the amounts needed, we could be required to delay, scale back or abandon some or all of our development programs and other operations, which could materially harm our business, prospects, financial condition, and operating results.

As of June 30, 2024, we had total indebtedness excluding deferred financing costs of $233.3 million in principal amount which consists of $211.6 million under the OPAL Term Loan and $21.7 million under Sunoma Loan.

As part of our operations we have arrangements for office space for our corporate headquarters under the Administrative Services Agreement as well as operating leases for office space, warehouse space, and our vehicle fleet.

We intend to make payments under our various debt instruments when due and pursue opportunities for earlier repayment and/or refinancing if and when these opportunities arise.

See Note 7. *Borrowings,* to our condensed consolidated financial statements.

Cash Flows

The following table presents the Company's cash flows for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,	
(in thousands)	**2024**	**2023**
Net cash provided by from operating activities	$ 14,251	$ 7,786
Net cash used in from investing activities	(54,080)	(28,180)
Net cash used in provided by from financing activities	15,036	(29,701)
Net decrease in cash, restricted cash, and cash equivalents	$ (24,793)	$ (50,095)

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the six months ended June 30, 2024 was $14.3 million, an increase of $6.5 million compared to $7.8 million for the six months ended June 30, 2023. The increase in cash provided by operating activities was attributable to higher operating income year over year driven by increase in revenues, increase of $8.7 million from distributions from equity method investments offset by negative working capital changes.

Net Cash Used in Investing Activities

Net cash used in investing activities for the six months ended June 30, 2024 was $54.1 million, an increase of $25.9 million compared to the $28.2 million used in investing activities for the six months ended June 30, 2023. This was primarily driven by decrease in cash invested in short term investments of $46.7 million, a $4.8 million decrease in distributions from equity method investments ($8.7 million recorded as part of cash flows from operating activities), $8.6 million in contributions to equity method investments offset by a decrease in cash from deconsolidation of VIEs of $11.9 million in 2023, and lower payments made for the construction of various RNG generation and dispensing facilities of $22.3 million in 2024 compared to 2023.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2024 was 15.0 million, an increase of $44.7 million compared to the net cash used in financing activities of $29.7 million for the six months ended June 30, 2023. This increase was primarily driven by a $15.0 million increase in proceeds from the OPAL Term Loan, a decrease of $36.6 million in repayments on the Senior Secured Facility and the OPAL Term Loan facilities, a decrease of $16.4 million paid on termination of put options in 2023, offset by an increase of $7.9 million in payments of preferred dividends, a decrease in proceeds from non-controlling interests of $12.8 million, an increase of $0.8 million in repayment on the Sunoma Loan, an increase of $0.6 million in taxes paid on vesting of equity awards, and a decrease of $0.8 million in reimbursement of financing costs by a joint venture partner.

Capital expenditures and other cash commitments

We require cash to fund our capital expenditures, operating expenses and working capital and other requirements, including costs associated with fuel sales; outlays for the design and construction of new Fueling Stations and RNG production facilities; debt repayments and repurchases; maintenance of our electrification production facilities supporting our operations, including maintenance and improvements of our infrastructure; supporting our sales and marketing activities, including support of legislative and regulatory initiatives; any investments in other entities; any mergers or acquisitions, including acquisitions to expand our RNG production capacity; pursuing market expansion as opportunities arise, including geographically and to new customer markets; and to fund other activities or pursuits and for other general corporate purposes.

As of June 30, 2024, we anticipate spending approximately $237.4 million in capital expenditures for the next 12 months for projects and fuel stations currently under construction and our share of contributions in our equity method investment projects. These expenditures do not include any expected contributions from our joint venture partners and primarily relate to our development and construction of new renewable energy facilities and the purchase of equipment used in our Fueling Station services and Renewable Power operations**.**

In addition to the above, we also have lease commitments on our vehicle fleets and office leases and quarterly amortization payment obligations under various debt facilities. Please see Note 7. *Borrowings* and Note 8. *Leases* to our condensed consolidated financial statements for additional information.

We believe that our cash and cash equivalents on hand, anticipated cash flows from operations and our access to expected sources of capital will be sufficient to meet our anticipated funding needs. We continue to pursue additional funding opportunities for growth and streamlining of our capital structure.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is not required to provide the information required by this Item because it is a “smaller reporting company.”

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Co-Chief Executive Officers and our Interim Chief Financial Officer (our co-principal executive officers and principal financial officer, respectively), evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act. The term “disclosure controls and procedures,” as defined in the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on that evaluation of our disclosure controls and procedures as required by Rules 13a-15(b) or 15d-15(b) under the Exchange Act, as of June 30, 2024, our Co-Chief Executive Officers and Interim Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective for the period covered by this report.

Changes in Internal Controls over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) was identified in the evaluation required by Rule 13a-15(d) or 15d-15(d) under the Exchange Act during the quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time to time, we are involved in various legal proceedings, lawsuits and claims incidental to the conduct of our business, some of which may be material. Our businesses are also subject to extensive regulation, which may result in regulatory proceedings against us. We do not believe that the outcome of any of our current legal proceedings will have a material adverse impact on our business, financial condition and results of operations.

Central Valley Project

In September 2021, an indirect subsidiary of the Company, MD Digester, LLC ("**MD**"), entered into a fixed-price Engineering, Procurement and Construction Contract (an "**EPC Contract**") with VEC Partners, Inc. d/b/a CEI Builders ("**CEI**") for the design and construction of a turn-key renewable natural gas production facility using dairy cow manure as feedstock. In December 2021, a second indirect subsidiary of the Company, VS Digester, LLC ("**VS**") entered into a nearly identical EPC Contract with CEI for the design and construction of a second facility in connection with the same project. CEI's performance under both of the EPC Contracts is fully bonded by a licensed surety.

CEI has submitted a series of change order requests seeking to increase the EPC Contract price under each contract by approximately $14 million (i.e., approximately $28 million in total), to cover cost escalations primarily arising from two events: (i) modifications to CEI's design drawings required to meet its contracted performance guaranties, and (ii) the default of one of CEI's major equipment manufacturers. The Company disputes responsibility for substantially all of the additional costs.

On January 5, 2024, the Company filed a civil lawsuit captioned, MD Digester, LLC. et. al. vs. VEC Partners, Inc. et. al.; California Superior Court, County of San Joaquin; Action No. STK-CV-UCC-2024-0000185 and commenced a related arbitration proceeding in order to obtain a formal determination on the claims, AAA Case No. 01-24-0000-0775. The Superior Court Action will be stayed, pending an award in the AAA proceeding. The AAA proceeding has not been set for hearing. The Company and CEI and have each nominated one arbitrator (each, a "**Party-selected Arbitrator**") and a third arbitrator was appointed by the Party-selected Arbitrators to chair the panel. As a result of the procedural status of these matters, no discovery has occurred.

The EPC Contract requires that CEI, continue working during the course of the litigation and related arbitration proceedings; however, CEI effectively stopped working. On June 26, 2024, MD issued a Notice of Default and Demand to Cure to CEI. CEI failed to do so, and on July 30, 2024, MD terminated CEI for default. MD has notified CEI's bond surety of the termination and demanded that it perform under the bond.

On July 11, 2024, VS issued a Notice of Default and Demand to Cure, advising CEI of its defaults and giving it an opportunity to cure. CEI's cure period has not expired and the Company is hopeful that CEI will so cure. However, if no cure is achieved, VS intends to assess all of its options for next steps, up to and including termination of CEI and demanding performance under the applicable bond.

The Company believes its claims against CEI have substantial merit, and intends to prosecute its claims vigorously. However, due to the incipient stage of the litigation and related arbitration, the recency of the termination, and the ongoing status of the proceedings and discussions with the bond surety, as well as the uncertainties involved in all litigation and arbitration, the Company does not believe it is reasonably estimable at this time to assess the likely outcome of the litigation and related arbitration, the timing of its resolution, or its ultimate impact, if any, on the Central Valley projects or the Company's business, financial condition or results of operations.

Item 1A. Risk Factors

There have been no material changes from the "Risk Factors" previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 15, 2024. The risks described in the Annual Report on Form 10-K for the year ended December 31, 2023 are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the fiscal quarter ended June 30, 2024, none of the Company’s directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits

Exhibit Number	Description
3.1*	Restated Certificate of Incorporation of OPAL Fuels Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K/A filed by the Company on August 10, 2022).
3.2*	Bylaws of OPAL Fuels Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed by the Company on July 27, 2022)
31.1	Certification of Co-Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Co-Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Co-Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Co-Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Previously filed.

** This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURES

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

Date: August 9, 2024

OPAL Fuels Inc.

By:	/s/ Jonathan Maurer
Name:	Jonathan Maurer
Title:	Co- Chief Executive Officer

OPAL Fuels Inc.

By:	/s/ Adam Comora
Name:	Adam Comora
Title:	Co- Chief Executive Officer

OPAL Fuels Inc.

By:	/s/ Scott Contino
Name:	Scott Contino
Title:	Interim Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Adam Comora, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OPAL Fuels Inc.;

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

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

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

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

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

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

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

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

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

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

Date: August 9, 2024

By: /s/ Adam Comora
Co-Chief Executive Officer
(Co-Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan Maurer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OPAL Fuels Inc.;

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

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

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

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

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

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

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

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

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

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

Date: August 9, 2024	By:	/s/ Jonathan Maurer
		Co-Chief Executive Officer
		(Co-Principal Executive Officer)

EXHIBIT 31.3

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott Contino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OPAL Fuels Inc.;

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

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

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

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

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

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

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

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

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

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

Date: August 9, 2024

By: /s/ Scott Contino

Interim Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report of OPAL Fuels Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Adam Comora, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2024

/s/ Adam Comora

Name: Adam Comora
Title: Co-Chief Executive Officer
(Co-Principal Executive Officer)

EXHIBIT 32.2

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

In connection with the Quarterly Report of OPAL Fuels Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan Maurer, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2024

/s/ Jonathan Maurer

Name: Jonathan Maurer
Title: Co-Chief Executive Officer
(Co-Principal Executive Officer)

EXHIBIT 32.3

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

In connection with the Quarterly Report of OPAL Fuels Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ann Anthony, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2024

/s/ Scott Contino

Name: Scott Contino
Title: Interim Chief Financial Officer
(Principal Financial Officer)